FACT SERVICE

Annual Subscription £90.05 (£76.00 for LRD affiliates)

Volume 79, Issue 38, 21 September 2017

Get better compliance on minimum wage

Underpayment of the National Minimum Wage affects as many as 580,000 workers at times of the year, according to the Low Pay Commission (LPC)

Underpayment is highly seasonal throughout the year, the LPC finds. It is highest immediately after an uprating of the minimum wage, when as many as one in five low-paid workers (those paid at or below the National Living Wage) aged 25 and over may actually be paid less than they are entitled to. This may affect between 305,000 and 580,000 workers.

In the three to six-month period following an uprating of the minimum wage, levels of underpayment fall significantly. The LPC estimates that underpayment fell to 13% of workers paid the National Living Wage aged 25 and over six months after the NLW's introduction. This is slightly lower than the 14% of workers underpaid six months after the uprating of the National Minimum Wage to £6.50 in October 2014.

The LPC says that a large number of salaried workers (those who are paid monthly and don't have a stated hourly rate) are paid less than the minimum wage. They make up 11% of people paid at the National Living Wage, but 44% of those paid below it.

Recent efforts in the government's enforcement of compliance, and communications regarding the National Living Wage have led to real successes, with record numbers of underpaid workers and arrears identified. The enforcement investigations found arrears of £10.9 million for 98,000 workers in 2016-17 compared to £3.3 million for 26,300 workers in 2014-15.

Bryan Sanderson, chair of the LPC, said: "The LPC has always had a strong interest in compliance with the minimum wage rates it recommends. There is, after all, little point in having a minimum wage if workers do not receive the correct rate.

"The LPC welcomes the recent increases in funding for HM Revenue and Custom's enforcement of the minimum wage, and recognises the progress it has made."

However, the LPC thinks there is more the government could do more to identify non-compliance and stop it happening in the first place.

In its *Non-compliance and enforcement of the National Minimum Wage* report, the LPC makes several recommendations lay out recommendations in areas where the government could go further.

One of the recommendations is that the government should name and shame organisations which fail to pay the National Minimum Wage on a more regular basis.

LABOUR RESEARCH DEPARTMENT
Published weekly by LRD Publications Ltd, 78 Blackfriars Road, London SE1 8HF. 020 7928 3649 www.lrd.org.uk

The LPC suggests details should be published, for example quarterly or every six months, in order to regularly raise awareness of non-compliance.

In its recommendations, the LPC states that naming non-compliant organisations more regularly would create more media anticipation and momentum. It would also enable stakeholders to prepare and gain support before the next naming round if required.

The report advises improved guidance around the technical errors that employers have made to allow other organisations to learn from previous mistakes. It also suggests that the government looks to increase the number of prosecutions to act as a deterrent to non-compliant employers, as well as work to increase publicity around successful prosecutions and enforcement activity.

The LPC further recommends that the government accelerates its communication efforts to utilise all available channels, and include publicity around the third-party complaints process, case studies and guidance on successful complainants, and publicise the improvements made in the time taken to resolve a case.

It advises that the government implements systems and processes that enable it to gather and share information regarding National Minimum Wage non-compliance, to monitor the success of the policy, specific groups and issues, and help it to take action.

https://www.gov.uk/government/news/low-pay-commission-report-on-non-compliance-with-the-minimum-wage

Stress and burnout in emergency services

One in eight ambulance staff in England had to take time off sick due to stress last year, a survey reveals.

In the 2016-17 financial year, a total of 2,468 paramedics and health care assistants – or one in eight workers – had to take time off due to stress. The total number of days lost across England was 81,668.

The shocking figures come from a series of Freedom of Information requests sent by the GMB general union to the 10 Ambulance Trusts in England.

In two of the trusts – East Midlands Ambulance and North East Ambulance – over a fifth of frontline staff took sick days due to stress. In East Midlands the figure was 23% and in the North East it was 22%.

The GMB is campaigning for the retirement age for paramedics to be equalised with other front-line emergency service staff, such as police officers and firefighters, who are able to retire at 60.

Kevin Brandstatter, national officer at the GMB, said: “These disturbing figures once again prove what we already know – that our frontline ambulance workers are in the midst a stress and anxiety epidemic.

“They are consistently overworked, underpaid and expected to do incredibly difficult jobs – such as dealing with the aftermath of the Grenfell disaster or Manchester bombings – without adequate staff or resources.”

A separate study by workforce management consultancy Kronos revealed that 85% of emergency service workers were worried about burnout, with three-quarters (74%) reporting that they had already suffered from workplace fatigue.

The study suggested poor rostering could be a key factor driving burnout concerns. Almost two-thirds (61%) of respondents said rostering was not organised effectively, with more than half (51%) saying the process was unfair, driving employees to regularly work longer shifts, or more often than they should – sometimes in excess of what is legally allowed.

More than half (51%) of emergency service workers said they had worked more than 11 consecutive hours without a break, and three out of five (58%) had been called into work with less than four hours’ notice because of staff shortages.

www.gmb.org.uk/newsroom/ambulance-staff-stress

http://www2.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2017/09/20/stress-caused-ambulance-workers-to-take-80-000-sick-days-last-year.aspx

Regulator prosecutes over auto-enrolment

A bus company and its managing director are the defendants in The Pensions Regulator’s first prosecution over auto-enrolment into pensions.

Stotts Tours (Oldham) Limited is accused of failing to comply with the law on automatic enrolment in respect of 36 members of staff. Managing director Alan Stott is accused of either consenting or conniving in the bus company’s offence, or allowing the offence to be committed by neglect.

The bus company and Stott have been summonsed to appear at Brighton Magistrates' Court on 4 October. They face eight charges of wilfully failing to comply with the company's duties under section 3(2) of the *Pensions Act 2008*, contrary to section 45 of the Act in the case of Stotts Tours (Oldham) and contrary to section 46 of the Act in the case of Stott.

By February 2018, all employers will be covered by the statutory requirement to auto-enrol workers into pension schemes.

Auto-enrolment legislation is enforced by The Pensions Regulator. Its formal powers include issuing compliance notices, conducting inspections and issuing penalty fines to employers.

However, The Pensions Regulator can also initiate criminal proceedings against employers that "wilfully fail to comply" with the legislation, as well as directors who are implicated in any failure to comply with the law.

www.thepensionsregulator.gov.uk/press/tpr-to-prosecute-bus-company-and-boss-for-failing-to-give-staff-workplace-pensions.aspx

Moore pessimism on 2017 living standards

The latest economic forecasts for 2017 see living standards being hit harder as inflation outstrips the growth in average earnings by more than expected at the start of the year.

Each month, the Treasury publishes forecasts from around 40 City forecasters covering an array of economic statistics.

The range of forecasts for average earnings growth in January 2017 ran from a rise of 1.7% up to 3.9%, with a median rise of 2.5%. However by the September 2017 report the range had moved down to between 1.6% and 2.7% with a median of only 2.2%.

In January, the expected rises in inflation under the Retail Prices Index (RPI) — the measure favoured by union negotiators — the range of forecasts ran from a rise of 2.3% up to a rise of 5.2%, with a median rise of 3.4% in the fourth quarter of 2017.

However, the September report's forecasts range between rises of 3.3% and 4.4%, with a median of 3.9%.

Simply put — there's more pessimism on earnings and even more pessimism on prices.

www.gov.uk/government/collections/data-forecasts

Give younger workers a wage rise

The TUC has warned in its evidence to the Low Pay Commission that the National Minimum Wage (NMW) rates risk leaving younger workers behind.

As the rate for 21- to 24-year-olds is growing more slowly that the amount paid to older workers, TUC analysis reveals that the gap between the pay of people in this age group and those over 25 on the National Living Wage has widened by more than £400 a year.

The TUC is calling for:
- the National Living Wage to be extended to all workers aged 21 and above;
- the rates for 16- to 20-year-olds to be increased; and
- for more resources for enforcement to ensure the new higher rate is being paid to all who qualify.

TUC general secretary Frances O'Grady said: "Minimum wage pay rates aren't increasing fast enough and the government's target of £9 an hour by 2020 now seems a fantasy."

The TUC wants to see the Low Pay Commission to go beyond the government's target of 60% of median earnings by 2020 for workers aged 25 and above, and get the National Living Wage to £10 as quickly as possible.

The apprentice rate should be raised to the level of the young workers rate, says the TUC.

In addition, it says that the apprentice 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.

www.tuc.org.uk/sites/default/files/LPCresponse17.pdf

Recognition and pay rise at DHL warehouse

Low-paid workers at the DHL warehouse in Gillmoss, Liverpool have secured representation and with it an inflation busting pay increase.

The general Unite secured a new recognition deal with DHL to represent workers across the entire site near Liverpool. The deal also means that agency workers on the site will also get new rights to be represented by Unite.

Almost a third of the 300 strong workforce will get a pay increase of 9% or 70p an hour. All the workers who were on £7.52 had their pay increased to £8.22. The increase earmarked for the lowest paid at the site is more than twice the 3.9% growth in inflation as measured by Retail Price Index.

Unite regional officer Kenny Rowe said: "Low-paid workers have secured a significant boost to their pay which is more than double the rate of inflation and means workers will get around £1,500 extra a year. The deal will help workers and their families afford their food, rent and bills."

The DHL warehouse in Gillmoss, Liverpool stores and delivers products for Burtons, AB Foods, L'Oréal and NHS products.

www.unitetheunion.org/news/lowest-paid-dhl-warehouse-workers-secure-a-pay-boost-twice-the-rate-of-inflation/

Health issues a concern for older workers

More than five million workers over the age of 50 are concerned that health issues will prevent them from prolonging their working lives, research reveals.

Over half (55%) admit to fearing that work will become detrimental to their health or they might not be well enough to keep working, including 13% who say this is already an issue for them, according to insurance group Aviva's latest *Real retirement* research.

Fewer than one in five (17%) of over-50s workers say they have access to wellbeing advice and initiatives in the workplace which could help prevent health issues from impacting their careers.

While the research suggests the average over-50 worker expects to retire completely at 66, many intend to work into their late 60s and beyond.

Nearly half (48%) now expect to work past the age of 65 – the former Default Retirement Age – including nearly one in four (23%) who plan to work beyond 70 and 13% who do not expect to ever retire fully. Two in five (41%) don't know when they'll be able to retire fully.

Many older employees already expect to retire later than they planned to at a younger age. Among those who know when they expect to retire, three in five (62%, or 3.6 million people) say their expected retirement age is older than they thought it would be 10 years ago.

Those retiring later than planned are partly doing so out of financial necessity. Two in five (43%) do not have enough in their pension savings to retire when they wanted to and 32% say the cost of living means they cannot afford to stop working.

However, a third (34%) choose to keep working as they enjoy the mental stimulation of their job and more than one in four (27%) would be lonely without the social interaction.

Another factor which could prevent over-50s workers from working as they age is a lack of employer support. Only 14% feel their workplace culture is positive towards older workers.

More than a quarter (27%) say their employer values the youth and vitality of younger employees above their experience and knowledge, while one in five (19%) say their employer's views on older workers limit their future work prospects.

One in 10 say new skills training is important for workers over the age of 50, suggesting workplace support is also needed to help older workers continue growing in their careers.

And a quarter (24%) of over-50s workers agree opportunities for career progression are an important part of working life at their age.

www.aviva.com/media/news/item/uk-55-million-workers-aged-50-fear-health-concerns-will-curtail-their-working-lives-17821/

Designed and printed by RAP Spiderweb Limited, Clowes Street, Hollinwood, Oldham OL9 7LY Telephone 0161 947 3700