



ELGC Committee Consultation Response:

Inquiry into Poverty in Wales: Making the economy work for people on low incomes

June 2017

Introduction

Issues of poverty and gender equality are inextricably linked. Current economic priorities, traditional, gendered roles in society and low quality work all present barriers to women reaching their full economic potential and increase the risk of poverty. Decent work is central to tackling poverty in Wales, and could help to address some of the economic inequalities that women continue to face.

In order to make the economy work for people on lower incomes, this response outlines a number of steps that need to be taken:

- Producing a gender sensitive economic strategy, which recognises the foundational economy and addresses the barriers faced by women;
- Offering employment on a flexible basis, in particular high skilled and senior roles;
- Using procurement to encourage the provision of decent work, including paying the Living Wage and reducing the use of zero-hours contracts;
- Ensuring that any negative impacts of welfare reform on women are mitigated;

1. How the Welsh Government's economic strategy and employability plan can:

1.1. *Create more inclusive economic growth that benefits people and places equally across Wales;*

1.1.1 It is increasingly accepted that steps to address gender equality can help drive economic growth, but steps to drive economic growth will not necessarily be inclusive or deliver equality.

1.1.2. For example, women have seen little of the investment directed into the nine priority sectors in Wales, as the workforces predominantly consist of men. In just two – financial and professional services and tourism – do women account for over 40%, but they're either notably absent from senior positions or, in the case of tourism, the sector is characterised by low wages and insecure employment¹.

¹ Chwarae Teg (2016) *A Welsh Economy that works for women*

1.1.3. Creating a more inclusive economic strategy that helps address some of the barriers faced by women accessing employment could help deliver economic growth. According to McKinsey and Co, bridging the gender pay gap could create an additional £150bn on top of GDP forecasts in the UK in 2025².

1.1.4. In order to achieve this, we believe the economic strategy should include³:

- A set of guiding principles on which economic growth should be pursued.
- An objective to maximise women's economic participation underpinned by an action plan to provide focus to cross-governmental activity.
- A set of indicators to ensure effective measurement of success.

1.1.5 Recognising the value of the foundational economy is also key to creating an inclusive economic strategy. The foundational economy provides employment to half a million people in Wales, and is relatively evenly spread around the country⁴. Women dominate the workforce in several of these sectors such as care and retail. Supporting sectors in the foundational economy to provide good quality employment and progression opportunities could help improve the pay and career prospects of many women in Wales.

1.1.6. A Government Employability Plan, which is focused on the individual, will need to recognise the distinct barriers women face in accessing and progressing within employment. A number of these are outlined in the sections below.

1.1.7 It's also important that opportunities to reskill and access employment as part of large scale projects, such as Wylfa Newydd and the South Wales Metro, are accessible to diverse groups of people and existing barriers aren't reinforced.

1.2. *interact with the UK Government's Work and Health Programme;*

1.2.1 There is a clear need for the new employability policy to dovetail with the Work and Health Programme, to ensure that, as far as possible, individuals are able to receive support seamlessly via either or both programmes. It is also important to ensure there is no duplication in effort.

1.2.2 The focus for Welsh Government should be those who are the most disadvantaged, and those who are currently not served by existing provision, including women.

1.2.3 While the DWP and the JCP have led responsibility for the benefits system and supporting the unemployed, support has often been commissioned for specific disadvantaged groups, at a much-reduced scale. Skills and employability provision is commissioned via Welsh Government and has had a strong focus on young people and the shorter term unemployed.

1.2.4 ESF funding has had widespread use in Wales to target the most disadvantaged groups, such as women, which raises concerns regarding provision following Brexit. Wales has received £4bn in structural funding from the EU since 2000⁵, often to undertake programmes with a focus on tackling poverty and skills growth.

1.2.5. Many of these programmes have had a focus on addressing the barriers that continue to hold women back and contribute to on-going economic inequality. Our own Agile Nation 2 project is just one example of these. Others include Agile Nation 1 (funded as part of the previous round of structural funds)

² McKinsey and Company (2016) *The Power of Parity: Advancing Women's Equality in the UK*.

³ NAFW Economy, Infrastructure and Skills Committee: Evidence Session, 2 February 2017 - <http://www.senedd.tv/Meeting/Clip/5c7ece59-0850-492c-a2a0-bf9849fa722b?inPoint=5:29:18&outPoint=5:35:58#>

⁴ Bevan Foundation (2017) https://www.bevanfoundation.org/commentary/wales_foundational_economy/

⁵ BBC (2016) <http://www.bbc.co.uk/news/uk-politics-eu-referendum-36417964>

and the Welsh Government's PaCE programme, which is providing targeted support to women to help them gain employment.

1.2.6 The Agile Nation 2 project is worth £12 million. The project works with both women and SMEs in priority sectors in Wales to build skills and improve workplace culture, in order to address the causes of the gender pay gap.

1.2.7 The UK Government, with the support of Welsh Government should assess the extent of initiatives to tackle poverty and advance equality that currently receive EU funds, and replace and ring-fence these funds to allow current and future projects to continue undisrupted.

1.3. Reduce the proportion of people on low incomes in Wales;

1.3.1 Average pay is lower in Wales than most other regions in the UK⁶, and in-work poverty is on the rise. Issues of low pay, gender inequality and poverty are also inextricably linked. As a result of women's position in the home and labour market, they are more likely to be employed in lower paid, poor quality jobs that offer little opportunity for progression.

1.3.2 Providing decent work is key to reducing the proportion of people on low incomes and tackling in-work poverty in Wales.

1.3.3 A decent wage remains a key component of decent work. In April 2017 there were 87 accredited Living Wage employers in Wales⁷. While there are a number of non-accredited employers paying the Living Wage in Wales, a sizeable proportion of the workforce are paid less than this.

1.3.4 Companies that are able to pay the Living Wage should do so and seek accreditation to the Living Wage Foundation. For those businesses where an immediate shift to the Living Wage might be more difficult, an action plan should be put in place to shift to payment of the Living Wage as soon as possible.

1.3.5 Pay is obviously an important element of decent work, but so are factors such as access to training, job security, occupational segregation, working hours, work-life balance and employment-related relationships and motivation.

1.4. Address economic inequalities between different groups of people

1.4.1. The gender pay gap in Wales remains stubbornly high. The reasons for this are complex, and include traditional roles in society, occupational segregation and under representation in leadership positions.

1.4.2 Women remain primarily responsible for the unpaid care of children and adults⁸. Flexibility is cited as a key element of decent work for women and we know that a lack of flexible working options, especially in senior roles, is a factor in women's labour market inequality.

1.4.3. Traditional working patterns and workplace culture based on strictly defined working time and place can prevent individuals with caring responsibilities accessing work that is on offer.

1.4.4. Modern working practices – i.e. ways of working that are different to the conventional full-time, nine-to-five, five days a week working pattern – could play an important role in helping businesses to think differently about how they structure their workplaces.

⁶ ONS (2016) *Annual Survey of Hours and Earnings*

⁷ Cardiff University (2017) *The Living Wage Employer Experience*

⁸ WEN Wales (2015) *The Position in Wales today on Unpaid Care*

1.4.5. Our recent report on Perceptions of Modern Working Practices⁹ (MWP) found that there is great appetite among employers in Wales to explore different ways of working and a good understanding of many of the benefits this can bring. However, there remains a lack of awareness about the variety of different approaches that are possible.

1.4.6. To ensure that MWP become more widespread, businesses have made clear that there is a need for continued support to help them explore how to implement them including advice and guidance, relevant case studies and tailored support.

2. An exploration of low pay sectors, and measures to improve pay of low-paid workers such as the living wage;

2.1 Chwarae Teg is currently undertaking research alongside Oxfam Cymru, Cardiff Metropolitan University and the IWA, looking into policy changes that are required to support low paid women to progress their careers, enabling them to secure a sustainable route out of poverty.

2.2. Within this, we will focus on the care sector as it is one characterised by low pay and insecure employment. Working terms and conditions, perceptions about the job, training and progression opportunities and job insecurity all make it difficult to recruit and retain workers in the sector. The lack of training and progression opportunities is also widely seen as a particular problem within the domiciliary care sector.

2.3. Not being able to access training and progression opportunities is a significant factor in the gender pay gap as women often remain stuck in low paid, lower skilled work.

2.4 Procurement is a powerful lever that can be used to deliver economic, environmental and social benefits. Recent steps by the Welsh Government to produce a Code of Practice for Ethical Employment are very welcome. This code will encourage payment of the Living Wage and also prevent the unfair use of zero-hours contracts and false self-employment in delivery of publicly funded projects and initiatives. This Code of Practice could be particularly impactful in the social care sector.

2.6 While a good starting point, procurement regulations could be further utilised to address gender inequality with many nations across Europe providing examples which could be adopted in Wales.

3. Ways to increase the security of work in Wales

3.1 Zero hours contracts are an increasing feature of the labour market in the UK with an estimated 1.4 million now being employed on this basis.¹⁰ ONS statistics show that of this group 55% are women, 64% work part time and 35% want more hours.¹¹ The ONS analysis also showed a large variation in the hours people were working with 41% working less than their usual hours in the week before their interview and 18% working more.¹²

3.2 The lack of stability offered by these contracts and the potential impact on a person's benefit entitlement are a cause of concern. Continued abuse of these contracts runs the risk of pushing women further into poverty. All of these issues contribute to the growing problem of in-work poverty.

⁹ Chwarae Teg (2016) *Research into Perceptions of Modern Working Practices in Wales*

¹⁰ Office for National Statistics (2014) "Analysis of employee Contracts that do not Guarantee a Minimum Number of Hours"

¹¹ Ibid

¹² Ibid

3.3 We welcome the recent plans by the Welsh Government to start addressing the use of zero hours contracts in the domiciliary care sector¹³. However, this issue needs to be addressed across sectors in order to increase security of work in Wales.

4. The role that welfare benefits play in supporting people on low incomes in Wales.

4.1 Women have been hit by 86% of the changes to the tax and benefit system as part of austerity measures since 2010¹⁴.

4.2 Women are more reliant on benefits than men with a higher proportion of their income coming from the state. As a result, women are much more vulnerable to austerity measures and welfare reform. Women are losing out monetarily as changes to the welfare system move forward while also having to take on additional unpaid domestic work as public services are cut. These impacts are felt even more harshly in households living in poverty.

4.3 Gendered poverty risks are affected by whether benefits are individual or joint and to whom they are paid and how, while services are particularly important to those with caring responsibilities for children or ill, disabled or elderly adults.¹⁵

4.4 As Universal Credit is rolled out in Wales, due attention needs to be paid to certain aspects such as 'in-work progression', which could inadvertently have a negative impact on women. It is likely that this policy will affect women in Wales to a greater extent, in part due to the higher number of benefit claimants in Wales, but also as a result of the nature of the Welsh labour market¹⁶.

4.5 It's important that benefit claimants are encouraged to access quality employment, that offers long term and secure opportunities, over accessing insecure employment, which may not 'pay' following costs such as childcare and transport.

Conclusion

There are a number of steps that need to be taken to help those on low incomes in Wales, and with in-work poverty currently on the rise, these must be prioritised.

These are focused on the provision of decent work that is adequately paid, secure and address distinct barriers that women face such as caring responsibilities and reduced access to training.

The Welsh Government has a key role to play in promoting decent work through providing support and setting standards. To ensure a prosperous and equal future for women and people around Wales, this needs to be a priority of an Economic Strategy and Employability Plan.

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¹³ Welsh Government (2017) <http://gov.wales/newsroom/health-and-social-services/2017/zero-hours/?lang=en>

¹⁴ House of Commons (2016) Estimating the gender impact of tax and benefits changes

¹⁵ University of Oxford "Poverty through a Gender Lens"

¹⁶ Chwarae Teg (2016) Briefing Paper: In Work progression in Universal Credit

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