

**TUC response -  
to Department of  
Work and Pensions  
consultation on  
in-work progression**

# Introduction

The Trades Union Congress (TUC) exists to make the working world a better place for everyone. We bring together around 5.5 million working people who make up our 48 member unions. We support unions to grow and thrive, and we stand up for everyone who works for a living.

We appreciate the opportunity to respond to the Department of Work and Pensions consultation on in-work progression. Tackling low pay and supporting progression in-work are both issues we have a strong interest in. In-work progression can be one strategy to help individuals move into better paid jobs.

Even before the pandemic low pay was a widespread problem in the UK. With around one in six employees (4.2 million workers in the UK) earning less than two-thirds of median earnings.<sup>1</sup> Lack of progression is commonplace among those who are low paid. Only one in six low-paid employees move out of low pay over the course of a decade.<sup>2</sup>

Our consultation response focuses on embedding lifelong learning; the specific barriers to progression in the areas of the retail industry; and looking at groups of people at most risk of low pay and how to tackle these inequalities.

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<sup>1</sup> <https://www.resolutionfoundation.org/app/uploads/2020/09/Low-Pay-Britain-2020.pdf>

<sup>2</sup> <https://www.resolutionfoundation.org/app/uploads/2018/05/Low-Pay-Britain-2018.pdf>

## Summary of key points

Unions play an important role in facilitating access to learning, improving in work progression, especially for harder-to-reach groups.

Collective bargaining remains an essential means of improving pay and wider opportunities for unions. This is the fundamental role of trade unions. And we believe workers need greater rights to collective bargaining.

### Embedding lifelong learning

- The TUC supports and encourages genuine progress in the workplace.
- However, trends in the total amount of adult learning and training delivered by the state and employers show a significant decline in the UK in recent decades.
- While the government has announced new annual funding for adult skills through the National Skills Fund commencing in 2021-22, this will only reverse one fifth of the cuts to total spending on adult education and skills in the last decade.
- Employer investment in adult learning and skills has not compensated for the long-term decline in spending by the state.
- We find the distribution of learning and training opportunities that are available also discriminates against the very people most in need. Those in routine and manual jobs are less likely to receive regular training compared with those employed in managerial and professional occupations.
- An urgent priority is to roll out a new right to retrain and development of a large-scale retraining programme to help adults whose current jobs are at risk.
- The £600 million per annum allocated to the National Skills Fund should be brought forward.
- Many other European countries have job retention schemes in place that fund furloughed workers to undertake retraining programmes - we should be following their lead on this to boost job prospects and long-term skills development.
- The government should take forward many of the recommendations of the Augar Review and the Independent Commission on the College of the Future, including a long-term significant boost to funding.
- There needs to be a commitment by government to establish a new form of guarantee for all existing apprentices to empower them to complete their training.
- The apprenticeship levy should be flexed to allow employers to utilise funding to maximise apprenticeship recruitment.

- The TUC is also calling for more radical reforms to genuinely empower people to access learning and skills throughout their working lives.
- There is a widespread acknowledgement that the union movement has transformed its role in support of learning and training in the last two decades, especially through the activities of union learning representatives (ULRs). According to independent evaluations the Union Learning Fund (ULF) has a proven track record of successful engagement with workers with few or no qualifications.
- In October the Department for Education announced that it would be cutting the annual government grant for the ULF from next March. The TUC is calling on the government to urgently reverse this policy decision.
- The TUC supports and encourages genuine progress in the workplace however; it does not believe extending conditionality in the benefits system is the right approach. The design of social security can influence the individual's pay progression and therefore the taper rate needs to be revisited.

### **The specific barriers to progression in the areas of retail**

- A review of research and data suggests in general employees in retail are far less likely to escape low pay and progress than those working in other sectors. And young people are much less likely to sustainably exit low paid work by their late 20s if they work in retail.
- The high incidence of flexible and part-time work in retail is one of the main factors behind low rates of progression, because flexible opportunities are often less available in more senior roles. Flexible working is key.
- Collective bargaining remains an essential means of improving pay and wider opportunities.
- Government needs to promote the business benefits of progression
- A TUC report identified four avenues for public policy to improve progression. Influencing individuals' choices; improved support on skills development; better entry-level jobs; and industrial strategy to shift industry practice.

### **Addressing inequality in Labour Market**

- Disabled workers, Black workers and women are all overrepresented in insecure work and on low pay. TUC research has found that unlawful discrimination, structural barriers, racism, ableism, sexism and other negative attitudes are holding these groups back and keeping them there.
- The government must bring in legislation to introduce mandatory disability and ethnicity pay gap reporting for all employers with more than 50 employees. The legislation must be accompanied by a duty on employers to produce targeted action plans identifying the steps they will take to address any gaps identified.
- The government needs to do more to ensure disabled workers' reasonable adjustments are put in place within a timely fashion. This is why the TUC has supported the call for

the government to introduce time limits for the implementation of reasonable adjustments and Unison's call for statutory guidance on timescales for implementing reasonable adjustments. We also recommend there is better enforcement of the right to reasonable adjustments

- For women to progress in the labour market – all workers should have the right to work as flexibly as possible from their first day in the job. And parental leave needs to be fit for purpose.
- Government should take immediate action to create and publish a cross-departmental action plan, with clear targets and a timetable for delivery, setting out the steps that it will take to tackle the entrenched disadvantage and discrimination faced by BME people.

# TUC response

## Embedding lifelong learning

Too many people find themselves trapped in low-paid work, and cycling between precarious work and unemployment, because of the barriers they face in accessing learning and skills to improve their job prospects. In this section of our submission we begin by setting out some of the recent research findings in this area and then highlight some policy proposals by the TUC designed to boost access to learning and training. We also draw attention to the role of the Union Learning Fund in supporting engagement and progression in the workplace.

### *Learning and training trends*

There are two significant trends that limit the amount of training and development that is made available to different groups and in particular those facing the most significant barriers to progression in the labour market. One is the trend in the total amount of learning and training that is available, and secondly, how these opportunities are distributed. Trends in the total amount of adult learning and training delivered by the state and employers show a significant decline in the UK in recent decades.

For example, the latest annual review by the Institute for Fiscal Studies (IFS) of spending in England on education and training finds that the government budget for adults attending college has been cut by a half since 2009-10 and is nearly two-thirds lower in real terms than in 2003-04.<sup>3</sup> As a result there are now around 3 million fewer adults going to college compared with 15 years ago, with the annual numbers down from 4.4 million to 1.5m. The IFS highlights that the growth in adult apprenticeships has helped some workers access training, but even taking this into account, total spending on adult education and apprenticeships combined is still about 35% down on 2009-10 in real terms.

While the government has announced new annual funding of £600m for adult skills through the National Skills Fund commencing in 2021-22, the IFS estimate that this will still only reverse one fifth of the cuts to total spending on adult education and skills in the last decade. New analysis by the IPPR calculates that if FE funding had kept pace with demographic trends and inflation over the last decade, annual spending in England would be £2.1 billion higher on adult education and skills<sup>4</sup>

Unfortunately, employer investment in adult learning and skills has not compensated for the long-term decline in spending by the state. One of the largest surveys of workforce training trends is the Employer Skills Survey which is published by the government every two years. The latest edition, highlighting trends up to 2019, was released in October and revealed a sharp rise in the proportion of employers providing no training at all (up from

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<sup>3</sup> [www.ifs.org.uk/publications/15150](http://www.ifs.org.uk/publications/15150)

<sup>4</sup> [www.ippr.org/research/publications/going-further](http://www.ippr.org/research/publications/going-further)

34% to 39% between 2017 and 2019). In the same period the proportion of workers saying they received no training in the past 12 months increased from 38% to 40%.<sup>5</sup> Research commissioned by the TUC drawing on Labour Force Survey data has highlighted that the total volume of employer-led training has declined by around 60% since 1997.<sup>6</sup>

The distribution of learning and training opportunities that are available also discriminates against the very people most in need. The Social Mobility Commission<sup>7</sup> has highlighted some of the key findings, including that:

- Graduate employees are three times as likely to access training as those with no qualifications
- 18% of those in routine and manual jobs receive regular training compared with 30% of those employed in managerial and professional occupations
- Half of adults from the lowest socio-economic group receive no training at all after leaving school
- 1 in 4 of low-paid workers will never escape low pay, a problem largely attributed to low skill levels
- The UK lags well behind other countries in giving adults a second chance to learn new skills and achieve their potential with the state spending just two-thirds of the European average on adult training and employers investing just half the EU average on workplace training.

### ***Policy changes to boost access to learning and training***

The government will be publishing a white paper on FE and skills shortly and this provides an opportunity to transform our skills system to boost access to learning and training, with a necessary focus on those facing the greatest barriers to progression in the jobs market. Even before the pandemic, there were major challenges in addition to the lack of investment in adult education and training and unfair distribution of training opportunities. For example, the rise of automation, impact of climate change and other trends are rapidly transforming the labour market. Some of the groups most susceptible to the impact of these trends are the very same people who are most at risk of unemployment due to the current economic downturn. This includes people with lower-level qualifications, those who are trapped in low-paid and casualised employment, those in sectors most affected, young people, and the unemployed.

The TUC is calling for the white paper to set out a strategy for how learning and skills can help to combat rising unemployment in the coming months and to provide a route map for longer term reforms of a scale that can genuinely transform our adult skills system. An urgent priority is to roll out a new right to retrain and development of a large-scale retraining programme to help adults whose current jobs are at risk. This could be funded now by bringing forward the £600 million per annum allocated to the National Skills Fund.

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<sup>5</sup> [www.gov.uk/government/collections/employer-skills-survey-2019](https://www.gov.uk/government/collections/employer-skills-survey-2019)

<sup>6</sup> [www.unionlearn.org.uk/publications/training-trends-britain](https://www.unionlearn.org.uk/publications/training-trends-britain)

<sup>7</sup> [www.gov.uk/government/publications/social-mobility-in-great-britain-state-of-the-nation-2018-to-2019](https://www.gov.uk/government/publications/social-mobility-in-great-britain-state-of-the-nation-2018-to-2019)

Many other European countries have job retention schemes in place that fund furloughed workers to undertake retraining programmes - we should be following their lead on this to boost job prospects and long-term skills development.

We have welcomed the recent announcement that all adults without a level 3 qualification will be able to access free courses. However, this was originally recommended by the Augar Review 18 months ago and will not begin to be rolled out until next April at the earliest, which will be much too late for those who have already lost their jobs or who are about to do so. This new entitlement will also mean nothing to adults with existing level 3 qualifications, many of whom will have attained such qualifications decades ago. A more expansive retraining entitlement is necessary to encompass all those adults who will miss out under the proposed arrangements.

The forthcoming White Paper must also lay the foundations for longer-term reforms to build a better economy and embed social justice. The government should take forward many of the recommendations of the Augar Review and the Independent Commission on the College of the Future, including a long-term significant boost to funding, much better financial support for college students and a new deal for the college workforce.

The pandemic has hit apprenticeships hard with new starts down by 45 per cent since lockdown compared with the equivalent period last year. There is also widespread reporting of existing apprentices being made redundant and this trend is set to accelerate rapidly when the Job Retention Scheme comes to an end. The TUC has welcomed government initiatives to address the crisis, including the apprenticeship recruitment incentives for employers and the establishment of the Redundancy Support Service for Apprentices. However, action on a number of other fronts is urgently required, including:

- A commitment by government to establish a new form of guarantee for all existing apprentices to empower them to complete their training. This “right to complete” would go well beyond the existing commitment by government to try to find another employer for apprentices who are made redundant.
- The apprenticeship levy should be flexed to allow employers to utilise funding to maximise apprenticeship recruitment, including being able to commit spending on provision that is currently exempt (e.g. pre-apprenticeship programmes), and to extend the lifetime of their levy funds beyond 24 months to maintain high levels of apprenticeship opportunities and to increase flexibility to enable current apprentices to complete their apprenticeships.

The TUC is also calling for more radical reforms to genuinely empower people to access learning and skills throughout their working lives. Creative solutions need to be considered if we are to give people genuine ownership of their skills development. For example, we should learn from initiatives in other countries that are proving successful, including providing people with personal lifelong learning accounts. We also need to tackle other barriers. For example, evidence from surveys consistently highlight that time is a major barrier to and that is why a strengthened right to paid time off to train for workers should be introduced. Other countries are already implementing such rights in combination with lifelong learning accounts and other measures, including giving all adults an entitlement to



have regular reviews to assess their skills needs and career aspirations. To deliver on this, the government must establish a new high-quality universal careers and guidance service with dedicated professional staff. A mix of reforms along these lines would go a long way to incentivising many more adults to take that first step back into learning or training.

### ***How the Union Learning Fund boosts access in the workplace***

There is a widespread acknowledgement that the union movement has transformed its role in support of learning and training in the last two decades, especially through the activities of union learning representatives (ULRs). These reps have demonstrated that they are particularly effective at engaging “hard to reach” groups of employees, especially those who lack confidence due to a poor experience in formal education or other barriers to learning.

Employers recognise the benefits of developing a workplace learning culture in partnership with their unions. More than three in four (77 per cent) employers say that engagement in union learning has a positive effect in their workplaces.<sup>8</sup>

The Union Learning Fund (ULF) programme has supported the work of these specialist union reps for over 20 years and a wide range of skills initiatives to promote access to learning and training in the workplace.

According to independent evaluations<sup>9</sup> the ULF has a proven track record of successful engagement with workers with few or no qualifications, as highlighted below:

- More than two-thirds (68%) of learners with no previous qualification gained a qualification
- Just under half (47%) of those starting with Entry Level or Level 1 qualifications gained a qualification at a higher level
- More than two-thirds (68%) of employers say unions are particularly effective at inspiring reluctant learners to engage in training and development.

When questioned about their motivations, people accessing learning via this workplace route highlighted the crucial role of ULRs and wider union support. Seventy per cent (and 79% of those without qualifications) said they would not have taken part in the learning or training without the support of unions and the ULF. Learning and training facilitated through the ULF also helps workers gain or improve the skills they need to progress in their career. Nine out of ten learners gain at least one new skill, almost three quarters (73%) became more confident in their abilities and six out of ten (63%) gained a new qualification.

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<https://www.unionlearn.org.uk/sites/default/files/publication/Union%20learning%20in%20facts%20and%20figures.pdf>

<sup>9</sup> [www.unionlearn.org.uk/independent-evaluations-union-learning-fund-and-unionlearn](http://www.unionlearn.org.uk/independent-evaluations-union-learning-fund-and-unionlearn).

A booklet summarising key findings is available at:

[www.unionlearn.org.uk/publications/union-learning-facts-and-figures-why-what-were-doing-working](http://www.unionlearn.org.uk/publications/union-learning-facts-and-figures-why-what-were-doing-working)

Eighty per cent said that they develop skills that they could transfer to a new job and 62% said that the new skills they acquired made them more effective in their current job.

Workplace learning also helps businesses boost their performance. A forthcoming report by the University of Exeter finds that for every £1 spent on the ULF, the economy gets £12.87 back. This study shows that £7.56 of the £12.87 economic return comes from the boost that the union-led learning and training gives to workers' wages and employment prospects over their lifetimes. Employers see a return of £5.31 thanks to staff becoming more skilled and productive.

In October the Department for Education announced that it would be cutting the annual government grant for the ULF from next March. The TUC is calling on the government to urgently reverse this policy decision and the "Save the ULF" campaign has garnered widespread support from employers, education and training organisations, and a wide range of other stakeholders.

### ***Extending conditionality in the benefits system is not the right approach to in work progression***

The TUC is extremely concerned that Universal Credit extends and intensifies conditionality in the benefits system. The TUC supports and encourages genuine progression in the workplace however; it does not believe extending conditionality in the benefits system is the right approach.

Social security should support people not punish them. The constant threat of sanctions causes a great deal of stress and anxiety for claimants.

There is widespread evidence that a positive relationship between work coaches and claimants must be built on trust and that this is key to the success of welfare to work programmes; the use of threat will only create a fractious relationship. The evaluation of DWP's own trials on in work progression said, ' the presence of sanctions seemed effective at driving compliance with the claimant commitment, however the use of sanctions did not seem to have a positive impact on motivation to progress and could damage the relationship between the work coach and participant.'<sup>10</sup>

Barriers to increasing hours and pay are structural. And claimants have already provided evidence of their willingness to work by being in paid employment; it is not a lack of aspiration.

There is also no evidence to support the idea that those subject to in-work conditionality will progress in-work.

The DWP's in-work trial to test the effectiveness of differing intensities of support and conditionality on UC claimants in low paid work or low-income households, focussed on the earnings impact of the trial claimants.<sup>11</sup> While there was a statistically significant impact for

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<sup>10</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/739775/universal-credit-in-work-progression-randomised-controlled-trial-findings-from-quantitative-survey-and-qualitative-research.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/739775/universal-credit-in-work-progression-randomised-controlled-trial-findings-from-quantitative-survey-and-qualitative-research.pdf)

<sup>11</sup> <https://www.gov.uk/government/publications/universal-credit-in-work-progression-randomised-controlled-trial>

the frequent support group versus the minimal support (the comparison group), this only amounted to an additional £5.25 per week at 52 weeks. The extra amount of income also does not take in to account the interaction between earnings and benefits, so the net gain is likely to be much smaller. And it is not possible to confirm the driving factor of the increase in income, it could be progression, it could be an annual pay award or increase in the national minimum wage, or a combination of these factors.

The independent analysis conducted by Ipsos MORI for the DWP, their findings showed no clear indication of greater progression for frequent or moderate support participants compared with minimal support participants, there was no statistically significant impact on earnings.<sup>12</sup> What it did show was that participants who had taken part in job-related training showed improved outcomes compared with other participants, reinforcing the importance of programmes such as unionlearn.

The design of social security can influence the individual's pay progression however conditionality is not the way forward. Universal credit (UC), is supposed to be designed to ensure that moves into work always pay and that advancement in work also pays. However, the financial incentives for progression (whether that takes the form of additional hours or higher hourly pay) are in fact not strong at all. There is a high taper rate of 63 per cent (75 per cent once claimants start paying taxes and national insurance). Earlier designs of UC suggested a lower taper rate of 55 per cent, this needs to be looked at again.

The TUC also believes it is vital that the level of the benefit is increased, and has called for an increase in the rate of the benefit to over £260 a week. The current £20 uplift should be seen as the absolute minimum necessary.

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<sup>12</sup> <https://www.gov.uk/government/publications/universal-credit-in-work-progression-randomised-controlled-trial>

## What are the specific barriers to progression in the areas of retail?

A report published in 2018 by the TUC which was commissioned to the Fabian Society looked at progression in retail – ‘Pathways to Progression – improving progression rates for young retail workers’.<sup>13</sup> A review of research and data for this report suggests in general employees in retail are far less likely to escape low pay and progress than those working in other sectors. It found two in five retail workers are still stuck in low-paid work after a decade. And it is the same story for young people in particular, who are much less likely to sustainably exit low paid work by their late 20s if they work in retail. The retail industry is at the bottom of the UK’s progression league table.

The report looked at the action businesses and trade unions should be taking to improve pay progression for young workers in the industry, these are summarised below.

While progression pathways in industries vary, some of these actions will be relevant for many other low paying industries.

## Removing barriers and create new progression pathways

### *Flexible Working*

The high incidence of flexible and part-time work in retail is one of the main factors behind low rates of progression, because flexible opportunities are often less available in more senior roles, meaning that those who have secured flexible working can be reluctant to change roles. On average part-time workers also experience lower earnings growth than full-time workers.

The charity Timewise which promotes flexible working reports that the barriers to progression for part-timers include inaccurate attitudes and operational challenges. The myths include assumptions that part-time workers don’t want to be promoted, that senior jobs can’t be done part-time and that only parents want flexible work. Operational barriers include re-designing rostering and staff development programmes, and ensuring that supervisory roles such as store opening and closing duties can be performed on flexible terms.

Timewise also argues that sustainable change requires increasing the skills of managers and HR teams with respect to flexible job design; and demonstrating the link between improved flexibility and reported financial metrics like turnover which are scrutinised by senior executives.

### *Beyond flexible working initiatives*

Business in the Community’s ‘Good Work for All’ hub includes examples of progression innovations by retailers, including Greggs’ use of trial promotions.<sup>14</sup> The baker was

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<sup>13</sup> [https://www.tuc.org.uk/sites/default/files/Pathways%20to%20Progression%20report%20FINAL2\\_0.pdf](https://www.tuc.org.uk/sites/default/files/Pathways%20to%20Progression%20report%20FINAL2_0.pdf)

<sup>14</sup> <https://www.bitc.org.uk/all-resources/case-studies/good-work-all-why-greggs-offers-progression-trial-basis>

struggling to appoint existing employees to senior store roles and discovered that lack of confidence and concerns about undertaking a formal interview were a barrier. The firm offered promising employees a 4-week trial, without an interview and held open their previous job. Nine out of 11 of the employees who tried out a senior role in the pilot decided to accept the post and the scheme was rolled out across the company. Initiatives like this can be run alongside traditional open recruitment methods to deliver fair opportunities to any qualified candidate.

The UK Commission on Employment and Skills (UKCES) also supported a number of pilot initiatives with retailers and partner organisations before it closed in March 2017. These included the Living Wage Foundation's (LWF) work with a range of retailers to test high performance workforce techniques based on Ton's good jobs approach. The LWF worked with Hobbs and EE to reduce staff turnover by giving staff more control over hours, and in their pilot IKEA introduced more cross-training to give their staff a broader skill set and more opportunities for progression.

The industry figures spoken to in the report confirmed that broadening the range of employees' skills was central to their approach to retention, productivity and progression.

Some retailers have formalised modular training programmes, with bite-sized knowledge and skills components.

### **Sector level**

Collective bargaining remains an essential means of improving pay and wider opportunities. This is the fundamental role of trade unions. And we believe workers need greater rights to collective bargaining. Research by the OECD found that strengthening the bargaining power of low-wage workers is one of the core missions of collective bargaining, so it is not surprising that, empirically, collective bargaining is associated with lower levels of inequality.<sup>15</sup>

The UKCES recommended small- and medium-sized retailers should establish employer networks to address common skills issues and challenges.<sup>16</sup> The networks would allow retail workers to move more easily between retailers in the network, which would open up more progression opportunities.

Research on progression has proposed that the government works with employers on sector-wide initiatives. For example, JRF's report on progression in low paying sectors recommends government sets up a business support function to promote the business benefits of progression and talent development and provide specialist practical advice on progression.<sup>17</sup>

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<sup>15</sup> OECD Employment Outlook 2018 (page 83) [https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2018\\_empl\\_outlook-2018-en](https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2018_empl_outlook-2018-en)

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/545241/UKFP\\_PC3\\_FINAL\\_EVALUATION\\_REPORT.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/545241/UKFP_PC3_FINAL_EVALUATION_REPORT.pdf)

<sup>17</sup> <https://www.jrf.org.uk/report/improving-progression-low-paid-jobs-city-region-level>

The TUC believes that cross-sector work is most effective when employers and workers sit round the same table and can negotiate and agree change. We have been calling for a greater role for unions on the government's sector deals, and the refresh of the industrial strategy offers an ideal opportunity to embed workers' voice more directly in decision making.

### **Supportive public policy**

The TUC and Fabian Society report identified four promising avenues for public policy to improve progression - influencing individuals' choices; improved support on skills development; better entry-level jobs; and industrial strategy to shift industry practice.

### **Influencing individuals' choices**

The design of social security can influence the individual's pay progression. Universal credit (UC), is supposed to be designed to ensure that moves into work always pay and that advancement in work also pays. However, the financial incentives for progression (whether that takes the form of additional hours or higher hourly pay) are in fact not strong at all. There is a high taper rate of 63 per cent (75 per cent once claimants start paying taxes and national insurance). Earlier designs of UC suggested a lower taper rate of 55 per cent, this needs to be revisited.

To add to this second earners in a household receive no work allowance, so all their initial earnings are immediately subject to the taper, and they therefore keep just 37p in the pound of their pay. The second earner is more likely to be a woman, so this disproportionately hits them. It is essential second earners are entitled to a work allowance.

Targeting increases in the work allowance to those who are more responsive to them encourages greater take-up of hours, and this would be a more effective way to increase the total number of hours worked.

As mentioned previously the TUC does not believe extending conditionality in the benefits system is the right approach. The TUC is extremely concerned about this punitive approach, social security should support people not punish them.

### **Skills pathways**

A range of organisations have identified the potential for government to play a greater role in progression by offering a career advice service to workers in low paying industries and jobs. To coach them through their career and provide advice to navigate employment and training markets.

We have already discussed in depth the crucial role unions have in learning in the workplace. The Union Learning Fund has a proven track record of successful engagement with workers with few or no qualifications.

### Better entry-level jobs

Policy makers should remove the tax incentive for employers to employ people on very short hours, below the minimum threshold for employers' national insurance. This will reform an odd incentive pushing employers to hire people on short, casual hours instead of substantial part-time and full-time positions. For many workers, securing hours is the first and most important step on the progression pathway.

The TUC calls for the abolition of zero hours contracts 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. Progression is also a problem as employers fail to invest in those they feel they have little obligation to.

The minimum wage should be used to drive down low pay and encourage employers to invest in worker productivity. Evidence from around the world shows that minimum wages promote wage growth in the lowest paid jobs without adverse impact on employment levels. The TUC backs a minimum wage of at least £10 an hour for all workers. The government had plans to increase the minimum wage to £9.21 from next April, but announced a much lower increase to just £8.91. The government must redouble efforts to get the minimum wage to its target of two thirds of median wages by 2024, and to extend its coverage to younger age groups.<sup>18</sup> The government will also need to work with employers to consider how to ensure that low-paying industries like retail have clear career pathways, with meaningful pay differentials above the National Living Wage.

### Industrial strategy

Industrial strategy should have good work and progression at its core. New sector deals that bring unions and employers together to negotiate how good work can be delivered must be a core part of this approach.

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[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](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)

## Addressing inequality in Labour Market

Disabled workers, Black workers and women are all overrepresented in insecure work and in low pay. TUC research has found that unlawful discrimination, structural barriers, racism, ableism, sexism and other negative attitudes are holding these groups back and keeping them there.

Action is urgently needed to address the discrimination in the workplace these groups face and to prevent a roll back on their hard-won rights and progress in the workplace.

### *Disabled Workers*

TUC research has found that disabled people face double discrimination. Not only are they less likely to have a paid job but when they do, disabled people earn substantially less than their non-disabled peers.

Analysis of disabled workers low employment levels and poor pay shows some of the drivers of the gaps.

- *Part-time working:* A higher proportion of disabled people than non-disabled people work part-time. Part-time jobs, especially in the private sector, are paid less per hour than fulltime jobs.
- *Low-paid work:* Disabled people are over-represented in lower paid jobs like caring, leisure and other services and sales and customer services, and under-represented in senior and managerial roles.
- *Education:* Some disabled people leave education earlier than non-disabled people. However, even where disabled and non-disabled people have the same qualifications there is still a big pay gap.
- *Zero-hours Contracts:* Our analysis also found that disabled workers are more likely to be employed on zero-hours contracts.<sup>19</sup>

However, the employment and pay gaps are also linked to unlawful discrimination, structural barriers and negative attitudes.

*Disability Employment Gap* - Our analysis of the disability employment gap shows that only around half of disabled people of working age are employed (53.7 per cent), while the employment rate for nondisabled people is 82.0 per cent. This means the disability employment gap is 29.8 per cent.<sup>20</sup>

We identified that while the gap has narrowed, there was only a very slight improvement of less than 1.4 percentage point from 2019 to 2020 and, while this is an improvement, the gap remains much too large.

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<sup>19</sup> <https://www.tuc.org.uk/research-analysis/reports/disability-pay-and-employment-gaps>

<sup>20</sup> TUC analysis of Labour Force Survey statistics from 2019 Q3 and 4, and 2020 Q1 and Q2.



The slow rate of change persists despite the government's 2015 manifesto pledge to halve the disability employment gap. Although no time frame was set for this, at the time of the pledge the employment gap was 34 percentage points, meaning that, far from halving, it has only shrunk by around one per cent a year since the government outlined its ambitions.

Far more needs to be done to ensure that the barriers to employment faced by disabled people are addressed so that disabled people who want to work are able to do so.

*Disability Pay Gap*- While the disability employment gap has slightly narrowed the disability pay gap has increased drastically compared to last year. In 2019, non-disabled workers earned £1.65 (15.5 per cent) more per hour than disabled workers. In 2020, this has increased to £2.10 (19.6 per cent)<sup>21</sup>.

This means that a disabled worker working 35 hours per week would, on average, earn £3,822 per year less than a non-disabled worker. In 2019 this calculation found disabled worker would, on average, earn £3,000 per year less than a non-disabled worker. A comparison which shows how much the gap has increased.

*Disabled women* continue to face the most significant pay gaps of all and earn 36.0% less than non-disabled men, which is equivalent to being paid £3.68 less an hour. A figure that highlights the importance of employers taking an intersectional approach when tackling their gender pay gaps.

*Government's response* to the employment and pay gaps has been limited and largely ineffective. In 2018 it launched a two-page voluntary reporting framework where it 'suggested' to larger employers 'who chose to engage with this' that they provide a narrative to explain their activities in relation to the recruitment and retention of disabled people. It also suggested 'where possible' that employers report on the number of disabled workers they employ.<sup>22</sup>

Two years after the government launched this voluntary scheme the disability pay gap had increased.

The TUC is calling for mandatory disability pay gap reporting and action plans to ensure disabled workers are able to thrive at work.

*Reasonable Adjustments* - All employers have a legal duty under the Equality Act 2010 to proactively make reasonable adjustments to remove, reduce or prevent any disadvantages that disabled workers face. However, despite this having been a legal duty that came into force with the Disability Discrimination Act 25 years ago our members tell us one of the biggest and consistent issues they face in employment is getting their reasonable adjustments agreed.

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21 <https://www.tuc.org.uk/news/disabled-workers-earning-fifth-less-non-disabled-peers-tuc-analysis-reveals>

22 <https://www.gov.uk/government/publications/voluntary-reporting-on-disability-mental-health-andwellbeing/voluntary-reporting-on-disability-mental-health-and-wellbeing-a-framework-to-supportemployers-to-voluntarily-report-on-disability-mental-health-an#how-can-an-employer-collect-data-forvoluntary-reporting-and-where-can-this-information-be-reported>

A recent Unison survey found;<sup>23</sup>

- 50% of respondents said they faced barriers to doing their job that could be removed through adjustments
- Of those who requested reasonable adjustments, 67% had some or all refused
- 23% of those who required adjustments had waited a year or more to receive the adjustments they needed

Disabled members have also told us that even after they've had their adjustments agreed, if they move roles or their line manager changes, they are often forced to re-explain and frequently renegotiate their reasonable adjustments. One way trade unions have helped to address this is by empowering our reps to negotiate with employers to use a reasonable adjustment disability passport. We know there are issues implementing reasonable adjustments even where an employer has adopted best practice and is using reasonable adjustments passports.<sup>24</sup>

This is both unnecessary and stressful.

More must be done to improve the provision of reasonable adjustments at work.

## Women

Women have been disproportionately impacted by Covid-19 pandemic. The coronavirus pandemic, and our government's response to it, represent a serious threat to gender equality at work. Pre-existing inequalities have been highlighted and deepened.

Disruption to the labour market caused by the impact of Covid-19 has had a huge impact on working families' lives, particularly the lives of working mums. A big challenge for working mums, before as well as during the coronavirus crisis, has been how to balance paid work with caring responsibilities.

Not having enough childcare for working parents risks reversing decades of progress women have made in the labour market, and increasing the gender pay gap – as well as having a damaging impact on our national economic productivity.

TUC research conducted during the pandemic has found:

- 2 in 5 working mums could not get the childcare they need to fully cover the hours they work<sup>25</sup>
- 1 in 6 working mums – mainly those on the lowest pay – have had to reduce hours at work or leave the workplace altogether as they try to balance work with new care demands arising from Covid pandemic<sup>26</sup>

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<sup>23</sup> <https://www.unison.org.uk/content/uploads/2019/11/Lets-Be-Reasonable-disability-equality-in-the-workplace.docx>

<sup>24</sup> <https://www.tuc.org.uk/research-analysis/reports/reasonable-adjustments-disability-passports>

<sup>25</sup> TUC (2020) 2 in 5 working mums face childcare crisis available at [2 in 5 working mums face childcare crisis when new term starts – TUC poll | TUC](#)

<sup>26</sup> *ibid* "

New and expectant mums have been acutely affected by the health and economic impacts of the coronavirus crisis, and the actions that government and employers have taken to respond to it. As a result, in June 2020, the TUC surveyed over 3,400 pregnant women and mums on maternity leave to find out about their experiences of work during the period. We uncovered shocking levels of pregnancy and maternity discrimination and failure to comply with Health and Safety law:

- 1 in 4 pregnant women discriminated against at work since the crisis began, including being singled out for furlough, redundancy or simply denied more hours at work<sup>27</sup>

Low-paid pregnant women are almost twice as likely as women on median to high incomes to have lost pay and or been forced to stop work (either by being required to take sick leave when they were not sick or to take unpaid leave, start their maternity leave early or leave the workplace altogether) because of unaddressed health and safety concerns.<sup>28</sup>

There are five immediate actions the TUC recommends the government take to protect women's health, jobs and livelihoods. These include changes to health and safety practices, preventing discriminatory redundancies, an urgent emergency childcare bailout, an extension of the job retention scheme for parents (including mums returning from maternity leave) who cannot find childcare and an increase in protection for casual, agency and zero-hours workers.

These recommendations must be implemented alongside coordinated action with trade unions and civil society organisations that drive a sustained cultural shift for women in employment.

## ***BME Workers***

### *Racism at work*

Just before the pandemic, an ICM poll of BME workers revealed that nearly half (45%) were given harder or less popular work tasks than their white colleagues.<sup>29</sup>

And the poll found that racism was rife in the workplace:

- Just over three in ten (31%) BME workers told the TUC that they had had been bullied or harassed at work.
- A similar percentage (32%) had witnessed racist verbal or physical abuse in the workplace or at a work organised social event.
- Over a third (35%) reported being unfairly turned down for a job
- Around a quarter (24%) had been singled out for redundancy.

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<sup>27</sup> TUC (2020) Pregnant and precarious: New and expectant mums experiences at work during the Covid-19 pandemic

<sup>28</sup> *ibid* "

<sup>29</sup> <https://www.tuc.org.uk/research-analysis/reports/dying-job-racism-and-risk-work>

- One in seven (15%) of those that had been harassed said they left their job because of the racist treatment they received.

Previous TUC analysis has found that BME people tend to be paid less than white workers with the same qualifications. It also found that BME graduates with a first degree are also more than twice as likely to be unemployed as white graduates.<sup>30</sup>

And that they are more likely to work in low-paid, undervalued jobs on insecure contracts. TUC analysis of official figures shows that 1 in 6 (16%) BME workers are employed on insecure terms and conditions, compared to 1 in 10 (10%) white workers.<sup>31</sup>

Many BME workers experience the double impact of underemployment and low pay.

BME employees are overrepresented in the lowest paid occupations and underrepresented in the highest paid occupations. An ONS study on ethnicity pay gaps showed that, on average, BME employees earn 3.8 per cent less than white employees.<sup>32</sup>

### **BME women**

BME women experience systemic, structural inequalities across the labour market that mean they are overrepresented in lower paid, insecure jobs and at higher risk of being underemployed:<sup>33</sup>

- Insecurity: One in eight BME women are in insecure jobs compared to one in eighteen white men
- Underemployment: One in eight BME women are under-employed compared to one in thirteen white men

These inequalities are compounded by the distorting lenses of stereotyping and prejudices about race, gender and class that BME women are often seen through. That leads to discrimination and unfair treatment in the workplace that holds BME women back and has a profound impact on their mental and physical health.

*Impact of insecure work* - BME women in insecure work often have little control over the hours they work and how often, creating huge financial uncertainty, anxiety and stress. The unpredictability of their take-home pay makes it increasingly difficult to plan financially, to access credit, and to secure mortgages or tenancy agreements. Constantly varying working hours also has an impact on family life, making it difficult for women to organise childcare, the care of older relatives and a social life.

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<sup>30</sup> Black, Qualified and Unemployed, TUC (2016). Available at: <https://www.tuc.org.uk/sites/default/files/BlackQualifiedandunemployed.pdf> 3 Are Employers in Britain Discriminating Against Ethnic Minorities? Centre for S

<sup>31</sup> <https://www.tuc.org.uk/news/bme-workers-have-been-asked-shoulder-more-risk-during-pandemic-says-tuc>

<sup>32</sup> Ethnicity Pay Gaps in Great Britain, ONS. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/ethnicitypaygapsingreatbritain/2018>

<sup>33</sup> [https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work#\\_ftn4](https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work#_ftn4)

Lack of workplace rights, and the knowledge that hours can be reduced or temporary contracts not renewed, shapes the workplace experience of BME women in insecure work.

*Due to structural racism, sexism and discrimination*, BME women entering the labour market are often forced to take jobs well below their qualification level.<sup>34</sup> Occupational differences appear across all levels of seniority within the labour market but are starkest in the highest paid, leadership roles, where BME women are seriously underrepresented.

BME workers are more likely to say unfair treatment and discrimination at work negatively impacts their career prospects and pay than white workers, (19 per cent and 11 per cent respectively)<sup>35</sup>. A 2017 TUC poll of BME workers found 19 per cent had been unfairly denied training or promotional opportunities at work.<sup>36</sup> This is intensified for BME women who face a toxic combination of both racism and sexism in the workplace.

### ***Recommendations to improve progression opportunities***

#### *Pay Gap Reporting*

The government must bring in legislation to introduce mandatory disability and ethnicity pay gap reporting for all employers with more than 50 employees.<sup>37</sup>

The legislation must be accompanied by a duty on employers to produce targeted action plans identifying the steps they will take to address any gaps identified, including ensuring disabled workers and BME workers feel confident in completing workplace equality monitoring.

The action plans employers produce must also identify and address intersectional issues for example how they intend to ensure gaps identified for disabled women are addressed.

These action plans must be produced in consultation with recognised trade unions and when completing them employers should:

- collect and publish disability and ethnicity pay gap data in a similar manner to gender pay gap reporting, including the proportion of disabled and BME people in each pay quarter
- collect data from disabled and BME workers and job applicants in areas including:
  - recruitment and promotion
  - pay and remuneration
  - training
  - appraisals / grievances
  - disciplinary action

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<sup>34</sup> [https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work#\\_ftn1](https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work#_ftn1)

<sup>35</sup> [https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work#\\_ftn6](https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work#_ftn6)

<sup>36</sup> [https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work#\\_ftn7](https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work#_ftn7)

<sup>37</sup> [https://www.tuc.org.uk/sites/default/files/2019-11/Disability%20doc%20%28003%29%20%28003%29\\_2.pdf](https://www.tuc.org.uk/sites/default/files/2019-11/Disability%20doc%20%28003%29%20%28003%29_2.pdf)

- dismissals and other reasons for leaving.
- use this to inform targeted action plans
- set targets for improving disabled and BME workers' representation at all levels of their organisation
- measure and report progress against those targets annually
- work with trade unions to establish targets and develop positive action measures to address inequalities linked to disability within the workforce.

#### *Reasonable Adjustments*

The government needs to do more to ensure disabled workers' reasonable adjustments are put in place within a timely fashion. This is why the TUC has supported the call for the government to introduce time limits for the implementation of reasonable adjustments and Unison's call for statutory guidance on timescales for implementing reasonable adjustments. We also recommend there is better enforcement of the right to reasonable adjustments

#### *Working Mothers*

The government cannot stand by while mums are forced out of work. Without immediate action to support women to stay in work we risk losing decades of progress on women's labour market participation. The TUC recommendations below are emergency measures for working parents.

- i) Enable mums and dads to balance work and care: Give all workers the right to work as flexibly as possible from their first day in the job. Flexible working can take lots of different forms, including the right to predictable hours, working from home, job-sharing, compressed hours and term-time working
- ii) Prevent a large-scale collapse of the childcare sector: Invest in the childcare sector urgently to ensure it remains sustainable, and target additional funding in provision supporting children from low income households
- iii) Ensure parental leave is fit for purpose: Give all workers, regardless of their employment status, a day one right to 10 days paid parental leave. This could be used, for example, to cover parents who are unable to work during a 14-day self-isolation mandated by NHS Track and Trace
- iv) Employers must be given clear messages from government: Employers will be breaking the law if they unfairly select women for redundancy because of caring responsibilities

#### *Government should take immediate action to:*

- create and publish a cross-departmental action plan, with clear targets and a timetable for delivery, setting out the steps that it will take to tackle the entrenched disadvantage and discrimination faced by BME people; in order to ensure appropriate transparency and scrutiny of delivery against these targets - regular updates should be published and reported to parliament

- strengthen the role of the Race Disparity Unit to properly equip it to support delivery of the action plan
- introduce a ban on zero-hours contracts, a decent floor of rights for all workers and the return of protection against unfair dismissal to millions of working people
- demonstrate transparency in how it has complied with its public sector equality duty through publishing all equality impact assessments related to its response to the coronavirus pandemic.