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of work for good

Key workers

**Decent pay and secure work for key
workers through coronavirus and beyond**

Executive Summary

The coronavirus crisis has demonstrated how much we all owe to healthcare staff, care workers, retail and delivery workers, public transport workers, teachers and support staff, energy workers and so many others. Despite this, millions of key workers remain underpaid and in insecure work. The nation applauded the efforts of key workers through the peak of the crisis and there is strong public support for ensuring key workers are treated fairly.

The government can directly increase the pay of 6 million key workers by increasing the minimum wage and public sector pay. The government can also put an end to some of the worst excesses of insecure work by banning zero-hours contracts. They must not let key workers down.

The crisis also starkly exposed the huge inequalities faced by workers, especially related to pay, security, safety and voice at work. Unequal impacts have fallen along existing lines of inequality; including class, gender, ethnicity and other inequalities. Key workers who have kept the country running are more likely to be women and more likely to be Black or Minority Ethnic (BME). All workers who have been on the frontline of the crisis need to be rewarded fairly and treated with dignity.

A pay rise for key workers

The TUC estimates that 6 million key workers would stand to benefit from public sector pay increases and planned minimum wage increases. Both these levers are directly within the government's control. But there are signs that pay increases may not materialise.

We believe the minimum wage should be set at least £10 an hour for all workers. Our analysis shows that 3.6 million key workers would benefit from this increase. The Low Pay Commission recently consulted on an increase to £9.21 an hour. This would increase the pay of at least 2 million key workers, with 1.5 million of them in the private sector. However, there have been calls from business groups to keep the minimum wage even lower than this level.¹ Ministers and officials are understood to be discussing applying an "emergency brake" which would slow down increases in the minimum wage.² The TUC believes that rowing back on a planned pay rise for 2 million key workers would be the wrong decision.

The government recently announced a pay rise for public sector workers but left out some of the most essential workers including social care, local government, nurses and other NHS staff, and low paid civil servants. Just hours after the pay announcement, it emerged that the Chancellor had urged government departments to 'exercise restraint in future public

¹ Business groups push for delay to minimum wage increase, The Telegraph, June 2020, <https://www.telegraph.co.uk/business/2020/06/25/business-groups-push-delay-minimum-wage-increase/>

² Planned rise in minimum wage 'unaffordable' after pandemic, The Telegraph, September 2020, <https://www.telegraph.co.uk/politics/2020/09/05/planned-rise-minimum-wage-unaffordable-pandemic/>

sector pay awards'.³ Following a decade of real pay cuts, key workers in the public sector deserve better. There are over 4 million key workers in the public sector who would benefit from the government giving them a pay rise.

The government needs to ensure all key workers are paid the true value of their work and earn enough to get by. It can begin by giving a pay increase to the 6 million key workers whose pay it sets directly.

Insecure work

The government also needs to take action to stamp out insecure work. Our analysis finds that 1 in 9 UK workers are in insecure work such as zero-hours contracts, agency, casual, seasonal work or low paid self-employment. Many of these workers are key workers who have been on the frontline of the coronavirus crisis.

For the first time on record, the number of people on zero-hours contracts has risen to over a million. This is driven by their proliferation in essential industries like health and social care, and wholesale and retail. One in four workers in adult social care – one of the sectors hit hardest by the virus – are on zero-hours contracts, which mean their hours of work and pay packets can vary significantly.

The government needs to ban zero-hours contracts to protect key workers from some of the worst excesses of insecure work.

Treating Key Workers Fairly

The government needs to

- raise the minimum wage to improve the pay of 2 million key workers
- give meaningful pay rises to over 4 million public sector key workers
- ban zero-hours contracts which particularly affect key workers in health and social care, and wholesale and retail

It is time to end the low pay and insecure work that leave carers, supermarket workers and delivery drivers struggling.

³ 'Don't expect big pay rises, Sunak warns civil servants as he kicks off Spending Review', Civil Service World, July 2020, <https://www.civilserviceworld.com/professions/article/sunak-starts-comprehensive-spending-review-with-pay-restraint-warning>

Who are key workers?

Key workers do jobs that are essential to society. These workers kept the country running through lockdown and have been critical in our response to the pandemic. This includes healthcare staff, care workers, essential retail and delivery workers, public transport workers, teachers and support staff, energy workers and thousands of others.

We estimate that **9.9 million** employees are key workers. 5.3 million key workers are in the private sector. 4.6 million are in the public sector.

During lockdown, the government published guidance to help schools determine which children's parents are key workers. This guidance identified workers working in the following industries:

- health and social care
- education and childcare
- key public services
- local and national government
- food and other necessary goods
- public safety and national security
- transport
- utilities, communication and financial services

The pandemic has highlighted the true value of this work and the extent to which much of it has been undervalued. The pandemic also highlighted the stark inequality faced by many key workers, related to pay but also to job security, safety, and voice in the workplace. Unequal experiences have often fallen along the lines of structural inequalities, including class, gender, ethnicity and other inequalities. Key workers are more likely to be women and more likely to be Black or Minority Ethnic (BME).

Gender

Women are almost twice as likely as men to be employed in a key worker occupation (45 per cent, compared to 26 per cent). Many of the largest key worker occupations have a large majority of female employees. Care workers and home carers, nurses, primary and nursery education teaching professionals and teaching assistants, for example, are some of the largest key worker occupations. In each, over 80 per cent of employees are women.

Ethnicity

BME employees are more likely than white employees to be key workers, with 40 per cent of BME employees being a key worker, compared to 35 per cent of white employees working as key workers.

Age

Key workers are drawn fairly evenly from people of working age across all ages.

Regions

Key workers make up 35 per cent of all employees, but this varies by region. London has the lowest proportion (30 per cent), whereas Northern Ireland has the highest (42 per cent).



How we defined key workers in our analysis

To reach an estimate, we matched occupation groups, broken down to four-digit occupation codes, to the government's guidance on key workers. We then used the Labour Force Survey to find the number of employees in these key worker occupation groups, broken down by hourly wage, sector, and demographics including gender, age, and ethnicity. Even at the detailed level of four-digit occupation codes however, we cannot guarantee that everyone within every occupation is a key worker.

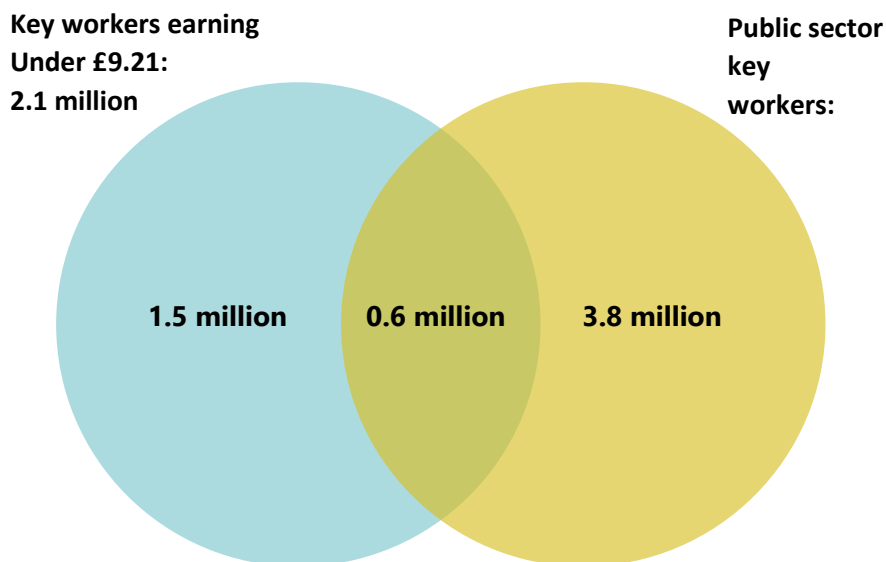
A pay rise for key workers

The TUC believes the minimum wage should be set at least £10 an hour for all workers. This would improve the pay of 3.6 million key workers. But there are signs that the government may shy away from even its own planned minimum wage increases to £9.21 an hour.⁴

The government has the tools it needs to increase the pay of 6 million key workers by increasing the minimum wage as planned to at least £9.21 per hour and implementing a public sector pay increase. Over 2 million key workers stand to benefit from the government's planned minimum wage increase. A further 3.8 million public sector key workers would benefit from the government giving them a direct pay rise.

Both these levers are directly within the government's control but there are signs that pay increases may not materialise. Some business groups have called for a delay in minimum wage increases and the Treasury has indicated that public sector workers will be subject to pay restraint in the coming years. This cannot be allowed to happen – the key workers who got us through the crisis deserve to be rewarded fairly for their essential work.

6 million key workers would benefit from a minimum wage of £9.21 and a public sector pay increase



Key workers who benefit from £9.21 min wage & public sector pay increase: **5.9 million**
All key workers: **9.8 million**

Source: TUC analysis of LFS Apr-June 2020, employees aged 25+

⁴ Planned rise in minimum wage 'unaffordable' after pandemic, The Telegraph, September 2020, <https://www.telegraph.co.uk/politics/2020/09/05/planned-rise-minimum-wage-unaffordable-pandemic/>

Minimum Wage

The minimum wage plays a significant role in determining the wages of many key workers. There are currently 2.1 million key workers earning at or below the minimum wage.

The TUC believes the minimum wage should be at least £10 an hour for all workers. This would raise the wages of 3.6 million key workers and help them earn enough to get by.

The government has a target that takes the minimum wage to 66 per cent of median wages by 2024. When the Low Pay Commission set out this year's consultation on the minimum wage it estimated that the main rate would need to increase to £9.21 in April to stay on target for 2024⁵. **The TUC does not believe it would be appropriate to divert from the path.**

Increasing the main minimum wage rate to around £9.21 in April 2021 would improve the pay of 2.5 million key workers aged over 25. However, there are calls from some business groups to delay this increase in the light of the crisis.⁶ The TUC believe this would be the wrong decision.

Key workers	Private Sector	Public Sector	Total
At or below the minimum wage (all ages)	1.6 million	0.5 million	2.1 million
Earning under £10 (all ages)	2.6 million	1.0 million	3.6 million
Earning under £9.21 (aged 25+)	1.9 million	0.6 million	2.5 million

Source: TUC analysis of LFS Apr-June 2020

Recent increases in the minimum wage have demonstrated there is room for a more ambitious wage floor. Since 2016 the minimum wage has been receiving larger material increases. This saw the minimum wage climb to 60 per cent of median wages by April 2020. This has been achieved without adverse impact on employment levels. Up until the coronavirus crisis, employment increased alongside increases to the wage floor. This lines up with international evidence⁷ which shows "a very muted effect of minimum wages on employment, while significantly increasing the earnings of low paid workers."

The OBR predicts wage growth to pick up to 3.6 per cent in 2021 and level off around 3 per cent after that.⁸ This would take 66 per cent of the median wage to well over £10 in 2024

⁵ Low Pay Commission consultation, Low Pay Commission, March 2020,

<https://www.gov.uk/government/consultations/low-pay-commission-consultation-2020>

⁶ Business groups push for delay to minimum wage increase, The Telegraph, June 2020,

<https://www.telegraph.co.uk/business/2020/06/25/business-groups-push-delay-minimum-wage-increase/>

⁷ Impacts of minimum wages: review of the international evidence, Arindrajit Dube, 2019,

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/844350/impacts_of_minimum_wages_review_of_the_international_evidence_Arindrajit_Dube_web.pdf

⁸ Economic and fiscal outlook, Office for Budget Responsibility, March 2020, https://cdn.obr.uk/EFO_March-2020_Accessible.pdf

for those aged 25+. It is important that minimum wage growth remains on course for this target.

An increase in the main minimum wage rate to £9.21 would raise the pay of 2.5 million key workers. These economic circumstances are challenging for many businesses and many firms will face difficult choices. But without wage protections we know it is often low paid workers who suffer – while shareholder dividends⁹ and executive pay continue to rise¹⁰. We are not in a crisis caused by wages that are too high, nor in one that can be resolved with lower wages.

Public Sector Pay

Public sector workers make up 52 per cent of key workers. They have led the fight against Covid-19 and kept the country going during lockdown as carers, NHS workers, bus drivers, civil servants, postal delivery workers and more. Following a decade of real terms pay losses due to cuts and pay restraint, public sector workers deserve serious pay increases which reward them for their sacrifices during coronavirus and set them on track to recover the pay they have lost over the past ten years. Increasing pay for all public sector key workers would give a pay rise to 4.4 million people.

Since 2010, public sector pay has fallen behind the cost of living as the intentional result of government policy. As a result, average public sector pay is still £900 lower today in real terms than it was in 2010. In other words, once the cost of living is taken into account, public sector workers are earning less today than they were ten years ago. For many, the loss in pay is more than £900 per year. For example, in real terms:

- Nurses and community nurses (NHS band 5) are more than £3,000 worse off today in real terms than they were in 2010.
- Residential care workers employed by local government are nearly £1,900 worse off in real terms.
- Ambulance services drivers are £1,605 worse off in real terms.

It is not just on take home pay that public sector workers are losing out. The government recently announced its intention to press ahead with its plans to cap exit payments¹¹ (the amount received as part of a redundancy settlement) for public sector workers, a measure that will particularly hit workers with long years of public service. Public sector workers are

⁹ How the shareholder-first business model is contributing to inequality, TUC, 2019, <https://www.tuc.org.uk/research-analysis/reports/how-shareholder-first-business-model-contributing-inequality>

¹⁰ FTSE bosses back on full pay after pandemic wage cuts, Financial Times, June 2020, <https://www.ft.com/content/7c96970c-cd52-4b81-942e-b158ac67d827>

¹¹ Restricting exit payments in the public sector, HM Treasury, April 2019, <https://www.gov.uk/government/consultations/restricting-exit-payments-in-the-public-sector>

also set to see their pension benefits decline due to the government unfairly shifting¹² the costs of addressing the discrimination identified in the McCloud case¹³ onto public servants.

The government recently announced that it would be implementing the recommendations of Pay Review Bodies in full this year. While this was touted by government as a generous, above inflation offer that would reward public sector workers for their sacrifices during Covid-19, in practice it fell far short what is needed. First, it left out large numbers of public sector workers whose pay is not determined by Pay Review Bodies, including social care worker, local government employees and junior civil servants. It also left out NHS workers because they are in the final year of a three year pay deal, despite NHS unions calling for pay negotiations to be brought forward in response to Covid.

Second, the announcement on pay was not accompanied by additional funding, leaving public sector employers to find the money from already stretched departmental budgets. Finally, the size of the pay rise did not go nearly far enough to reward public sector workers for their contributions during the Covid crisis or make up for a decade of lost pay. On the contrary, the pandemic was not factored into Pay Review Body recommendations at all (which were rather based only on assessments of what is needed to attract and retain staff) and just hours after the pay announcement, it emerged that the Treasury had urged government departments to 'exercise restraint in future public sector pay awards'.¹⁴

Following a decade of real pay cuts, *all* key workers in the public sector deserve better. The government must reward workers for the huge sacrifices they have made by awarding them fair pay rises that restore what they have lost through ten years of cuts and slow growth. Further, it must do so in a way that is responsive to particular concerns in different sectors. For example:

- NHS workers are calling for pay discussions to be brought forward to allow all NHS staff to be awarded early and substantial pay increases in recognition of their contribution to the fight against Covid.
- The pandemic has revealed the desperate situation in our social care system and the people who work in it are in. Seven in ten care workers and home carers – that is, over half a million people - earn less than £10 an hour and a quarter of the social care workforce are on zero-hours contracts. The urgently-needed long-term settlement for social care must include funding improved pay and opportunities for progression for social care workers.
- The asymmetrical treatment of lower paid civil servants must stop. Union demands for simplified pay bargaining structures should be adopted by Cabinet Office in order to

¹² Statement on public service pensions, Chief Secretary to the Treasury, July 2020, <https://questions-statements.parliament.uk/written-statements/detail/2020-07-16/HCWS380>

¹³ Govt launches consultation on implementation on McCloud ruling, Pensions Age, July 2020, <https://www.pensionsage.com/pa/Govt-launches-consultation-on-implementation-of-McCloud-ruling.php>

¹⁴ Don't expect big pay rises, Sunak warns civil servants as he kicks off Spending Review, Civil Service World, July 2020, <https://www.civilserviceworld.com/professions/article/sunak-starts-comprehensive-spending-review-with-pay-restraint-warning>

avoid complex negotiations during the crisis and the cap of 1.5-2.5% on civil service pay that falls outside of the Pay Review Body process should be lifted.

- Local government faces £11 billion of additional financial pressures as a result of Covid. Urgently-needed support from central government should include funding for a much-needed pay increase for local government workers.

Insecure work

One in nine UK workers is in insecure work – including many key workers. Our analysis¹⁵ indicates that 3.6 million people are in precarious employment. These include:

- people on zero-hours contracts
- agency, casual and seasonal workers
- the low-paid self-employed

Insecure work isn't just found among the food delivery riders and taxi drivers of the new app-based platform economy, who are prominent in discussion of the topic. Though it is rife in these roles, many of those in insecure work are the sorts of key workers – carers, delivery drivers, shopworkers – whose importance was brought sharply to attention during the pandemic. For example, nearly one in six (15.6 per cent) of those in caring, leisure and other service roles were in insecure work, according to our analysis of official figures. This compares to 6 per cent of those in professional roles and 6.4 per cent of those in administrative or secretarial jobs.

For the first time on record, the number of people on zero-hours contracts has risen to over a million. This is driven by their proliferation in essential industries like health and social care, and wholesale and retail. One in four workers in adult social care – one of the sectors hit hardest by the virus – are on zero-hours contracts, which mean their hours of work and pay packets can vary significantly.

The government needs to ban zero-hours contracts to protect key workers from some of the worst excesses of insecure work. We recommend this is done by giving workers the right to a contract that reflects their regular hours, at least four weeks notice of shifts and compensation for cancelled shifts

¹⁵ Insecure work: Why decent work needs to be at the heart of the UK's recovery from coronavirus, TUC, August 2020 <https://www.tuc.org.uk/research-analysis/reports/insecure-work-0>

Recommendations

The government must not let down key workers. Despite doing the essential work of caring for us and keeping food on shop shelves through this crisis, millions remain underpaid and in insecure work. Many made huge sacrifices putting themselves and their families at risk through the lockdown as they faced no choice but to go to work. Workers who carried the country through the crisis deserve to be rewarded fairly.

The government must:

- raise the minimum wage to improve the pay of 2 million key workers
- give meaningful pay rises to over 4 million public sector key workers
- ban zero-hours contracts which particularly affect key workers in health and social care, and wholesale and retail

It is time to end the low pay and insecure work that leave carers, supermarket workers, delivery drivers and many more of our most essential workers struggling.