

# TIME FOR BETTER PAY

**£10 PER HOUR MINIMUM WAGE**

**MINIMUM 16 HOUR CONTRACTS**

**RIGHT TO 'NORMAL HOURS' CONTRACT**

**NO TO ZERO HOURS CONTRACTS**

*Usdaw*  
*Union of Shop, Distributive  
and Allied Workers*

**SURVEY RESULTS**



Low paid and insecure work is a growing problem that is holding back economic growth and affecting the well-being of the workforce. There is a clear need for significant labour market changes to ensure that the economy delivers for working people.

During the summer of 2018, Usdaw has surveyed over 10,500 workers in retail and associated sectors such as distribution and food production to understand their experiences of the issues created through low-pay and insecure work. This report lays bare the impact that these issues are having on the workforce and sets out clear solutions to deliver a better economy for all.

**£10 PER HOUR MINIMUM WAGE**

**MINIMUM 16 HOUR CONTRACTS**

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#### **MINIMUM PAY**

Minimum pay of £10 per hour wage rate for all workers.

#### **MINIMUM HOURS**

A statutory minimum contract of 16 hours per week for those who want it.

#### **CONTRACTS**

A right to an employment contract that reflects the normal hours of work.

#### **ZERO HOURS**

An end to zero hour contracts.

# INTRODUCTION FROM THE GENERAL SECRETARY



Usdaw is the UK's fifth largest trade union with over 435,000 members across the private sector. Usdaw members mainly work in the retail sector however the union also has significant membership across a range of other industries including transport, warehousing, distribution and food manufacturing.

The union has long been committed to tackling the issue of low pay, we were a major driving force behind the creation of the National Minimum Wage and have lobbied the Low Pay Commission for significant increases in the National Minimum Wage each year. Twenty years after the creation of the National Minimum Wage Act, there is a clear need to review how low-paid workers are treated in the labour market and consider what improvements need to be made to ensure that workers get a fair deal.

The UK is the world's sixth largest economy, but an endemic low pay problem means workers are relying on state in-work benefits and unsecure borrowing to make up the massive shortfall between wages and what is needed for a basic standard of living. The Government's 'National Living Wage' is not living up to its name as it is simply not providing low paid working people with enough to live on.

Usdaw has conducted a survey of over 10,500 workers, one of the largest surveys of low-paid workers in recent times. This survey focuses on the issues that workers face as a result of low pay, short-hours contracts and insecure work. Based on evidence from the survey, Usdaw has launched a campaign calling for key actions which would work to resolve all these issues. These actions are:

- A minimum wage rate of £10 per hour for all workers.
- A minimum contract of 16 hours per week for everyone who wants it.
- A contract based on an individual's normal hours of work.
- An end to zero hours contracts.

As is demonstrated in the report, implementing these proposals are key factors in addressing in-work poverty and helping to tackle the mental health crisis.

It's time for better pay.

A handwritten signature in black ink that reads "Paddy Lillis". The signature is written in a cursive, flowing style.

**Paddy Lillis**  
Usdaw General Secretary

# TIME FOR BETTER PAY - SURVEY RESULTS

Usdaw's time for better pay survey received a huge response from 10,546 individuals. The biggest response we have ever received and one of the largest surveys of low-paid workers in recent times.

The survey was distributed to Usdaw members and so was targeted at workers in retail, distribution and food production. Despite the retail industry accounting for 5% of the UK economy, individuals employed in the retail sector and associated trades are among the lowest paid workers in the UK.

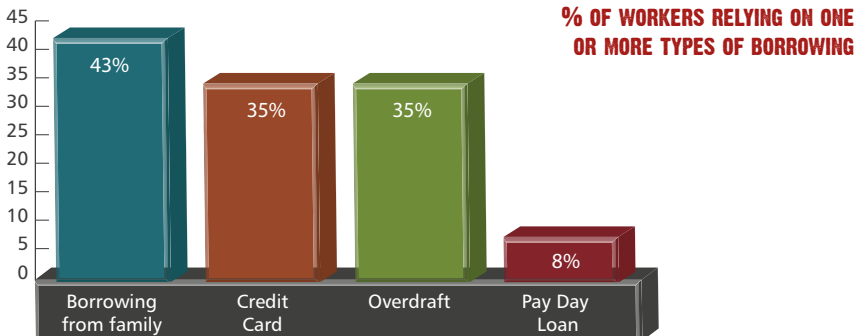
Of the individuals who completed the survey, over 6,000 earn below £8.50 per hour and many of these workers are employed in part-time and insecure work. The range of individual responses broadly reflects both Usdaw membership and the workforce in the sectors we represent. The survey found:

## **TWO THIRDS OF WORKERS FEEL WORSE OFF NOW THAN THEY DID FIVE YEARS AGO.**

The survey results confirm what the union is regularly told by our reps and members – that working people are struggling to meet the basic costs of living. Over the last five years 9 in 10 (92%) have seen no improvement in their financial situation, with the vast majority (63%) feeling worse off.

## **THREE QUARTERS OF WORKERS ARE RELYING ON LOANS AND BORROWING TO PAY ESSENTIAL BILLS.**

Low-paid workers are being forced into a cycle of debt and repayment to make ends meet. A shocking three in four workers (76%) are relying on pay day loans, credit cards, overdrafts and borrowing from family to pay everyday bills, with well over half (55%) left struggling to keep up with repayments.



## **TWO THIRDS OF WORKERS SAY FINANCIAL WORRIES ARE IMPACTING THEIR MENTAL HEALTH.**

There is a mental health crisis in the UK, with the number of people expected to experience a mental health issue at some point in their lives now closer to 1 in 3. Difficulty affording the basic essentials of a decent standard of living – rent, bills, food – is having a direct effect on workers' mental health. Debt, low pay and insecure work are well known triggers for stress, anxiety and depression and two-thirds (63%) of respondents reported that financial worries are having an impact on their mental health. Poor employee mental health is estimated to cost UK employers upwards of £33bn a year.

## **6 IN 10 WORKERS HAVE BEEN UNABLE TO GO AWAY ON HOLIDAY IN THE PAST YEAR.**

While workers may be taking their holiday entitlement, the majority are unable to afford to go away during this time. 6 out of every 10 workers (62%) have been unable to go on holiday in the past 12 months. Holidays should not be seen as a luxury, they are essential to give workers meaningful time away from work to relax and spend with their families. A lack of time away has a clear impact on an individual's well-being, for those unable to afford to go away on holiday the number experiencing mental health issues linked to finances rises sharply to three quarters (74%).

The results of the cost of living survey reflect the three major challenges facing our members and workers like them in the current labour market; low pay, short hours and insecure work.

# LOW PAY

Low pay is one of the biggest issues facing workers in the UK. The cost of living is rising sharply but wages are stagnating for the lowest paid. As inflation continues to outstrip average earnings, low paid workers and their families are under pressure to make ends meet. Workers are seeing a dramatic drop in their standard of living as pay increases are eaten up by rising house prices, private rental increases and energy price hikes.

The survey asked workers about their experience meeting day to day living costs in 2018. The majority of individuals responding to the survey (55%) earn close to the National Living Wage, between £7.83 and £8.50, and there is evidence that this group of workers are finding it hardest to meet basic living costs. Minimum wages are just not high enough to enable workers in low-paid employment to cover the basic essentials of food, housing and warmth.

**“Even when my pay goes up, I’m still worse off. Rent and bills just keep getting more expensive. It’s just impossible to pay for everything on the wage we get. I’ve borrowed from family, but they’re struggling too, and I can’t afford to pay them back.”**

**Warehouse worker, London area.**

## **7 IN 10 WORKERS ARE STRUGGLING TO PAY GAS AND ELECTRICITY BILLS.**

73% of workers are struggling to pay gas and electric bills, with 1 in 3 of those saying they are having difficulty meeting payments every month. This figure rises to over three quarters (76%) for people earning £8.50 per hour or less. For individuals earning over £10 per hour this figure drops by a third to 53%.

## **A THIRD OF WORKERS HAVE MISSED OR BEEN LATE WITH RENT AND MORTGAGE REPAYMENTS.**

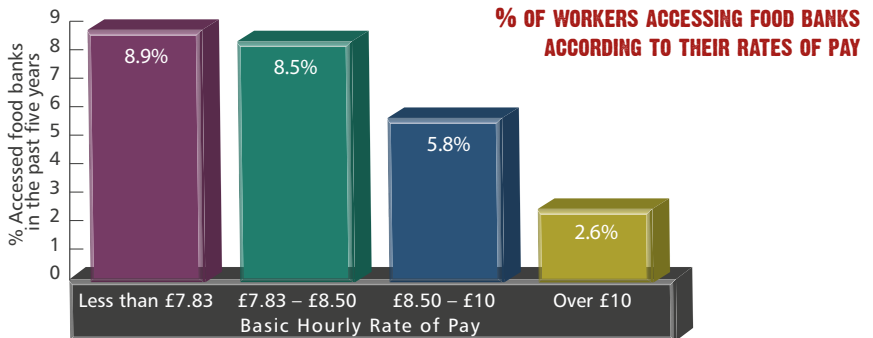
Low paid workers are struggling to meet repayments. 36% of those surveyed said they had missed or been late with rent and mortgage repayments, with 1 in 4 missing payments regularly. This figure rises to 39% for low paid workers. For the highest paid individuals it almost halves to 22%.

## HALF OF WORKERS HAVE MISSED MEALS TO PAY FOR ESSENTIAL BILLS.

50% of those surveyed have missed meals to pay essential bills, with well over a third missing meals on a regular basis. This rises to over half (54%) for the lowest paid workers. For workers earning over £10 per hour the figure drops by a third to 35%.

## NEAR TO 1 IN 10 LOW PAID WORKERS REPORT USING FOOD BANKS TO FEED THEMSELVES AND THEIR FAMILIES.

Perhaps unsurprisingly, 70% of individuals accessing food banks fall into the lowest pay brackets, further highlighting that minimum wages are failing to provide working people with a wage high enough to meet the cost of basic needs – to buy food and feed their families. Just under 9% of members earning less than £8.50 per hour say they have accessed food banks in the past five years. This drops to under 3% for workers earning over £10.



**“I never thought I’d be in work and use a food bank. It’s humiliating. I work in a supermarket and I don’t earn enough to feed my family.”**

**Retail worker, North West**

## WOMEN ARE CONCENTRATED IN LOW PAID EMPLOYMENT.

Of the total responses to the survey, 59% were women reflecting the gender balance of Usdaw membership. However, our survey results confirm that, despite many years of equal pay initiatives and research into women's pay, women continue to be over-represented in lower paid jobs and under-represented in higher paid roles. The gender balance completely reverses for workers earning over £10 per hour.



The gender pay gap has hit the headlines as a result of new regulations requiring large employers to report on progress, but the focus is often on women in high profile and higher paid sectors such as finance and media. However, our research reveals that it remains a major issue for women in low paid sectors like retail who are clearly not progressing up pay scales at the same rate as male colleagues.



**ONLY 37% OF WORKERS EARNING  
OVER £10 ARE WOMEN.**

The reasons for this are complex. Work undertaken by women has been traditionally undervalued. In addition, studies continue to show that women spend significantly more time on housework and domestic chores and are more likely to be balancing their work with unpaid childcare and caring responsibilities. The ability to balance work and care is one of the main concerns for women workers, particularly in the retail sector. As a result women are more likely to be employed on short-hours contracts and the survey results confirm this. Of the individuals contracted to 16 hours or less, 70% are women and only 29% men.

**70% OF WORKERS CONTRACTED TO  
16 HOURS OR LESS ARE WOMEN.**

As low paid workers and workers on short-hours contracts are much more likely to be missing meals to pay bills and accessing food banks, this means women are bearing the brunt of in-work poverty.

The results show that for many individuals, work simply does not pay and there are worrying indicators of in-work poverty for a large number of working people. Low paid workers are being hit hardest by wages failing to keep pace with rising prices. With the predicted rate of the National Living Wage falling from £9.35 to £8.57 per hour, low-paid workers are unlikely to see their financial situation improve at a fast enough rate to address the issues they are facing. Usdaw is calling for minimum wages to increase significantly to address the huge gap between earnings and the basic costs of living for working people.

# SHORT HOURS

While statistics show unemployment is falling, this masks the reality of underemployment for many working people. An increasing number of job roles are offered on zero and short-hours contracts, leaving workers struggling to get the hours they need. Though media focus tends to fall on zero hours contracts, short-hours contracts can be just as exploitative. Our survey results show 1 in 4 members are contracted to 16 hours or less.

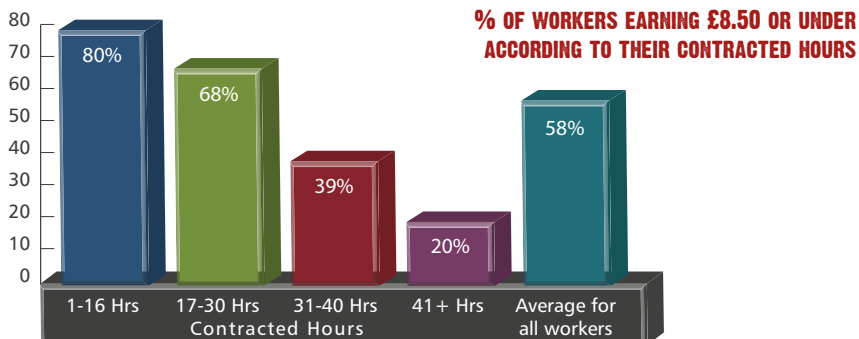
Short-hours contracts can enable workers to fit their job around their lifestyle, childcare and caring commitments, however we know many workers on these type of contracts want to work more hours but are unable to increase hours with their employer. Usdaw's 2017 survey into insecure work found 1 in 3 workers wanted to work longer hours but were not able to increase their contract with their employer. As a result, 28% of members either had, or were looking for, a second job.

**“There’s not many jobs available in my area. I’ve been looking for permanent hours for over a year, but every time I ask I’m told there’s nothing available. Then I see adverts go out for more part-time roles. I’m worried about asking again.”**

**Checkout operator, Scotland.**

## **80% OF WORKERS CONTRACTED TO 16 HOURS OR LESS EARN £8.50 OR UNDER.**

Workers on the shortest contracts are also the lowest paid. The concentration of low paid workers on short-hours contracts indicates that people employed on these contracts are facing a lack of opportunity and are not progressing up pay scales. 80% of those contracted to 16 hours or less earn £8.50 or under – well above the average for all workers of 58%.



**“Members in my workplace come to me because they want to increase their hours but most of the time flexibility only seems to work one way. Managers are so reluctant to increase anyone’s contracted hours, but are always asking people to work extra hours when it suits them.”**

**Usdaw rep, large retail store, North West.**

Short-hours contracts are leaving workers without the hours they want and need to get by. Individuals may be employed, but working hours and hourly rates are not substantial enough to meet basic living costs, leaving people reliant on in-work welfare payments and seasonal jobs to make ends meet.

Usdaw wants to see an end to the use of short-hours contracts where they do not benefit the worker. A commitment to a minimum contract length will ensure jobs are offered on a more meaningful basis.

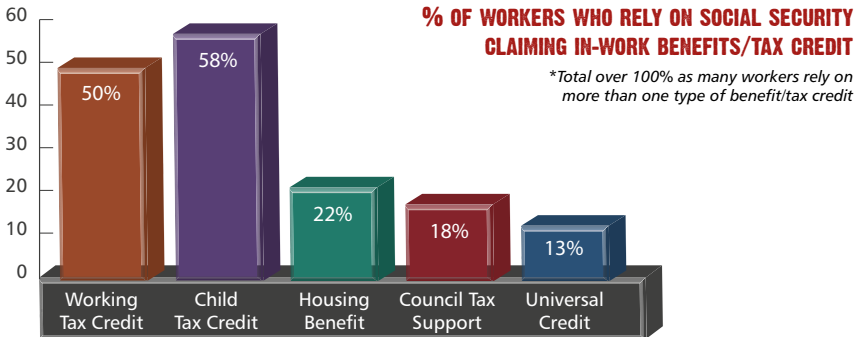
# THE IMPACT OF UNIVERSAL CREDIT

## NEARLY 1 IN 4 WORKERS RELY ON ONE OR MORE ELEMENTS OF IN-WORK SOCIAL SECURITY.

Nearly 1 in 4 workers surveyed rely on one or more elements of in-work social security (23%). For workers on short hours contracts of 16 hours or less this figure almost doubles (45%). Minimum wages and short hours contracts simply are not providing people with enough paid work to meet basic needs. For low paid workers, particularly those on short hours contracts, in-work social security provides vital and necessary support, but this support is being gradually eroded.

Universal Credit was introduced on the proviso of simplifying the benefits system and 'making work pay'. However, the basic premise of Universal Credit has been undermined by a series of cuts. The introduction of the benefit cap, a freeze to working age benefits, the reduction of working allowances, the removal of the first child premium and the two child limit for new claimants have meant a real cut in support for working families.

Usdaw research has shown that a couple with children, earning just above the National Living Wage, one working full time and one working part time, will be £1,866 per year worse off under Universal Credit, with single parents set to be hit even harder.



## **ONLY 13% OF WORKERS CLAIMING BENEFITS ARE CURRENTLY IN RECEIPT OF UNIVERSAL CREDIT.**

As only a small number of workers are currently claiming Universal Credit, the Government's planned roll out of Universal Credit will have a significant impact on workers claiming in-work benefits. There are serious concerns about the impact this will have.

Universal Credit is paid monthly and does not recognise the working pattern of most low paid workers. The vast majority of workers claiming in-work benefits are paid four weekly (67%). Workers paid four weekly have 13 pay days per year, leading to one month where they have two payments in their Universal Credit assessment period and consequently do not receive any Universal Credit Payment the following month.

Workers will also be expected to meet tougher in-work conditionality in order to continue to receive Universal Credit. For most single people this will be to seek 35 hours paid at minimum wage. More than half of workers surveyed (59%) are contracted to 30 hours or less. This means workers already struggling to increase their hours will be under even more pressure to do so. The current system means workers stand to lose their entitlement to Universal Credit if they are unable to increase their hours with their employer.

Despite the number of organisations raising serious issues about the design and impact of Universal Credit the Government has so far neglected to address these concerns. Usdaw is calling for the rollout of Universal Credit to be stopped and for a fundamental rethink of the policy.

# INSECURE WORK

In recent years, we have seen a massive increase in the number of individuals working on an insecure basis. The TUC has previously estimated that there are 3.2 million people with working hours that are not guaranteed from one week to the next.

At the end of 2017, Usdaw's Insecure Hours survey of over 6,000 members showed that 64% of our members are regularly working hours not guaranteed in their contract, and of this 68% would like to see their normal working hours guaranteed. Through not having any guarantees over a significant proportion of their income, workers are unable to access mortgages, enter contracts for mobile phones or be sure of their ability to pay everyday bills such as gas and electric.

## **FOR NEARLY 4 IN 10 WORKERS, AT LEAST 20% OF THEIR WAGES WERE MADE UP OF INSECURE HOURS.**

Our survey asked members how many hours a week they are contracted to work as well as how many they work in an average week. From the 10,500 responses, we can tell how reliant low paid workers are on hours which are not guaranteed as part of the contract and then investigate whether this has an impact on their mental health.

Our survey results have backed up previous anecdotal evidence that the issue of insecure working in disproportionately affecting younger workers. Only 4 in 10 workers aged between 18-24 have contracts that reflect their normal working hours, whereas 7 in 10 workers aged between 55 and 64 almost exclusively work hours which are contractually guaranteed. Looking at the other end of the scale, over half of young workers, aged between 18 and 24, are reliant on insecure hours for more than 20% of their income, this figure drops to around 1 in 5 for those workers aged between 55 and 64.

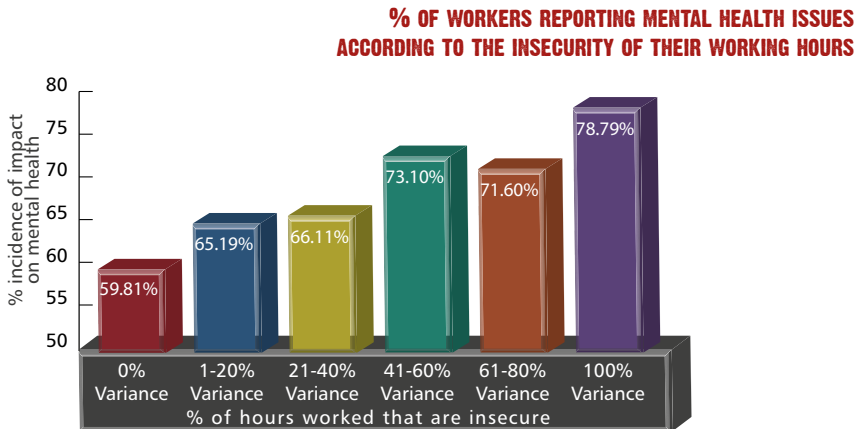
As our members reported, these hours can be removed all too easily causing significant hardship for insecure workers. Due to the imbalance of power in the employment relationship, individual workers are all too frequently unable to defend their basic employment rights.

**“I start at five in the morning which means I need to get a taxi into work. A few weeks ago, one hour into my shift the manager told me I wasn't needed and could go home. I knew that if I argued I wouldn't get shifts in future so went home. It actually cost me money that day to go to work.”**

**A young warehouse worker, North East of England.**

## FOR 63% OF WORKERS, FINANCIAL WORRIES ARE HAVING AN IMPACT ON THEIR MENTAL HEALTH.

Usdaw's evidence has shown that this insecurity in people's working hours is clearly having an impact on their mental health. Out of those individuals who had no or only a small level of insecure hours, around 59% reported that financial worries were having an impact on their mental health. However, as people's reliance on insecure hours grew, so did the rate at which they reported strains on their mental health.



For workers who relied on insecure hours for at least 40% of their working hours, 73% reported that financial worries were impacting their mental health. This is not just the lack of certainty over whether people's income will be able to pay the bills next month but also the fear that, all too often, shifts can be taken off people at a moment's notice.

**“In my store, you have to check the rota constantly throughout the week to make sure your shifts haven't been cancelled. So you're always worrying about whether you'll be able to get enough hours to make ends meet.”**

**Retail worker, Northern Ireland.**

# WHAT ARE WE CALLING FOR?

The world of work is changing rapidly. Despite high levels of employment, increasing numbers of workers are trapped in low paid, short hours, insecure work, unable to make ends meet. The imbalance of power in the labour market needs to be urgently redressed to guarantee workers better pay, meaningful hours, an end to the misuse of zero hours contracts, job security, opportunities for progression and a decent standard of living.

Our Time for Better Pay Campaign calls for:

## ■ A minimum wage rate of £10 per hour for all workers.

Minimum wages/National Living Wage are simply not high enough to enable working people to meet essential living costs. A £10 an hour minimum wage will help to relieve the financial burden on low paid working people. We support the 'Fair Wages for All Ages' Campaign calling for the full adult rate to be paid from age 18.

## 96% OF WORKERS RESPONDING TO THE SURVEY AGREE THAT ALL WORKERS SHOULD BE ENTITLED TO A MINIMUM RATE OF PAY OF £10 PER HOUR.

## ■ A minimum contract of 16 hours per week for everyone who wants it.

We want an end to contracts being offered on minimum terms and conditions. A minimum 16 hour contract ensures work is offered on a meaningful basis that can only be reduced where it benefits the worker.

## 95% OF WORKERS RESPONDING TO THE SURVEY AGREE THAT ALL WORKERS SHOULD BE GIVEN THE RIGHT TO A 16 HOUR PER WEEK CONTRACT.

## ■ A contract based on an individual's normal hours of work.

Where individuals are regularly working over their contracted hours we want the right to a contract that reflects their actual working hours in an average week. A guaranteed income and regular hours enable workers to plan their lives without the stress of irregular hours and pay.

## 99% OF WORKERS RESPONDING TO THE SURVEY AGREE THAT ALL WORKERS SHOULD BE GIVEN THE RIGHT TO A CONTRACT THAT REFLECTS THEIR NORMAL WORKING HOURS.



# THE BETTER PAY CONTRACT

From the survey results, we have been able to model what good looks like. To do this we have a model of a Better Pay Contract, that is one which provides individuals with at least £10 per hour, a guaranteed 16 hours per week and a contract which reflects the normal hours of work. We have compared the result of people who are on this type of contract to someone who is on a current 'typical' contract, being paid between £7.83 and £8.50 per hour, a guaranteed contract of less than 16 hours and having to rely on insecure hours for at least 20% of their working time.

The results clearly show the difference in life experiences between the two groups of people. On the 'typical' contract, 41% of people are regularly missing meals to pay bills, this falls to 7% for those on the Better Pay Contract. Furthermore, in terms of welfare payments, you are 50% less likely to claim benefits on the Better Pay Contract as opposed to the 'typical' contract.

A statutory provision of Usdaw's sufficient contract would also make significant inroads into the gender pay gap. From our research, 63% of men who are currently on either contract are on the Better Pay Contract whereas only 34% of women currently on either contract get the sufficient contract.

The evidence from low paid workers clearly shows that it is time for better pay.

# KEY RESULTS FROM THE SURVEY

Compared to the last five years, do you feel financially...

**WORSE OFF**



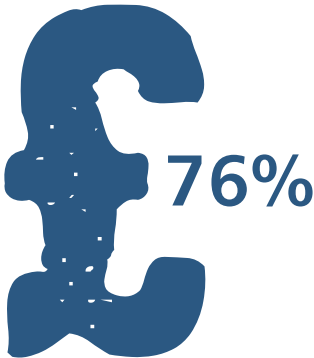
**ABOUT THE SAME**



**BETTER OFF**



**YES**



**NO**

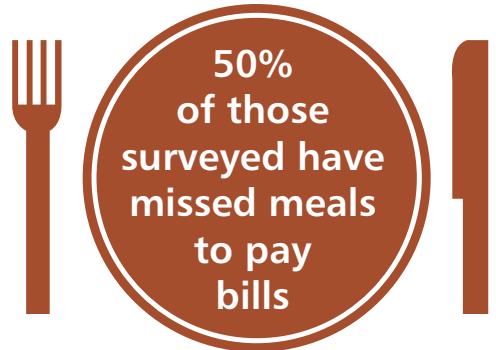
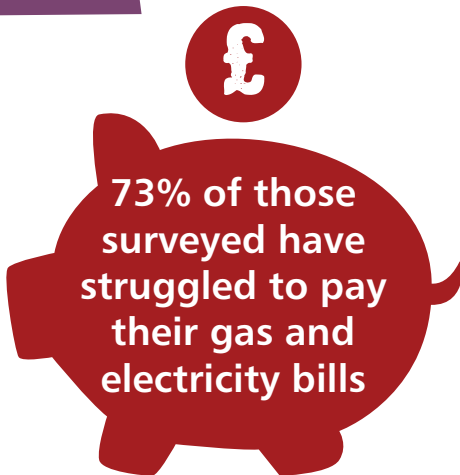


Over the past 12 months, have you had to rely on any form of unsecured borrowing to pay everyday bills?

Are financial worries having an impact on your mental health?



Have you been able to go on holiday in the last 12 months?



*Usdaw*  
*Union of Shop, Distributive  
and Allied Workers*

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Winning for members

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