

Executive Summary

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Labour Market Injustices in The UK's Low Pay Capital

This report, based on 42 interviews with workers, trade unionists and other stakeholders, examines the phenomena of low-paid and precarious work in Sheffield. It focuses on the factors driving the prevalence of such work (including the links with welfare reform), the experiences of workers in seven distinct employment sectors, as well as trade union responses to the challenges of organising in these areas. **The report also includes a major addition of a postscript focused on the impacts of the Coronavirus pandemic and how this relates to the wider findings of the study.**

The UK's 'Low Pay Capital' has been forged by deindustrialisation and austerity

Low pay and insecure work, involving in many cases the denial of employment rights and justice, is on the increase in Sheffield. According to the Office for National Statistics (ONS), **the Sheffield City Region is the 'low**

pay capital of the UK', having the highest proportion of workers on low pay compared with all other City Regions (as of 2019¹). Take home wage is highly influenced by the nature of employment, which is increasingly being 'casualised'. Since the 2008 crisis precarious work has been on the rise in Sheffield: the numbers in part-time work, short-hours (working below 10 hours a week) and zero-hours contracts (ZHCs) are all above the national average. The share of part-time employees who reported being unable to find full-time work has also risen.

A combination of deindustrialisation, financialisation and austerity has forged these labour markets that are dominated by low pay, low-skills and precarious working conditions. Crucial elements of austerity are to attack and undermine trade unions and employment rights, implement substantial cuts in public expenditure and promote privatisation and outsourcing of public services. The Coronavirus crisis has reinforced this trend and

1. Calculated on the basis of those earning below 2/3s of the national median income: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/jobquality-indicatorsintheukhourspayandcontracts/2018>
See also S Clarke (2017) Forging ahead or falling behind? Devolution and the Future of Living Standards in the Sheffield City Region Resolution Foundation <https://www.resolutionfoundation.org/app/uploads/2017/01/Sheffield2.pdf>

exposed the Sheffield economy to greater insecurity and destitution (see below).

Precarity is concentrated among those groups that already face labour market disadvantage such as Women, Young People, Disabled People, Black and Minority Ethnic Groups (BAME) and Lesbian Gay Bisexual and Transgender (LGBT) workers – **a key issue is the lack of detailed knowledge of the experiences of disadvantaged groups in terms of welfare and employment in Sheffield.**

Welfare Reform Drives Low Pay and Precarity

Government welfare reforms are having negative impacts on working age people in Sheffield as a result of harsher conditionality and benefit cuts, involving an average loss of £190 for low- and middle-income families. **Universal Credit (UC) involves a workfirst regime, signposting unemployed people into insecure and low-paid jobs.** Combined, this has contributed to the growth of the gig economy, ZHCs and exploitative working practices. Benefit levels are significantly below average wages and there is a trend towards a disappearing safety net.

Low Pay and Precarity Encourages Exploitative Working Conditions

In employment terms Sheffield's economy is dominated by low-paying sectors characterised by insecure work, such as retail, food, social care, transport and storage, and sections of the public sector including education and health.

Insecurity at work often means insecurity about working hours, short-notice cancellation of shifts and worries about pay. But it also comes with a significant loss of rights; workers are missing out on key rights including maternity, the right to return to paid work after maternity leave, sick pay, holiday pay and rights to union representation in the workplace.

The report reveals Sheffield workers routinely encounter a variety of adverse labour market conditions ranging from underemployment to over-work, from 'wage thefts' to adverse mental health impacts, from lack of union representation to discrimination, bullying and harassment.

Trade Unions are Tackling These Issues, but Challenges Remain

At the same time, **we are seeing trade unions and communities in the region developing innovative strategies to recruit and organise workers to combat employment practices which are more in keeping with the 19th than the 21st Century.**

Examples include the Unite campaigns targeting Sports Direct at Shirebrook, and TGI Fridays at Tinsley, as well as campaigns against ZHCs at the two universities.

Trade unions have also been at the forefront of:

- **Local organising campaigns (Sheffield Needs A Pay Rise)**
- **Partnership agreements in Retail (USDAW)**
- **Legal actions over self-employed status (GMB)**
- **Organising fast food and hospitality workers (BFAWU and Unite), couriers (IWGB) and warehouse workers (GMB)**
- **Challenging staff ratio levels and promoting Care Charters in social care (Unison and GMB)**
- **Standing up for welfare claimants (Unite Community and PCS)**
- **Creation of dedicated Anti-Casualisation structures (UCU)**

Nevertheless, challenges for trade unions remain, such as small and fragmented workplaces, high staff turnover, lack of employment rights or unawareness of employment rights, the susceptibility of precarious workers to victimisation, and a simple lack of trade union visibility.

Key recommendations (for unions, devolved authorities, and national government)

- Support the campaign for (at least) the Living Wage Foundation's Living Wage rate
- Support the campaign for 'living hours' in the form of secure contracts
- Support the campaign for supportive social security in line with the TUC's Welfare Charter
- National government to repeal the anti-trade union laws in order to strengthen worker voice
- Unions to establish Anti-Casualisation roles and structures (as the University and College Union)
- Unions to develop their structures for engaging young people (Bakers Food and Allied Workers Union)
- Unions and activists to establish cross-cutting campaigning groups to share knowledge, engage civil society and organise workers (such as Sheffield Needs A Pay Rise and Sheffield Stop and Scrap Universal Credit)
- Unions to build resources and capacity to recruit/ involve disadvantaged groups
- Unions to involve the wider community in organising and campaigning
- Devolved authorities and unions to make the case for inclusive economic growth

Postscript on the Coronavirus Crisis: Precarity is the Pandemic

In this section we examine how the issues described in the report have been refracted through the lens of the global Coronavirus pandemic. We examine the estimated impact on the national economy, employment and unemployment rates, the demographic profile of the workers most affected, and assess the adequacy of the existing and newly implemented support measures on offer. We then provide an overview of the impacts of the crisis on the seven substantive employment sectors reviewed in the main body of the report.

Before the Coronavirus crisis Sheffield's economy and employment situation was in an exposed position as a result of long term de-industrialisation and austerity imposed public expenditure cuts. The current crisis

shows up the vulnerability of significant numbers of workers. Whether you have had no option but to work without adequate Personal Protective Equipment (PPE) (whether designated a key worker or not) or whether you have been laid off or furloughed at sub-minimum wage rates, the various harms associated with the pandemic have disproportionately impacted upon those on low pay and precarious contracts. By virtue of this fact these harms have also fallen disproportionately on the working class, ethnic minorities and women. These are the predictable consequences of a lack of employment rights and bargaining power.

Key recommendations (Coronavirus)

- The newly afforded recognition of 'key worker' status, as a consequence of the Coronavirus pandemic, must be accompanied by decent pay and secure contracts²;
- Strengthen worker voice through promoting and removing barriers to trade unionism (in line with the proposals contained in the Institute for Employment Rights' Manifesto for Labour Law³);
- Implement the TUC's policy proposals on how safe returns to work should be regulated⁴;
- The government must undertake direct support of affected workers through raising the meagre levels of state benefit provided to those who have been made unemployed (beyond the recent increase of £20 per week) and reducing conditionality, in line with the TUC endorsed Welfare Charter⁵;
- Action needs to be undertaken to avoid the creation of a 'pandemic generation'⁶, which would include as a minimum investment in Further Education and in local unemployment advice services;
- As a matter of urgency, devolved local authorities, working with trade unions and businesses should develop post Coronavirus action plans which incorporate targeted measures on job retention and upskilling to combat low pay and insecure work.

2 Berry, C. et al (2020) The Covidist Manifesto: Assessing the UK state's emergency enlargement, Manchester: Future Economies Research Centre. p. 26.

3 <https://www.ier.org.uk/product/manifesto-labour-law-towards-comprehensive-revision-workers-rights/>

4 <https://www.tuc.org.uk/research-analysis/reports/tuc-proposals-ensuring-safe-return-work>

5 https://nickplus007.files.wordpress.com/2015/09/welfarecharter_a5-full-version.pdf

6 Berry et al, p. 28; Evans and Dromey, p. 20.

Low paid and precarious work: Comparing the sectors in Sheffield

Retail	Food Service	Social Care			
<ul style="list-style-type: none"> • 63% Part-time • £8.61 median hourly wage • Zero-hour and minimum hour contacts (not enough hours) • Lack of paid breaks • Performance related pay • Harassment and abuse • Union campaigns on employee safety (USDAW) and for living wage (GMB) 	<ul style="list-style-type: none"> • 66.7% Part-time • £7.93 median hourly wage • Zero-hour and minimum hour contacts (not enough hours/no consistency in hours) • Unpaid trial shifts and unpaid wages • Paying for your own uniform and safety equipment • Bullying/exposure to abuse and harassment • McStrikes (BFAWU), TGI Fridays strikes (Unite), Sheffield Needs A Pay Rise Organiser 	<ul style="list-style-type: none"> • 41.5% Part-time (Human Health and Social Work) • £11.71 median hourly wage (Human Health and Social Work) • Minimum wage • Zero-hour contracts • Lack of training • Staffing levels and workload stress • Care Charters (Unison and GMB), localised organising (IWW) 			
<th data-bbox="92 835 555 902">Transport & Logistics</th> <td data-bbox="571 835 1034 1406" style="text-align: center;"> <p>Download the report: www.lowpaysheffield.com</p> </td> <td data-bbox="1050 835 1501 1406"> <th data-bbox="1050 835 1501 902">Call Centres</th> <ul style="list-style-type: none"> • Wages rates can be as low as the national minimum • Agency contracts • Performance related pay • Intensive levels of surveillance • Abusive customers and managers • Stress and depression • Unions promoting call centre charters (Unison and CWU) </td>	Transport & Logistics	<p>Download the report: www.lowpaysheffield.com</p>	<th data-bbox="1050 835 1501 902">Call Centres</th> <ul style="list-style-type: none"> • Wages rates can be as low as the national minimum • Agency contracts • Performance related pay • Intensive levels of surveillance • Abusive customers and managers • Stress and depression • Unions promoting call centre charters (Unison and CWU) 	Call Centres	
<th data-bbox="92 1429 555 1496">NHS</th> <td data-bbox="571 1429 1034 2107"> <th data-bbox="571 1429 1034 1496">Higher Education</th> <ul style="list-style-type: none"> • 37.5% Part-time (Education) • £13.69 median hourly wage (Education) • Zero-hour contracts • Fixed-term contracts • Unrealistic 'comprehensive hourly rates' • Bullying and harassment • Anti-Casualisation officers and leverage campaigns (UCU) </td> <td data-bbox="1050 1429 1501 2107"> <th data-bbox="1050 1429 1501 1496">Welfare Reform</th> <ul style="list-style-type: none"> • Work Capability Assessments • Universal Credit • Sanctions • Tax Credits • Lack of Job Centre support • Welfare Charter (PCS and Unite), public campaigning and direct action (Sheffield Stop and Scrap Universal Credit, Sheffield Disabled People Against the Cuts, Peoples' Assembly) </td>	NHS	<th data-bbox="571 1429 1034 1496">Higher Education</th> <ul style="list-style-type: none"> • 37.5% Part-time (Education) • £13.69 median hourly wage (Education) • Zero-hour contracts • Fixed-term contracts • Unrealistic 'comprehensive hourly rates' • Bullying and harassment • Anti-Casualisation officers and leverage campaigns (UCU) 	Higher Education	<th data-bbox="1050 1429 1501 1496">Welfare Reform</th> <ul style="list-style-type: none"> • Work Capability Assessments • Universal Credit • Sanctions • Tax Credits • Lack of Job Centre support • Welfare Charter (PCS and Unite), public campaigning and direct action (Sheffield Stop and Scrap Universal Credit, Sheffield Disabled People Against the Cuts, Peoples' Assembly) 	Welfare Reform
<ul style="list-style-type: none"> • 41.5% Part-time (Human Health and Social Work) • £11.71 median hourly wage (Human Health and Social Work) • Poor communication with management • Agency contracts • Lack of pay progression • Deskilling of roles • Employees working while ill • National collective bargaining (Unison, GMB and Unite) and local campaigning (Sheffield Save our NHS) 					

Source: ONS (2019) www.nomisweb.co.uk