

***Making the economy work for people on low incomes: A UNISON Cymru Wales response to the Equality, Local Government and Communities Committee consultation, July 2017***

1.1 UNISON is Wales' largest public service union organising over 90,000 public service workers. Many of those we organise have low incomes. Our experience campaigning for improvement to working conditions in the care sector (for those in local authority employment, private employment and the not-for-profit sector), guides this response.

1.2 Care workers [carers] perform vital, unheralded work caring for vulnerable members of our communities. The financial rewards for working as a carer are inverse to the high degree of responsibility and importance of their role.

**Summary**

2.2 The social care sector is in crisis. Our most vulnerable members of society are being denied the care they need. Carers in the private and not-for-profit sectors are trapped on low wages and deprived of dignity at work.

2.3 Social care has been starved of money by seven years of brutal UK Conservative government spending cuts. The result is Britain getting its caring 'on the cheap'.

**2.4 UNISON Cymru/Wales calls for a special inquiry into working conditions in the care sector to investigate how the best care can be provided.**

2.5 We make several comments: -

- This is a gender equality issue. The overwhelmingly female workforce at private care and not-for-profit employers is condemned to struggle with in-work poverty.
- Due to a lack of investment, carers, wherever they are employed, are under extreme pressure to do more with less. In these circumstances and despite their very best efforts, they are destined to fail service users' real needs.
- Employment conditions in the private and not-for-profit care sectors are particularly poor and are markedly inferior to those of directly employed local authority carers.
- Poor pay causes recruitment problems and repercussions for service users.
- The question of ensuring trade union recognition and collective bargaining at private and not-for-profit care companies is crucial to improving care workers' wages and employment standards.
- Social care services should be retained within the public sector and provided by directly employed public sector staff. We do not support the outsourcing of any public services to private companies or to the third sector.
- Where services have already been contracted out, it is clear the procurement process is failing staff and service users. As a priority, Welsh government must legislate to enshrine its *Ethical employment in the supply chain* guidelines in law. This would ensure an appropriate procurement process where contract bidders must offer terms and conditions no lower than those offered by the local authority to directly employed staff, as well as a guarantee of trade union recognition.
- UNISON already has a good template for how social care should look, our Ethical Care Charter. Welsh government must consider how it can best co-opt councils to adopt the Charter.
- Welsh government must think radically about tackling low pay by raising minimum wage standards; ensuring better enforcement of the minimum wage and accelerating adoption of the Living Wage Foundation rate for all those delivering public services.

***Who are we talking about and what is the social value of their work?***

3.1 Carers deliver care for older people, those who are physically disabled, individuals with mental health issues and those with learning disabilities and difficulties. Carers ensure the health and welfare of service users, help them take medication, and support their daily needs. This can include preparing their meals.

3.2 Carers could earn more in a supermarket but they choose instead to help the vulnerable. For them, it is not just a job and they know how much they are appreciated by the people who receive the care. For

many service users, the care worker is often the only other person they will see and talk to during the day. Every day, carers go way beyond what is expected of them in their job description and make a real difference to people's lives.

### ***What is a low income?***

4.1 Thousands of women in Wales and their families are suffering the effects of in-work poverty, no matter how hard they work in the care sector. For the majority of care workers, this is their only job. The overwhelming majority of carers employed by private or not-for-profit companies earn the national living wage of £7.50 per hour or just above. Very few earn anything near the Living Wage Foundation rate of £8.45 per hour. Council employed carers typically earn much more.

4.2 The Living Wage Foundation rate is so important because this is independently-calculated each year based on what employees and their families need to live a decent standard of living. This should be the minimum standard of pay for those carrying out work for the public sector.

4.3 Carers have reported to UNISON their low income means they cannot afford a social life.

### ***What are the conditions of employment?***

5.1 Many homecare workers are not paid for the time they travel between home visits, which can be up to a fifth of their working day. UNISON's March 2016 report, *Calling time on illegal wages in the homecare sector*, found more than ninety per cent of Welsh local authorities do not stipulate in their contracts with homecare providers that firms must pay employees when they are travelling between appointments. Only Wrexham and Carmarthenshire explicitly instruct employers to remunerate staff for the time they spend on the road.

5.2 Providers and councils are breaching statutory guidance that came into force alongside the Care Act, which clearly states that homecare staff must be paid for the time taken to get to appointments.

5.3 There is a clear difference between direct council care employment and private care or not-for-profit employment. If carers were directly employed by the councils they would be more fairly paid, with decent conditions of service.

5.4 At not-for-profit care providers, extreme financial constraints have resulted in the slashing of carers' supplements for sleep-ins at service users' homes, holiday pay, bank holiday working premiums and sick pay. Carers have told UNISON they feel exploited.

5.5 Private care companies routinely flout even basic employment protections. Early this year, UNISON won eight cases against a care provider in the Gwent region where it was easy to establish the minimum wage was not being paid. In January 2016, one hundred care workers in Swansea and Carmarthenshire received payments of as much as £2,500 after private home care company MiHomecare corrected a breach of the National Minimum Wage [NMW] regulations. Yet even now some staff continue to lose out as a result of sleep-in payments where an uplift is made to ensure compliance with the NMW. Those of workers paid the NMW rate receive a sleep-in uplift to bring them into line with the NMW. Those workers with additional responsibilities may be paid a higher hourly rate to reflect their duties, but then receive a smaller sleep-in uplift as the gap between their overall pay and the NMW is smaller. In essence, this leads to a situation where the average hourly rate is the NMW, and those who undertake additional responsibilities are not financially rewarded.

5.6 UNISON contrasts the commitment carers show to their vulnerable clients on a daily basis with the private care employers who are more interested in extracting profits than investing in their workforce and client care. Whilst private care companies pay dividends to shareholders, their staff typically receive no sick pay and only the minimum pension provision. In the case of domiciliary care, many carers are expected to use their own cars and do not receive any form of contribution towards wear and tear of the vehicle. Running a car is a significant expense – petrol costs, MOT, insurance, and unexpected repair costs. In this context, low pay is spread even thinner.

5.7 Zero hours contracts are universal with private sector employers demanding maximum availability of their carers, without any guarantee of work in return. Carers have reported to union representatives they live under constant fear that refusing to say you are available for any work despite already excessive hours, could mean your employer not allocating you work in future.

5.8 Confusing wage slips mean workers struggle to see how they are being paid so it is difficult for them to challenge their employer.

5.9 Some local authorities are complicit in these abusive practices. They choose to 'look the other way' because councils themselves are under severe financial pressure and they are focused on getting the job done as cheaply as possible not on standards of care.

### ***Why do councils outsource?***

6.1 Welsh councils have been placed under intolerable pressures by brutal UK Conservative government spending cuts over the last seven years. Regrettably, some authorities have responded to this challenge by outsourcing care to private or not-for-profit providers. This might save the councils money in the short-term, but it gives no guarantee over the quality of care provided to constituents or democratic accountability and in every case, employment conditions are squeezed. Furthermore, such decisions undoubtedly store up future problems and further burden public services at a later stage. Outsourcing is never the answer: service users, carers and the local community lose out.

6.2 Even when services are operated in-house, councils have already made unpalatable cuts and employees have to do more work with fewer resources. Inevitably, front-line services are impacted.

### ***What does care look like under austerity?***

7.1 Poor pay causes recruitment and retention problems. When there is a high-turnover of staff or shortages, the delivery of a quality service will always be difficult. A UNISON survey of 1,000 staff across the UK this year, found that four out of five said they are so rushed they are compromising the dignity and well-being of the people they look after. The volume of clients means they are often forced to see people for just 15 minutes or less. This is denying the client basic levels of care – a situation that leads to many carers giving up their own time in order to meet a client's needs. Employers choose to overlook this, unless an error occurs, in which case the carer becomes answerable with often severe repercussions.

7.2 Nine in ten care workers said a lack of staff was to blame with more than a quarter not having the time to help elderly people eat and drink. Care workers reported often being too busy to take people to the toilet or notice if a resident's health has deteriorated. They were rarely able to stop for a brief chat with the people they look after or take them outside for some fresh air. Users were therefore being kept indoors for days on end. Most of the staff working in private and local authority care homes across the UK said they regularly work through their breaks.

7.3 When care in Wales is fragmented and under-resourced in this way, it leads to additional and unnecessary strains on the NHS.

### ***Our warning to local authorities***

8.1 In January, UNISON Cymru wrote to local authorities warning overstretched resources in the care sector are depriving the largely female workforce of any dignity at work. We asked every council for a meeting to discuss how better funding in the sector could lift carers out of poverty. We said if care has been outsourced, councils should provide sufficient funding to non-profit organisations to ensure quality care for service users and decent terms for the workforce.

8.2 Torfaen, Caerphilly, Bridgend and Flintshire councils agreed to meet with us to discuss the crisis. Some local authorities are in a state of denial about the care sector and have not responded to UNISON.

8.3 If UK Conservative government austerity continues, councils will have even less money to spend on social care.

### **Council care contracts cannot meet basic employment standards**

9.1 UNISON has a positive working relationship with many not-for-profit care employers. Councils refused to provide them with more money when the UK government boosted the minimum wage. Local authorities said providers would have to meet the additional costs on the basis of their original tender despite the fact that the change from national minimum wage to national living wage and the increase this represented had not been trailed by the UK government. Carers at some not-for-profit employers found themselves in a farcical position of receiving a boost to their hourly rate of pay but losing unsocial hours' supplements or sick pay to fund it.

9.2 In December 2016, not for profit providers Perthyn; Mirus Wales; Gofal; Wales and West Housing Association; Cartefi Cymru and Hafal, signed an open letter with UNISON to Welsh local authorities. It was carried in the Western Mail and here is an extract:

*"(Carers) deserve not only our praise but fair rates of pay and conditions of service. Unfortunately, most are paid the minimum wage of £7.20 per hour. We would like everyone to be paid at least the real Living Wage of £8.45 per hour.*

*"A great deal of care is undertaken by charity or third sector employers on behalf of local authorities. There is simply no money in these contracts to pay above the national minimum and many care providers are under pressure to reduce unsocial hours' supplements and sickness benefits in order to balance the books. It cannot be right to undermine the vital work carers do in this way. Councils must provide these organisations with adequate funding to ensure respect at work for employees as well as quality of care for service users. It should not be a choice between doing one or the other. Carers might work for a charity, they are not a charity.*

*"Please support care workers in your community by providing the sector with more money. Quality care means investing in the workforce."*

9.3 Hafal, a mental health charity supporting those affected by serious mental illness in Wales, was so concerned that a recent Pembrokeshire County Council contract could not possibly be viable on the rate the authority was willing to pay, it wrote to the Cabinet Secretary for Health, Well-being and Sport.

9.4 The council granted a Supported Living Framework contract for £11.65 per hour which was supposed to include travel time; training; travel costs; line management; insurance and any profit/surplus. Hafal, which pays travel time; HMRC rates for mileage for staff and the Living Wage Foundation rate of £8.45 per hour, could not possibly have won the tender. Accounting for the rural nature of much of Pembrokeshire and the associated time and travel costs, the not-for-profit organisation had bid just under £20 per hour.

9.5 A BBC report in October 2016 said nine out of ten councils in the UK are not paying 'realistic prices' to support older and disabled people in their own homes. The UK Home Care Association calculated the minimum price councils should be paying was £16.70 per hour but the average was £2 less.

9.6 UNISON would agree with Hafal's view that though Welsh government might support fair remuneration for carers, the actions of some local authorities prevent this.

### **Handing back contracts**

10.1 BBC Wales reported in March this year that thirteen of Wales' 22 local authorities said they had seen contracts handed back to them, equivalent to 59 per cent of councils.

10.2 The same report said Cymorth Llaw, which has been providing care in north Wales for 17 years pulled out of providing care in Conwy. The council initially paid £14.20 an hour for care. Conwy offered to raise that to £15 but the company decided they had no choice but to give up the contract.

10.3 The BBC quoted UK Homecare Association's Colin Angel, "What we hear in Wales is a real sense of desperation from some providers trying to work out how they can remain in business on the sorts of rates that they are being paid by councils. And I think in some parts of Wales, particularly in rural areas, we may see care providers handing back work or going out of business even more quickly than in the rest of the country."

10.4 Steve Thomas, Welsh Local Government Association told the BBC councils needed more money to be able to pay carers a better wage.

“Nobody’s proud about the fact (of) how much money we pay people who work in the sector.”

10.5 The austerity programme of the UK Conservative government is the reason local authorities in Wales have so little money to spend on public service provision. It is clear with the handing back of contracts that outsourcing as a way to save money is not working. Yet, in such instances, rather than maintain the service in-house, the authority re-commissions the service to a bidder claiming to be able to run the service for less. Clearly this is a race to the bottom for the service and those who work within that service, with the ultimate price being paid by the care recipient.

### ***Trade union recognition and bargaining is crucial***

11.1 The outsourcing of social care to a myriad of private care companies means trade union penetration is much lower. Union recognition and collective bargaining coverage which came automatically under local authority care employment is absent in the private care sector.

11.2 Private care companies are overtly hostile to trade union recognition. They know in workplaces where trade unions can freely organise, they succeed in winning improvements to working conditions. The lack of trade union recognition is a barrier to raising terms and conditions of care workers.

### ***Ethical care***

12.1 Welsh government guidelines on procurement, *Ethical employment in the supply chain* must be made mandatory because there is no incentive for authorities and companies to follow this advice. UNISON calls for the code to be enshrined in legislation.

12.2 A transparent procurement process would be underpinned with minimum salary and employment standards and a guarantee of trade union recognition. Such a commissioning check-list in the care sector would include non-negotiable conditions for contract bidders on for instance: pay rates; sleep-in rates; holiday entitlement and payment; Bank Holiday working payment; shift premiums and sick pay.

12.3 UNISON is asking councils in Wales to sign up to its Ethical Care Charter which ensures dignity of care for patients and fair and decent employment standards for care staff. It states that fifteen minute client visits undermine the dignity of clients and that the length of visits must instead be matched to client needs; homecare workers must be paid at least the Living Wage Foundation rate and be paid for travel time. Zero hour contracts would be prohibited.

12.4 26 councils in the UK have signed up to the Charter and in April 2017, UNISON Cymru secured a landmark agreement with Swansea Labour group which would see the implementation of an ethical care charter – the first of its kind in Wales, if Labour won control of the council in the May local elections.

### ***Conclusion***

13.1 Wales is failing both vulnerable people who require social care and the care workforce because of severe underinvestment in the sector. A special inquiry to evaluate why the current system is so flawed and how the situation might be transformed must be a priority.

13.2 UNISON has demonstrated why only an ethical care system can provide the quality care we would wish for our relatives and members of our communities and the fair treatment a modern care workforce should expect.