

Y Pwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau
Equality, Local Government and Communities Committee
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**WRITTEN RESPONSE TO THE NATIONAL ASSEMBLY
FOR WALES EQUALITY, LOCAL GOVERNMENT AND
COMMUNITIES COMMITTEE INQUIRY MAKING THE
ECONOMY WORK FOR PEOPLE ON LOW INCOMES**

JULY 2017

INTRODUCTION

Usdaw is the UK's fourth largest Union, with 430,000 members. Around 26,000 of our members live and work in Wales. The majority of our members are employed in the retail sector, and Usdaw holds national agreements with four of the UK's biggest food retailers – the Co-op, Morrisons, Tesco and Sainsbury's. We also organise in major non-food retail stores, including Argos, Poundland, Primark and Ikea. Aside from retail, Usdaw has significant membership in the road transport, warehousing, food manufacturing, pharmaceuticals and home shopping industries.

Usdaw is pleased to have the opportunity to give evidence to the inquiry into *Making the Economy Work for People on Low Incomes*. Usdaw represents workers in predominantly low paying sectors, with high levels of part-time work and significant reliance on in-work benefits.

Initiatives that are aimed at reducing in-work poverty often focus on helping people to progress out of low paying jobs. There is a danger that this carries with it an acceptance that sectors such as retail will always be dominated by low paid and precarious work, which people need to 'escape' in order to find higher paid and more stable work. One in seven workers in Wales are employed in retail, making it the largest private sector employer, and it contributes 6% of Welsh GVA, so it is crucial that decent work is promoted and supported within the sector, rather than as an alternative to it.

Usdaw believes that the following should be key priorities for the Welsh Government in tackling in-work poverty:

- Promoting a real Living Wage for all workers.
- Supporting parents and carers in the workplace.
- Curbing exploitative zero-hours and short-hours contracts.
- Promoting sector-wide initiatives on training and skills, with unions, education providers and employers working together to promote workplace learning.
- Promoting the positive role of trade unions in the workplace.

Low Pay

Usdaw supports the campaign for a real Living Wage. While the UK Government's so-called 'National Living Wage' has uplifted pay rates for the lowest paid workers aged 25 and over, it still falls well short of the real Living Wage, and leaves a gap in coverage for young workers.

The naming of the higher rate of minimum wage for workers aged 25 and over as the 'National Living Wage' has caused considerable confusion amongst employers and workers. The Welsh Government therefore has an important part to play in promoting the real Living Wage (currently £8.45 outside of London) and highlighting the difference between this and the legal minimum.

It is disappointing that so far only 80 businesses in Wales are accredited Living Wage employers, and we would like to see the Welsh Government leading the way on this by continuing with its work to broaden coverage of the National Living Wage in local authorities and public bodies. We would also like to see a social partnership approach to tackling low pay with employers, Government and unions looking at ways to widen the coverage of the real Living Wage and exploring the potential gains to the Welsh economy and productivity levels.

Hours of Work

Flexible contracts are now used by many retailers, particularly for newer staff. In theory, they suit people who choose to work certain hours to fit in with other responsibilities, often caring responsibilities or second jobs. However, in many cases flexibility is tilted in the direction of the employer. Staff are increasingly put under pressure to expand their availability. Many employers now use electronic scheduling systems which fit workers around peaks and troughs in customer demand, meaning that their hours can change from week to week. Notice given as to which hours they are expected to work can sometimes be very short. This means that many of our members find it almost impossible to plan their home life due to the uncertainty of their shifts.

This could also indirectly discriminate against some groups of members who have a much greater need for control over their working hours than others, such as parents (particularly lone parents or those with a disabled child), carers and disabled workers. The lack of certainty over hours makes it more difficult for people to plan their finances, to access credit and to get rent or mortgage agreements.

Retail was traditionally a sector that offered family-friendly working hours. However, the highly competitive nature of the market means that employers are now expecting workers to fit around customer demand. This often means working unsocial and unpredictable hours.

Flexible working should mean workers having some say over their working hours, but the reality for many of our members is quite the opposite. We believe this is detrimental to employers, because it has an adverse impact on productivity, employee loyalty and retention.

With the roll-out of Universal Credit and increased in-work conditionality requirements on claimants, the issue of insecure hours of work will become even more pressing for Usdaw members. Many claimants will be expected to have, or be looking for, work equivalent to 35 hours a week at the National Living Wage. For those who do not have access to regular full-time hours in their main job they will need to look for a second job or face sanctions.

Udaw supports the current proposals by the Welsh Government to curb exploitative zero-hours contracts in the social care sector by giving workers the right to minimum hours after three months' continuous employment. While this will not affect Usdaw members' employment directly, it will set a positive example to employers and highlights the negative impact that short-hours contracts can have on employers, employees and service users. This is an approach that Usdaw would support for employment practices across the UK.

Parents and Carers

The continued presence of a gender pay gap in part shows that women are still financially being penalised at work for having children. Whilst longstanding, and even many recent, issues with family-friendly entitlements in the workplace may not garner the same headlines as issues such as zero-hours contracts and bogus self-employment, family-friendly entitlements do place significant limitations on working parents across the workforce. Statutory maternity, paternity and adoption payments have not increased in line with the cost of living and this can make it extremely difficult for working parents to manage. The lack of availability of flexible, affordable childcare makes returning to work not a worthwhile option for far too many women in low paid employment and working varied shift patterns. The Welsh Government needs to focus on making work pay for low income families, by working with employers and unions to promote flexible working patterns, family-friendly policies and access to affordable childcare.

Usdaw's current Parents and Carers Campaign is also highlighting the vital role that grandparents play in providing childcare. As many workers have been priced out of full-time formal childcare arrangements, nearly two-thirds of all grandparents are regularly looking after grandchildren aged under 16. Employment provisions in the UK have entirely failed to keep up with this development. Most grandparents have very few, if any, rights at work when they need time off to care for their grandchildren. The charity Grandparents Plus estimates that nearly two million grandparents have reduced their hours, given up a job, or taken time off to care for a grandchild. Usdaw believes that the vital role that grandparents play in modern society needs to be better recognised by employers and the Government.

Usdaw's Supporting Parents and Carers Campaign has also highlighted the issues faced by working carers. Demographic changes, along with social care provisions failing to keep up with ever increasing demand, has led to more and more employees taking on caring responsibilities outside of the workplace. The Carers' Trust Wales estimates that there are at least 370,000 carers in Wales. That is 12% of the population – more people than there are living in Cardiff. The Welsh Government should develop a new carers' strategy to include a commitment to offering carers a break from caring in a range of settings, a personal health and wellbeing check and much easier access to support through GPs and hospitals.

Training and Skills

Unfortunately, there has been a long history of under-investment in skills in the retail sector. For too long, retail jobs have been dismissed as low-skilled and not 'real' jobs. Usdaw believes that the Welsh Government's industrial strategy should address the training needs of the retail sector.

Only 22% of workers in retail hold qualifications at Higher Education level, compared to 41% across all industries. It is predicted that qualifications at Higher Education level will be required in 34% of retail jobs by 2022, so employers need to focus on upskilling their staff.

There needs to be more investment in careers advice at school and college level, so that young people have guidance on options other than academic routes. Alongside this, the value of vocational qualifications needs to be promoted to workers and employers.

One example of how social partnership can be used to promote learning and skills is through the Wales Union Learning Fund. The Usdaw WULF project has brokered learning agreements with employers such as Tesco, Kellogg's, OP Chocolate and Peter's Food Services to help workers access learning opportunities. The project aims to promote lifelong learning campaigns in the workplace through Usdaw's network of trained Union Learning Reps (ULRs). It has helped many people who would otherwise have had difficulty in accessing educational opportunities to get back into learning, with courses including employability skills, Welsh, mental health awareness, and digital skills. It has also enabled ULRs to support workers with guidance such as mid-life career reviews, redundancy support and referrals to Careers Wales.

The Role of Trade Unions

In order to redress the imbalance of power in the employment relationship that has grown over recent decades, workers need an independent, collective voice in the workplace. The current legislation on statutory recognition makes it extremely difficult for unions to provide a voice to workers in large, unorganised workplaces. Currently, trade unions can request a ballot on statutory recognition if at least 10% of the workforce joins the union and we can show that a majority of the workforce is likely to support recognition. When it comes to the recognition ballot, the trade union must win a majority and at least 40% of the total workforce must vote in favour of recognition. Usdaw is campaigning for reform of these procedures at UK level. The Welsh Government can play a role in restoring the employee voice by promoting dialogue between social partners on all issues affecting the economy and workers' rights, and recognising the vital role that unions can play in this.

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