

# Low Pay Commission Consultation on the National Minimum Wage 2017

**Written response from GMB**



## SUMMARY

- The Low Pay Commission to remain independent and have a wider remit to look into the causes and consequences of low pay especially in new employment practices
- Strong increases in all NMW rates at least in line with inflation
- Consider the impact of any increases on those in receipt of benefits
- We are aiming for National Minimum Wage Rates for 2017 to reflect a true “living wage” of £10 an hour where workers can live on without state support
- GMB continues to push for the removal of age related rates and as a start the National Living Wage should be paid at 18 in line with the Living Wage Foundation’s rate. Failing that, the youth and development rates should increase by the same percentage as the adult rate.
- We urge the LPC to remove the discriminatory lower rates as it is an incentive to employers to discriminate in recruitment on grounds of age.
- The LPC should remind the government that they must find a workable way of ensuring that social care is properly funded.
- Increase the apprentice minimum wage at least in line with inflation and ensure that the qualifications offered are “real” and lead to increased skills
- There should be more targeted awareness campaigns to ensure that young workers or potential new workers are aware of their rights.
- Maintain funding and resources to ensure effective enforcement

**Our response covers a number of general points but this year we would like to highlight the impact on young workers and we would welcome exploring this further with the Commission**

## Introduction

GMB is the United Kingdom's third largest trade union with around 620,000 members in all sectors of UK economy ranging from low paid workers to highly paid, highly skilled, technical and managerial grades.

## GMB Membership

Around half GMB's membership is in the public sector but our private sector membership is growing fast. Specifically, we are seeing membership growth in retail, utilities, security, schools, transport and contracted out services. Through our collective agreements, GMB and other unions continue to push for improved pay and conditions in these private services and we are looking at some of the growth areas in new and emerging work patterns.

GMB campaigns for fair wages in order to close the gap between pay and cost of living; our members have seen a squeeze on living standards especially those in the public sector and our members see pay inequalities with those at the top being awarded more than the lower paid staff.

## Role of the Low Pay Commission

GMB feels that the Low Pay Commission has a key role in evidence gathering and remaining independent of political pressure and we continue to support the work and reputation of the Low Pay Commission who set the rate for millions of low paid workers which becomes a wage floor. We welcome trade union representatives on the Commission. We support the underlying rationale of the Low Pay Commission is to try to end low pay. This must mean improving real wages at the bottom end of the labour market, within the constraints of employer affordability. However GMB feels that the Commission is more than capable of taking on a wider role in looking at the causes and consequences of low pay.

We welcome the LPC looking at and targeting specific low paid sectors of the economy and assisting with the production of sectoral guidance. In a nutshell, the Low Pay Commission would benefit from being able to look beyond setting the national minimum wage to addressing low pay in general.

The Low Pay Commission could easily have a higher profile and produce more targeted reports and feedback rather than just be contained in an annual consultation exercise.

Since 1998, the National Minimum Wage has been set by the Low Pay Commission based on their calculation of the highest level which would not damage employment.

When the Government replaced the National Minimum Wage with the National Living Wage, we felt that they had interfered with the Low Pay commission by setting them a target to move towards 60% of median earnings by 2020 and that this rate would no longer be set with regard to employment or if the labour market could bear it. GMB wants to ensure that the Low Pay Commission remains this independent body and not influenced by central government targets.

**GMB recommendation:**

The Low Pay Commission should have a higher profile in monitoring how companies seek to undermine the NLW by changes to terms and conditions especially those in the gig economy.

## Continuing Work

### Third Party Protocol

We welcomed the LPC taking up our recommendations on 3rd Party Interventions which we have raised for a number of years and are pleased that this was also taken up by the Government.

We understand that in relation to a formal public protocol to handle third party whistleblowing on breaches of the National Minimum Wage, a trial is underway involving Citizens Advice Bureaux acting as a third party on behalf of complainants.

We welcome the results from the trial and hope that GMB and other trade unions will be consulted on next steps.

### Tips

In past submissions we have commented on our low paid members in hospitality and catering.

We await a Government response to the unfair tipping practices consultation which closed last year as many of our workers rely on tips and are hovering just above the NMW.

## GMB's NMW Policy

The National Minimum Wage was an important first step in tackling the problem of low pay, but in many cases it has now become the maximum wage millions of workers can hope to earn. In many sectors, the minimum wage has become a ceiling on pay settlements, rather than a base level from which employees could secure better pay.

GMB is opposed to workers having to rely on top ups from family tax credits and housing benefits so as to make ends meet. In support of this, we have an on-going campaign to "Make Work Pay". This is the key to cutting the social security bill and thereby improving government finances. We have highlighted many instances where large employers are making millions in profit and can well afford to pay above the NMW.

We continually call to move the NMW rates towards those rates needed for a living wage, to live without being reliant on benefits. Minimum wage employers are often also state-subsidised employers. Whilst we appreciate that the minimum wage is not a living wage, if NMW rates were to move towards Living Wage, this would save the Treasury billions as workers earning more would receive fewer benefits while employers pay more in payroll taxes.

A move to a real Living Wage would benefit families, providing them with an acceptable standard of living especially with high food, transport costs and fuel inflation and takes into account regional variations.

GMB's Living Wage and £10 NOW campaigns are based on calculations for a minimum rate of £10 per hour for a full 40 hour week and we call for the Living Wage to rise to £10 compliments our Living Wage Campaign and underpins our policy is to move the Minimum Wage to a living wage where the low paid no longer need to rely on benefits.

We are adopting campaigns to ensure that those employers who have made pledges to pay the current taxpayer subsidised 'Living Wage' actually do so and that it is taken into account by local councils when awarding contracts and we have continue to have success in this area.

## Economic Outlook

We have been aware for some time that the squeeze on pay and living standards including rising household costs has hit family budgets.

According to the ONS nearly a third of the population (4.6million) are trapped in short term poverty as their disposable income has fallen in real terms. Despite the Government stating that we are at the end of austerity.

Our members and their families are balancing on a tightrope as they have seen benefits freezing and their disposable income falling.

Our members are feeling the pinch as prices and the cost of living is rising faster than wages and some of our members are resorting to using food banks in order to make ends meet.

In particular our public sector members have been more than £2500 worse off each year as a result of the pay wage freezes. We have separate public sector campaigns to lift the wages of these workers and compensate them and at the time of writing, the Government is looking at lifting the 1% public sector pay cap

With inflation predicted to remain in excess of 3% for the next 5 years, along with the other trade unions in the Local Government NJC, we are calling for a move for the lowest paid staff onto the real living wage of £8.45 an hour (£9.75 in London) which will amount to a substantial pay increase.

We continue to highlight the worrying trend employers designate their workers as self-employed. There are nearly 4.8 million people defined as self-employed, an 800,000 rise since 2008. Now nearly 1 in 6 of those working in Britain are self-employed.

## Impact of the NMW and the NLW

As we stated in our submission last year the NLW has continued to cause confusion and is merely a rebranded age related Minimum Wage rate.

To call the NLW a “Living Wage” is confusing to the public as these are two separate rates and calculations: the Living Wage Foundation calculates their rate on how much a family needs to enjoy an acceptable standard of living. This causes added confusion as companies call themselves “Living wage” employers when they are paying just the NLW and not the higher voluntary rate set by the Living Wage Foundation and the accreditation that goes with that.

Therefore headlines that state that “six million people earn below the national living wage” are misleading as this refers to the Living Wage Foundation rate and not the Government NLW.

Employment levels do not appear to have suffered as a result of the NLW and we remember the scaremongering when the NMW was first introduced that it would lead to company closures and mass unemployment, but these doom and gloom merchants did not prevail and that thousands of low paid workers benefited as a result of the introduction of the national minimum wage.

The impact of the NLW across the UK was not uniform and companies have reacted differently. The worse effects being from companies in the lowest paid sectors of catering, retail or hospitality. This has ranged from cutting paid breaks, removing the provision of free food for staff or cutting overtime payments. All these cuts are not in the spirit of the law or what was the intention when the National Living Wage was introduced.

We are seeing improvements in pay especially in union recognised companies. A good example is in Asda where they pay the same rates for workers under 25 who are the most vulnerable and can be exploited. In addition Asda has also offered 135,000 staff higher wages in exchange for unpaid breaks and a requirement to work bank holidays. These staff will be on a basic rate of £8.50 an hour. These flexible contracts will help to ensure job security and give parity across other Asda Staff.

## Impact of the NMW on Benefits

It came to our attention that from April 2017, the earnings limit for Carer's Allowance will be increased to only £116 per week. While this is good news for carers, for others who work 16 hours or more per week, the increase will be of little or no benefit as in April 2017, the National Living Wage also increased to £7.50. Therefore for those who you work 16 hours per week at the NLW rate, their earnings will be £120 and as a result not qualify for Carer's Allowance.

### **GMB Recommendation**

We urge the Low Pay Commission to consider the impact on those who are in receipt of benefits. The Carer's Allowance earnings threshold should increase in line with the NLW.

## Changing Labour Market

We would like to see the Low Pay Commission having a role in looking at the future world of work. There has been a significant rise in false and bogus self-employment which results in many paying less than the minimum wage.

We have had a successful case highlighting Uber and are looking at other companies in courier and distribution.

This is blatant form of avoidance of paying minimum wage and other worker rights are denied.

As outlined in our 2016 submission, you cannot look at the future trends without considering the changing labour market namely the emerging "gig economy" where flexible self-employed workers are paid for piecemeal tasks.

It is right that the Government should improve the pay, security and employment rights of all working people and in doing so they need to think about these digital workers and not just in the context of contract workers vs employees.

The government needs a new framework that takes into account that most people will not have long term jobs in the future, but rather a series of gigs. Some of these workers have been forced into self-employment and forced into fewer employment rights and job security.

The on-demand "gig" economy affects pay, hours, employment status, tax and long term employment. These precarious jobs have "on demand" working hours and many workers



become locked into this type of employment. These precarious workers face insecure working patterns, often unsociable hours, low pay and bullying.

The future of the 'gig economy' is now being shaped by a number of cases being brought to Employment Tribunal to test employment status and our successful case against UBER was a landmark decision. The solution lies in measures like strengthening employee status and stronger regulation of zero hours contracts. These would not involve any direct changes to the NMW regime, but they would make it more likely that the NMW cannot simply be side-stepped.

The case against Uber symbolises a growing problem in the labour market. The vast majority of workers can take secure employment for granted but there is a small but growing group of workers for whom work is becoming increasingly precarious and insecure. While some workers embrace flexibility, it is clear that some employers are using lawful arrangements, such as self-employment and zero-hours contracts, to exploit people doing work identical to that of permanent employees. Permanent workforces have been replaced by a growing network of self-employed contractors. As a trade union, these workers are very difficult to organise and represent as they are in effect "lone workers"

In our recent Report to our Congress 2017 on "Insecure: tackling precarious work and the Gig Economy" our research has shown that 61% of these workers are on tight finances and debt and 35% are unable to pay an unexpected bill; of £500 bill within a month.

We welcome the Matthew Taylor Review into employment practices and have given oral evidence. We strongly hope that the Taylor review will lead to better employment practices and we await the result of the Review.

We support the TUC in their call for the LPC to publically voice their concern about practices such as the abuse of zero hours contracts, bogus self-employment and the misuse of interns and volunteers as these practices wrongly lead to non-payment of the NMW.

Establishing clearer and fairer employment rules for the growing "gig economy" should also be a concern, to the extent that it is undermining the right to be paid the NMW. Without clearer rules around employment status and a legal definition of self-employment many could still find it challenging to get the rights at work they should be entitled to.

## Social Care Sector

GMB current campaign is to raise wage levels in social care and for Fair Funding. Our officers visit care homes and work with these low paid carers and providers and notice that the main barrier to success is the lack of funding into the care sector from local and national government.

This squeeze on funding, combined with privatisation and outsourcing, has had a huge negative impact on social care workers and the services they deliver: Pay, travel time, reasonable mileage allowances, shift premiums for night and weekend working have all been eroded. Social care workers are expected to do more, under huge pressure, while their wages are falling.

Pay levels in social care have always been low, and they are now being squeezed by rising demand and public spending cuts and cuts in funding imposed by the government have intensified the pressure on these services.

Local councils, along with GMB, have continued to warn that increased staffing costs coming from the NLW may push social care to breaking point requiring additional funding to combat the increased expenditure, an increasing demand for services and the billions already cut from social care funding.

There is no doubt that the introduction of the National Living Wage is welcomed for the low paid workforce in Social Care, but it also increases financial pressures across the system

Our Congress Report 2016 and our recent Care Charter have called for the lowest hourly pay rate the care sector to be above the current National Living Wage and move towards £10 an hour.

GMB welcomes all substantial increases to the minimum wage that directly impact low paid workers in Social Care. We continue to campaign that without significant extra funding needed in the social care sector, the extra strain put on care homes and domiciliary care will be disastrous. These workers continue to be paid close to minimum rates.

### **GMB Recommendations**

- GMB welcomes all substantial increases to the minimum wage that directly impact low paid workers in Social Care
- The LPC should remind the government that they must find a workable way of ensuring that social care is properly funded. Our ageing population combined with the prospects of reduced inward migration post-Brexit make it essential that more public funding is available for care providers to attract and retain the care workforce we need."

## Enforcement in Care Homes

We note that many Care Homes would rather take on a cheaper worker under 24 years old rather than one over 25 and this has resulted in naming and shaming where these workers may not be given the “pay rise” when they turn 25.

We have recently written to HMRC as our members in our Southern Region have raised concerns around potential unpaid tax and national insurance contributions by their care home employer. This is as a result of staff being transferred to various other “companies” even though they remain working at the private care home. This seems to have been done without their knowledge, consultation or agreement. To confuse issues, their pay is being organised by a separate company on behalf of a variety of employers.

## Young Workers

We are mindful that the Government has scrapped housing benefit for most under-22s and in 2018 it plans to cap housing benefit payments on social rented properties. Shrinking council housing, benefit cuts and rising private rents have made it more difficult for disadvantaged young people to find somewhere to live. This coupled with the current housing crisis all directly affect young workers who are all just about managing.

Those young workers aged 21 to 24 were previously classed as adult workers under NMW rules but are now excluded from the NLW and may start to drift away if all age rates of the NMW aren't uplifted by a similar percentage.

GMB has continually pointed out that the age related rates are unfair to young people and unscrupulous businesses constantly find ways to avoid paying even minimum wages

Differential pay for young workers is not acceptable and our long-term aspiration should be that the living wage becomes the norm across the board. There is no justification for paying people in their early 20s less than those who are younger.

It remains our policy for workers to receive the same rate where they are doing the same job, regardless of age- a Fair Deal for all young workers. However we also recognise that there are many good employers pay the rate for the job not the age.

The Government's National Living Wage policy has introduced a pay divide at work between those under and over the age of 25.

GMB welcomes better pay for workers, however the figure set by the NLW is not enough.

For Living Wage Week, 2016, our Young Members launched a 'Wages Not Based on Ages' campaign to protest against the inequality of the Living wage and we have targeted

low wage employers, they have been urging the signing up of a Parliamentary position to include young workers aged 18-24 in the Government's National Living Wage.

They highlight the discrepancy in the application of the National Minimum Wage which means that young workers who do the same work can be paid over 20% less, a massive disparity in pay that flies in the face of the right to equal pay for equal work.

Former Skills Minister Nick Boles admitted that the Government had no proof under-25s were too unproductive to warrant the National Living Wage - "While labour productivity statistics are estimated by sector, there are no official statistics estimating the productivity of workers by their age."

GMB is not aware of any labour market or statistical evidence to support reasons why workers aged 24 should be paid less than those 25 and over. In our experience most reasonable employers pay for the job not the age of the employee and it would not help their organisation to try to do so.

GMB believes there is no excuse to deny workers equal pay for equal work. We continue to call for young workers aged 18-24 to be included in the National Living Wage.

Nearly 3.5 million young people could be affected by these lower wage rates whilst many of them struggle with the same living costs as older colleagues.

Low pay and low guaranteed hours work are combining to trap young people to in-work poverty from the very beginning of their working lives.

Struggling to afford living in a home of your own, looking after children or even socialising with friends is becoming a daily reality for more and more young workers in Twenty first Century Britain.

GMB remain concerned at the effect on younger workers who are excluded from the premium and have no target rates for 2020. If the Government wants to see the NLW increase by at least 60% of median earnings, GMB feels that this should be applied to all NMW rates?

Our Young Members support the Labour Party pledge (& GMB policy) to move to a minimum wage of £10 an hour and produced these figures.

The Chair of our Young Members Forum, Sam Fagan stated that

*Our members under the age of 21 would see their pay almost double if this policy were implemented.*

*You don't get a discount on your rent just because you're young – so why should you get lower wages?*

*GMB believes in a real living wage of £10 per hour that doesn't discriminate by age but respects the hard work our members do.*

#### 2017 NMW rates

	18 to 20	21 to 24
<b>Current rate</b>	<b>£5.60</b>	<b>£7.05</b>
<b>Increase to £10 (£)</b>	£4.40	£2.95
<b>Increase to £10 (%)</b>	79%	42%
<b>Current annual salary pre-tax</b>	£10,920	£13,748
<b>Current annual salary post-tax</b>	£10,920	£13,298
<b>Increase to £10 NMW annual FTE salary post-tax (£17,900) in £</b>	£6,980	£4,602
<b>Increase to £10 NMW annual FTE salary post-tax (£17,900) as %</b>	64%	35%

## Quotes from GMB Young Members

GMB member aged 20, said:

*"Because of my age the Government says I can live on £5.55 an hour whilst my colleague earns £7.20 an hour for doing exactly the same job. Rent and living expenses are exactly the same, so why aren't the wages?"*

*Working in retail this unequal pay is common and earning less stops me from getting on in life. I can't afford to study part time to get a better job, have driving lessons or even think about owning a car. I'm frustrated at the fact I am expected to live on so little, whereas if I was older I would automatically be paid more."*

We have a young member who is employed as a Carer in a private Care home. She is one of the youngest staff at 24 and receives £7.10. Her comments are:

*"I am personally looking for a new job as I am struggling to pay for things on this low wage. I have a mortgage & 2 children. I have to do overtime to just make ends meet.*

*There are no apprentices at my workplace at the moment and yes, they shouldn't discriminate against age. I know over 25's who I work with who don't have children or their own place to pay for yet they still get paid more than I do."*

The following quote highlights the inequality where a shift manager is paid less than the people they manage!!

*“I am a 22 year old shift manager at Burger King. I am paid £7.25 per hour, which is 20p above the minimum wage. However the staff who I manage, even though there aren't paid any more than the minimum, are over 24 and are paid 7.50 an hour. To me, it doesn't seem fair that the wage difference is not based on work but age instead. “*

The following quote highlights the frustration of our young members

*“I'm 22. I'm a member of GMB through Asda (who pay the same no matter age) but I have a second job during the summer cleaning for ISS Before the wage increase in April I was on £7.20, the same as everyone else that I clean with (my mum works at the same place so I have seen her wage slips), but then with the increase to £7.50, I stayed at £7.20. When I questioned this I was told it was because of my age. I just found it shocking that before they paid me the same as the age bracket above but now they don't. Has my work decreased in value or something? I'm still working the same so why not continue giving me the same. It's so odd and infuriating. “*

The biggest concerns of our Young Members are that they will not be able to afford to buy a house. They are angry that they are being paid less.

We have a case of a young mum who wants to work full time but can't as her wage is so low that if she stopped claiming benefits she wouldn't be able to afford to live and would have to move in with her mum. She also can't afford childcare.

Our Young Members should be thinking of pensions but they feel this is pointless as they earn so little that they can't afford to put into a pension anyway.

Many of our Young Members would like to progress into further education but are unclear on how they can afford it.

**We have Young members who are willing to speak directly to the Low Pay Commission on how they manage on lower pay rates.**

#### **GMB recommendations:**

- The time is right for the removal of all age rates and the National Living Wage should apply to all workers.
- We urge the LPC to remove the discriminatory lower rates as it is an incentive to employers to discriminate in recruitment on grounds of age.
- The minimum wage rate should be paid from the age of 18 to match the age the Living Wage Foundation uses for its single rate.
- Failing that, rates should increase faster than inflation and the rise in average earnings in order to make up what has been lost in recent years.

## Apprentices

GMB note that in April 2017, the Government introduced an apprenticeships levy on large companies with a pay bill of over £3 million per year which should boost numbers of apprentices. This covers up to 90% of the cost of training for apprentices.

However we need to ensure that these apprenticeships are “real” ones which should offer high quality vocational training and skills. We know from the evidence that apprenticeships lead to better employment outcomes and higher wages on average. We will await to see the results of the Government’s target of 3 million apprentices by 2020.

We believe it is now time to review the Apprentice Minimum Wage for 16 to 19 years olds and equalise it with their corresponding National Minimum Wage bands.

The NMW apprentice rate has been in force for over 5 years. GMB wish to see this rate increased each year of the apprenticeship and not just be a single rate. We believe that there still continues to be a gender pay gap for apprentices.

The apprentice rate should be at the very least increased in line with RPI but we feel that a higher increase is needed.

The rate should only apply to those undertaking intermediate level apprentices who are aged 16-18 and to 19-20 year olds in the first year of their apprenticeship. In addition, the LPC should consider setting the apprentice rate of the minimum wage at the same level as the youth rate. Other apprentices should be paid the relevant youth or adult rate, according to their age. Finally, GMB continues to be concerned at a lack of clarity with the position of older apprentices especially those 25 and over.

In 2014 the Apprenticeship Pay Survey (APS) highlighted a persistent and ongoing problem in regards to enforcement of the Apprentice Minimum Wage (AMW) of £3.50. For 16-19 year olds currently undertaking Apprentices almost 40% were paid less than the legally required AMW. This is particularly acute in the Construction, Hairdressing and Children’s Learning sectors.

The 2016 Autumn Report by the Low Pay Commission (LPC) on the Living Wage called for HMRC to redouble their efforts to enforce the AMW for 16-18 years olds, in fact there is little evidence to suggest this is taking place. GMB is awaiting results of an FOI request to HMRC on this and can update the Commission when this is received.

### **GMB Recommendation:**

Increase the apprentice minimum wage at least in line with inflation and ensure that the qualifications offered are “real” and lead to increased skills

## Interns

GMB continues to call for a ban of unpaid internships. Interning has become the norm for graduates who, after leaving university, apply for internships for periods of up to a year and with the expectation that they won't receive any pay.

It is in effect a year-long work experience programme in which these workers are expected to perform all the day-to-day activities which are normal work activities.

This rise in unpaid internships is therefore creating a two-tier system in which those with wealthy parents are able to take on unpaid internships and those from everyday backgrounds can't afford to apply.

With an increasing number of companies looking for new employees who have experience as interns, we're heading into a situation where the best jobs are becoming the preserve of those wealthy enough to intern for free.

## GMB recommendation for 2018

With years of declining living standards many low income households are still much worse off than ten years ago in 2008, leaving them struggling to make ends meet and reliant on benefits to top up their incomes. Wages have fallen in real terms, with vital benefits reduced and public services scaled back. Too many of those in work cannot afford an acceptable standard of living.

GMB feels it is important to shift the burden of dealing with low pay from taxpayers to the employers many of whom are sitting on record levels of cash and profits. The transition must be real so that the increase is not paid with one hand and taken away with the other.

The forecast for the economy is that it is set to grow in 2018 with increases in average weekly earnings.

GMB believes that the Low Pay Commission should recommend rates that at least keep pace with RPI and average earnings forecasts and we welcome any uplift in minimum wage.



In order to reach the 2020 target, there needs to be an increase of at least 5-6% each year.

GMB believes that it is now time for the Commission to make further progress in combating low pay by entering a new phase of more generous increases that are not necessarily bounded by the growth in average earnings.

**GMB recommendation:**

The adult rate should be increased to significantly in line with the NLW target of £9 by 2020 and at least in line with inflation.

## Compliance and Enforcement

GMB continue to believe that effective enforcement is vital to the continuing success of the national minimum wage and more needs to be done to ensure all workers receive the pay to which they are entitled.

Enforcement of the National Minimum Wage must be continuously improved in order to combat those employers who are actively trying to find ways not to pay their workers properly. We welcome the government's pledge to commit more resources for enforcement, increase prosecutions and introduce higher penalties for bosses who underpay the minimum wage.

We are pleased that more than 350 employers have been named and shamed recently and welcome the added information about the "excuses" employers give for not paying.

However, there needs to be more inspectors and in addition, we suggest

- Ensuring workers know their rights is key especially young workers
- There should be more targeted enforcement in sectors such as care although we were pleased to see a number of care companies named and shamed.
- HMRC should enforce statutory holiday pay entitlements

Our submission last year called for greater involvement of trade unions in reporting minimum wage abuse. Trade Unions are ideally placed to help promote and support a robust and efficient system by monitoring throughout the UK and highlighting issues in all medium to large businesses and organisations where we have representation and recognition, and would need to do so without falling foul of whistle-blowing policies.

We were pleased that the Low Pay Commission took up our recommendation for this third party involvement and we await the outcome of the CAB trial. However we remain concerned that through our evidence in cases around bogus self-employment, we are seeing more and more NMW violations.

We would hope that the Low Pay Commission may have a role in highlighting other methods of minimum wage avoidance and other practices that erode the value of the living wage such as employers charging for the payroll services, or making workers pay for employers' NI as well as employee's NI contribution.

We have seen confusion in employers with what constitutes Living Wage. We had a case in a distribution/ logistics company where the company assumed that if workers were in receipt of a location allowance and overtime then this would bring their rates up to the NLW rate. Through negotiation we were able ensure that these workers were paid the NLW plus these allowances and overtime on top, effectively giving these workers a pay rise.

**GMB Recommendation:**

- Maintain funding and resources to ensure effective enforcement
- Report back on the role of trade unions in third party protocol

## **Awareness, Guidance and Transparency**

We continue to believe that there needs to be simpler guidance available especially for the young workers on their pay, tax coding, NMW and their rights and GMB would like to see more use of “i-phone” type apps or social media to give people this information.

It is vital that the government gives good guidance on this very important area of law and the text should be looked at again, in consultation with stakeholders. We would welcome working with the relevant Government departments to ensure that the guidance is clear and concise.

We welcome the Government awareness campaign launched on 27 February 2017 to increase low paid workers' knowledge of national minimum and national living wage rights.

GMB also took part in the HMRC trial Webinar on “help and support for Trade Union Officers and Stewards” and found this very useful and we would like to see this rolled out and publicised.

Again we were pleased to see the Commission agreeing with our recommendation of having clearer payslips and for Employers to show an hourly rate on all payslips so that all workers are aware of their pay rates. The clarity of payslips is an area that may need to be examined further as it is sometimes very difficult to ascertain pay especially in a sector like care where the hours of work are sporadic and not fixed. Some payslips are

misleading making deductions unclear and difficult to determine. This is a particular problem for migrant workers.

We welcome continuing to work with BEIS on the pilot in the social care sector that would require employers to provide information on payslips on hours worked.

We would welcome any clear guidance on the payment of Holiday pay as some of our members are saying that overtime is being ignored when paying holiday pay.

**GMB Recommendation:**

There should be more targeted awareness campaigns to ensure that young workers or potential new workers are aware of their rights.

**GMB**

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