

## Women's Budget Group submission to Low Pay Commission consultation – June 2019

### About Us

The Women's Budget Group (WBG) is an independent network of leading academic researchers, policy experts and campaigners. We produce robust analysis and aim to influence the people making policy. We also work to build the knowledge and confidence of others to talk about feminist economics by offering training and creating accessible resources. The Women's Budget Group is independent and not-for-profit.

We are responding to the [Low Pay Commission's consultation](#) on the April 2020 review of the National Minimum Wage (NMW) to make a brief intervention based on what we know about how the different positioning of women in the economy impacts their access to the NMW.

We welcome the commitment made at the 2018 Budget to revise the remit of the Low Pay Commission beyond 2020 to end low pay. As the Treasury noted the OECD calculation of low pay is below two thirds of median earnings. However, we note that the current NLW still falls short of the real Living Wage recommendation of £9.00 (£10.55 in London) for 2018/19.

### Economic Outlook: employment and labour market

**What are your views on the current state of the labour market? Has the labour market tightened over the past year? If you are an employer, what has been your experience of filling vacancies?**

The government is keen to remind us that at 75.5%, the employment rate is at a near record high, with paid employment positioned as a key route out of poverty. These headline figures mask the unsustainable reality of working life for many people in the UK especially women, young people and BAME groups.

High employment figures ought to be caveated with a caution that the number of zero hour contracts has [more than quadrupled](#) since 2010 when there was only 168,000. Today there are 780,000 people on zero hour contracts and the majority - [54.7%](#) - are women. Women also make up [73%](#) of those in part-time work and [70%](#) of low earners. A National Living Wage is a positive development within the labour market but unless it is coupled with better protection against precarious employment and a redistribution of care work between women and men, it may not be enough to protect workers from low pay. This is clearly beyond the scope of this consultation but goes some way to explaining why the NLW isn't the only way to end low pay.

There is also the issue of unpaid travel time which particularly affects women given their overrepresentation in care work – 82% of carers are women according to the latest [ONS](#) statistics. A UNISON [FoI](#) in 2019 found that 54% of local authorities in England don't state in their contracts that firms must pay employees for time spent travelling between homecare visits. The situation is even worse in Wales where only two in five (40%) councils stipulate that private companies should pay for travel time. To end low pay, employers need to consider how many hours employees spend travelling as well as working, especially for those whose jobs require them to travel between multiple locations daily.

So, while high employment is positive, a closer look at the figures reveals that - particularly for women - employment may not be doing enough to avoid in-work poverty. These statistics are cause and consequence of the enduring gender pay gap which must be tackled as part of tackling low pay although this is beyond the scope of this consultation.

### **What has been your experience of wage growth and inflation in the last year and what do you forecast for the next couple of years?**

Our research shows that wages are stagnating in real terms with average weekly wages still £11 lower in real terms than pre-2010 crisis. This, while inflation is [on the rise](#) again in 2019 creates a worrying picture for households who may not be able to meet their needs. The National Living Wage should reflect these rates at £9.00/hour (£10.55 in London.)

### **Impact of the National Living Wage**

#### **Under our latest forecasts, the target April 2020 rate for the NLW would be £8.67. Do you agree that the LPC should seek to meet this target?**

The proposal to raise the NLW to £8.67 is welcome but it still falls short of the real Living Wage recommendation of £9.00 (£10.55 in London) for 2018/19. This means the gap between the National Living Wage and the Real Living Wage will continue and will not address the on-going problem of stagnation in wages, with average weekly wages still £11 lower in real terms than pre-2010 crisis.

Ending low hourly pay plays an important part in tackling in work poverty. However it is important to recognise that an increased NLW will not end in work poverty completely, [especially for women](#). This is because women often work fewer hours in order to juggle unpaid caring responsibilities like childcare so even if their hourly wage is adequate, their take-home earnings may not be. And, if in-work poverty is measured by household this does not necessarily tell us enough about women's resources as finances are not always shared equally within the home. An increase to the NLW needs to be combined with action to improve the availability of affordable childcare and elder care, and with a social security system that supports those who are combining part time work with unpaid care.

### **Young People and Apprentices**

We agree with the Young Women's Trust who advise that young people shouldn't be paid less than their colleagues for the same job just because they're younger. We are calling on the Government to extend the National Living Wage to young people and significantly increase apprentice wages. In fact, in 2017 a [Young Women's Trust report](#) found that 2 in 5 apprentices are paying to do apprenticeships, while women apprentices face 8% pay gap. Extending the NLW to those under 25 could help close this gap.