

MEW 03

Gwneud i'r economi weithio i'r rheini sydd ag incwm isel

Making the economy work for people on low incomes

Ymateb gan: Oxfam

Response from: Oxfam



National Assembly for Wales

Equality, Local Government and Communities Committee

Inquiry into Poverty in Wales: Making the economy work for people on low incomes (Strand 3)

Response from Oxfam Cymru

Contact: Oxfam Cymru Campaigns and Advocacy Team, oxfamcymrupac@oxfam.org.uk

0300 200 1269

Oxfam works with partners to overcome poverty in three ways:

1. By developing projects and programmes with people experiencing and living in poverty that improve their lives and show others how things can change
2. By raising public awareness of poverty to advocate and create pressure for change
3. By working with policymakers to tackle the causes of poverty.

For further information about Oxfam's work, please see www.oxfam.org.uk

Oxfam Cymru welcomes the opportunity to provide evidence to the Equality, Local Government and Communities enquiry. Over the last decade we have accrued a vast amount of experience in working with partners to help people raise themselves out of poverty and build sustainable livelihoods. We work at a grass-root level, pan Wales and actively campaign at a National level for real and positive change.

We believe our programming work in Wales provides a unique perspective on this agenda and our response will address areas where Oxfam Cymru can provide authoritative guidance and direction.

1. Introduction

Oxfam believes that economic and employability policies need to move beyond current orthodoxy if they are to deliver an economy that works for all, including those currently on low incomes. We need to move beyond narrow measurements used to determine economic success (notably GDP and GVA) and instead focus on a broader set of measurements.

Women are disproportionately likely to find themselves in positions in lower income and less secure jobs and a specific focus on gender is needed in government policy to respond to the specific factors faced by women in society.

Oxfam Cymru has recently commissioned research looking at the position of women on low incomes in the labour market, which will be publishing in the autumn of 2017. Many of the questions asked in this consultation are pertinent and require further discussion and assessment of evidence in the devolved context. In his speech to the 2017 Welsh Labour Conference, the First Minister announced a new 'Fair Work Commission' for Wales. It is vital that this body tackles many of the key issues raised in this consultation and is responsible for ensuring that, in future years, government report backs on progress.

2. How do we create more inclusive economic growth?

While the United Kingdom remains one of the wealthiest countries of the world, economic inequality remains a real challenge, with one in five people in the UK living in poverty. Closer to one in four in Wales struggle with everyday essentials such as paying bills and putting a hot meal on the table.

Many of the levers to tackle such inequality lie at Westminster and, of course, economic inequality across the UK is starker than the inequality within Wales due to lower levels of extreme wealth here. Nonetheless, the gap between the haves and the have-nots remains stark. Oxfam's call to action¹ on economic inequality includes companies giving staff greater representation on boards and government incentives to employers to encourage them to up skill staff, both of which it would be possible for Welsh Government to take action on.

An inclusive labour market, delivering an economy that works for everyone, would offer people and their communities across Wales the opportunity to participate in rewarding, well paid, secure work that brings both social and economic benefits.

To achieve this, the Welsh Government must first measure success differently. Traditional methods of measuring economic success have a narrow focus, looking at GDP/GVA and employment levels. Measuring only these factors provides an incomplete picture as to how the economy is really working. The Welsh Government should look to monitor the economy more broadly, for example the New Economic Foundation's working on "Five Headline Indicators of National Success"² or Oxfam's Humankind Index, which has been used to measure prosperity in Scotland.³ The Welsh Government has produced a series of indicators to guide the Well-being of Future Generations Act and these need to be considered when looking at the impact of our economy on those with low incomes.

Job creation alone is no longer ample in tackling poverty and the Welsh Government need to move beyond this and look more broadly at the quality of work provided, not to mention the impact poor jobs have on mental health and family life which has consequences will be picked up by wider public sector.

Three decades of high level inequality have had a profound impact, leading many people to believe that they have little stake in society and feel locked out of politics and economic opportunity⁴. The Government needs to support employers and in particular those in low paying sectors where a lot of women are employed, provide flexible employment and progression routes for women which combined for decent work for sustainable economic development. In particular, a focus on gender mainstreaming to improve the situation of women by undertaking gender impact assessments, which will significantly improve labour market outcomes in terms of poverty reduction (and the accompanying increases in social mobility and living standards).

To benefit women in particular, work also needs to enable people to take control of their own lives, not something that everyone experiences. Women in particular require skills, information and confidence to enable them to build a career and benefit to a greater degree from economic growth

than many currently do.⁵ Achieving economic outcomes will require a revolution in support for these groups – away from ‘work first’ towards ‘work in life’ (context); away from services and activities towards building and nurturing communities and networks.

Recommendation: The Welsh Government should move away from orthodox measurements of economic success and instead use a broader range of measures to ascertain how the economy is working for all, utilising the National Indicators created alongside the Well-Being of Future Generations Act.

Recommendation: The Welsh Government should undertake gender impact assessments to ensure economic growth is inclusive.

3. Inequalities, low income, job security & providing ‘Decent Work’

Just under a quarter, 23%, of people in Wales live in poverty⁶ and there remain stubborn barriers that prohibit people from maximising the employment opportunities they encounter. Decent work research from Oxfam Scotland shows that in-work poverty is the result of three overlapping variables: level of hourly pay, the number of hours worked and the value of in-work benefits.⁷

In Wales, low pay continues to be one of the significant factors with nearly a quarter paid less than the living wage⁸ and only 80 businesses accredited as living Wage employers⁹ (currently the Living wage is £8.45 and £9.75 in London¹⁰). In-work poverty is becoming an increasing concern as labour market changes have led to shifting working practices that include an increase in zero-hours contract and work that offers a lack of training routes¹¹ impacting on women and BAME the most.¹²

Rising in-work poverty figures show that work alone is not the route out of poverty it once was, and as a result working tax credits are vital for many on low incomes (which are effectively subsidies from the state to employers paying poverty wages).¹³ Low wages combined with fluctuating levels of work hours, cause budgeting difficulties and impact on tax credit income. The UK Government’s Welfare to Work Reform Act (2016)¹⁴ has further reduced vital social security support for women who have more than two children from April 2017.

Women continue to be overrepresented in low paid, part time insecure and temporary work and will likely be impacted to a greater extent by the new in-work progression requirements of Universal Credit than men, due to care responsibilities that traditionally fall to women to undertake. This issue is heightened across the UK as part-time work is regularly lower paid than full-time work, unlike in other countries.¹⁵

Unpaid care work is not counted or acknowledged as part of the economy and Women's unequal responsibility for this work, means they have less choice about how to spend their time - on work or education. Black, Asian and minority ethnic workers are over a third more likely than white workers to be employed in temporary or zero-hours work, according to the TUC. The study¹⁶ found that one in thirteen BAME employees is in insecure jobs, compared to 1 in 20 white employees. Black workers in particular face insecurity at work, and are more than twice as likely as white workers to be in temporary and zero-hours work.¹⁷

In the latest figures from March 2017 there were 1.5 million people employed in Wales¹⁸ but there still remains a gender pay gap. The median gross average weekly earnings for fulltime work in 2016 showed that men earned £525.00 and women £448.50. That's a difference of £76.50.¹⁹

Women's weekly earnings in the UK are now equal to 2005 levels, but still below what they were in 2010.²⁰ Furthermore, women are disproportionately likely to undertake additional responsibilities beyond the workplace around care.²¹

Employment law and minimum wage levels are not devolved matters. However, in Wales, the Welsh Government can, to some extent, improve and enforce basic employment conditions and create effective employment strategies. For example, the Welsh Government could establish a 'Business Pledge' model, similar to Scotland's approach, where the Pledge is a commitment by accredited companies to adopt fair and progressive business practices, based around various components.

The Welsh Government also has the ability to use public procurement and other financial incentives to deliver positive change in business practices, by working with businesses that deliver decent work for their staff or agree to improve their employment practices in return for public funds. This can all be enhanced through the Welsh Government's Code of Practice for Ethical Employment in Supply Chains.²²

Better labour market data is also essential to understand the extent to which people's needs are being met.

A Living Wage in Wales

The latest statistics highlight that there are 632,000 fulltime, 83,000 in temporary work and 387,000 part time workers in Wales²³ with nearly one in four earning less than the Living Wage.²⁴

In 2016 Oxfam Cymru and other commissioned the Bevan Foundation to carry out research into the Living Wage in Wales and how public policy could increase the proportion of jobs paying the Living Wage.²⁵ The report provides a number of conclusions, including reiterating the importance of Welsh Government procurement, supporting business-to-business recommendations and ensuring the availability of a dedicated resource to drive forward change.

The Welsh Government set out a series of claims within "Taking Wales Forward 2016-2020"²⁶, its Programme for Government, looking at the living wage and poor employment practices. Yet little detail has been forthcoming since the election. We could encourage the Welsh Government to be more open about how it plans to respond to these issues that it highlighted as important to work on.

Recommendation: The Welsh Government should specifically look at women's empowerment to make the economy work for women on low income - such as the Valleys Taskforce, City Regions and the Tidal Lagoon schemes by undertaking a gender analysis and specifically asking women - what kind of economy they want and need.

Recommendation: The Welsh Government should show leadership and actively promote the living wage and higher employment standards by limiting the use of exploitative zero hours contracts.

Decent Work²⁷

What makes Decent Work? A study with low paid workers in Scotland

Across 2015 and 2016 Oxfam Scotland, in partnership with the University of West Scotland, undertook a participatory research study to learn more about what those on low incomes saw as important from work.

The study involved focus groups, street stalls and one-to-one interviews, and polling was also commissioned. Approximately 1500 people were involved in providing information for the study.

The research focused in particular on people with experience in low-wage sectors or with low earnings and intentionally included demographic groups facing additional disadvantages in the workplace, such as disabled people and members of BAME communities.

It identified 26 principles that were ranked by participants deemed to be most or least important to make work 'decent'. The top three headlines were:

1. **Decent hourly rate:** An hourly rate or salary that is enough to cover basic needs such as food, housing and things most people take for granted without getting into debt
2. **Job security** and
3. **Paid leave:** Paid holidays and paid sick leave.

There was strong agreement among the participants that a decent hourly rate involves a wage or salary which not only covers basic needs, but which is also sufficient to participate in society and to save for a rainy day. Job security often meant having a permanent open-ended contract.

The final report in Scotland provided a number of recommendations for government and the private sector in Scotland. Notably, many of the issues raised by those on low incomes were linked to matters already guaranteed in employment law, highlighting a need to enforce such law more effectively.

Currently, a disproportionate number of low paid workers are in sectors that often feature a predominantly female workforce, such as social care, retail and hospitality. These sectors often undervalue work.

To take social care as an example, Wales has a large aging population and employment growth in social care is projected to be significant in the coming years.²⁸ The sector predominantly employs a large number of women in part time roles covering nursing care, residential care for adults and children and young people and people with disabilities, child day care and non-residential social care. Research undertaken by Public Policy Institute for Wales (PPIW) on 'what works' in harnessing growth sectors for poverty reduction, recognises that these sectors generate new opportunities for those who are out of work. However, while there is policy support to grow these sectors, there is little provided for the quality of work within them or the need to develop the skills of those working within the sector.

Whilst 'work' is a matter reserved for the UK Government, 'skills' is an area of policy that is devolved to Wales. The benefits of improving the standards of employment are not only a reduction in poverty, but could also lead to a reduced burden in other devolved areas, for example health. There is clear evidence that shows employers who invest in their workforce benefit significantly through fewer sick days, for example – added to the benefits of reduced staff turnover and increased productivity.²⁹

Therefore, developing sector strategies with low-paid industries to boost their productivity, Joseph Rowntree Foundation suggest including supporting innovation, enhancing management skills and encouraging businesses to add more value to their goods and services. This is the only sustainable way to increase pay in the long term.³⁰

Recommendation: The power of Welsh Government public spending and procurement would ensure leverage where contracts are issued to businesses and organisations that they actively stipulate basic employment practices by enforcing the requirement of the living wage and contracted hours of work for their employees ensuring security at work.

4. Interaction with the UK Government's Work and Health Scheme

In February of 2017, Oxfam Cymru advocated the embedding of a Sustainable Livelihoods Approach to the UK Government as part of the evidence submitted to the Department for Work and Pensions' consultation on the *Work, health and disability green paper: improving lives*.

Our key messages in response to that report highlighted that:

- Embedding a 'Sustainable Livelihoods Approach'³¹ can help people manage and improve their lives, ultimately help to lift them out of poverty for good.
- Training DWP staff in the Sustainable Livelihoods Approach would help to ensure the service fully understands the lived experiences of its users, and therefore be better placed to provide the tailored support needed – reducing the need for sanctions and enhancing people's ability to find and stay in work.
- To ensure people starting new jobs can not only stay in them, but thrive in them, the quality of work on offer must be considered.

The evidence stemming from Oxfam Cymru's programme work shows that that key to supporting people back into work, and helping them sustain that employment, is taking a holistic approach – not only to the individual, but to their family and wider situation. An individual starting a new job may have knock-on implications for other family members, for example, tax credits may be affected, and those who require care may need their situation reconsidered, and so on. It is often the case that an individual may face multiple barriers to employment – not only their own health and wellbeing, but that of their dependents. Key for many individuals is building confidence and self-esteem, in parallel to any skills development or training they may need. If an individual has been out of employment for many years, starting employment may be a huge cultural shift for them.

Recommendation: Embedding a 'Sustainable Livelihoods Approach' can help people manage and improve their lives to lift them out of poverty for good. The Welsh Government should ensure its programmes that work closely with the DWP employ an individual and holistic approach, based on the Sustainable Livelihoods Approach, and works closely with the DWP in Wales to ensure the department embeds the approach within its work.

¹Oxfam (2016), How to close Britain's great divide: The business of tackling inequality <http://policy-practice.oxfam.org.uk/publications/how-to-close-great-britains-great-divide-the-business-of-tackling-inequality-620059>

² New Economics Foundation (2015), Five Headline Indicators of National Success, <http://neweconomics.org/2015/10/five-headline-indicators-of-national-success/>

³ Oxfam (2013), Oxfam's Humankind Index, The new measure of Scotland's prosperity, second results <http://policy-practice.oxfam.org.uk/publications/oxfam-humankind-index-the-new-measure-of-scotlands-prosperity-second-results-293743>

⁴ Oxfam (2016), How to Close Great Britain's Great Divide, <http://policy-practice.oxfam.org.uk/publications/how-to-close-great-britains-great-divide-the-business-of-tackling-inequality-620059>

⁵ Mansour J, (2016), Work In Life: How an anti-poverty approach to employment support could be transformational for women <http://policy-practice.oxfam.org.uk/publications/work-in-life-how-an-anti-poverty-approach-to-employment-support-could-be-transf-618636>

⁶ Welsh Government (2017), Welsh Economy in Numbers May 2017 http://gov.wales/statistics-and-research/economic-indicators/poverty_wealth?slideId=0&lang=en

⁷ Oxfam Scotland (2016), Decent Work Scotland's Low Paid Workers: A Job to be Done <http://policy-practice.oxfam.org.uk/publications/decent-work-for-scotlands-low-paid-workers-a-job-to-be-done-619740>

⁸ Oxfam Cymru (2013), Even it Up: A Blueprint for Change <http://policy-practice.oxfam.org.uk/publications/even-it-up-a-blueprint-for-change-593008>

⁹ Cynnal Cymru, Living Wage accessed June 2017 <http://www.cynnalcymru.com/living-wage/>

¹⁰ Living Wage Commission, Living Wage, accessed June 2017 <https://www.livingwage.org.uk/>

¹¹ Public Policy Institute for Wales (2016) Supporting Progression in Growth Sectors <http://ppi.wales/files/2016/10/PPIW-Report-ESRC-Evidence-Review-Paper-Progression.pdf>

¹² Joseph Rowntree Foundation (2016), Breaking the links between Poverty and Ethnicity in Wales <https://www.jrf.org.uk/report/breaking-links-between-poverty-and-ethnicity-wales>

¹³ Oxfam (2013) Our Economy <http://policy-practice.oxfam.org.uk/publications/our-economy-towards-a-new-prosperity-294239>

¹⁴ UK Government (2016) Welfare to Work Act (2016) http://www.legislation.gov.uk/ukpga/2016/7/pdfs/ukpga_20160007_en.pdf

¹⁵ Resolution Foundation (2016), Low Pay Britain 2016, Resolution Foundation (2016) <http://www.resolutionfoundation.org/app/uploads/2016/10/Low-Pay-Britain-2016.pdf>

-
- ¹⁷ TUC (2017) Insecure Work and Ethnicity https://www.tuc.org.uk/sites/default/files/Insecure%20work%20and%20ethnicity_0.pdf
- ¹⁸ ONS (2017) Statistical Bulletin May 2017 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2017>
- ¹⁹ ONS (2016) Gender Pay Differences in Wales <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Earnings/genderpaydifferenceinwales-by-year>
- ²⁰ JRF (2016), Monitoring Poverty and Social Exclusion (MPSE) <https://www.jrf.org.uk/report/monitoring-poverty-and-social-exclusion-2016>
- ²¹ Oxfam Scotland (2016), Decent Work for Scotland's Low Paid workers: A Job to be done <http://policy-practice.oxfam.org.uk/publications/decent-work-for-scotlands-low-paid-workers-a-job-to-be-done-619740>
- ²² Welsh Government (2016), WG Code of Practice, Ethical Employment in Supply Chains <http://gov.wales/docs/dpsp/publications/valuwales/170309-ethical-en.pdf>
- ²³ ONS (2016), Regional Labour Market Wales Jan 16 – Dec. 16) <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforwaleshi10>
- ²⁴ Oxfam Cymru (2016) Even it Up: A Blueprint for Change <http://policy-practice.oxfam.org.uk/publications/even-it-up-a-blueprint-for-change-593008>
- ²⁵ Bevan Foundation (2016), A Living Wage <https://www.bevanfoundation.org/wp-content/uploads/2016/07/Wales-Living-Wage-report-Low-Res.pdf>
- ²⁶ Welsh Government (2016) Taking Wales Forward 2016-2020 <http://gov.wales/docs/strategies/160920-taking-wales-forward-en.pdf>
- ²⁷ Oxfam Scotland (2016) Decent Work for Scotland's Low Paid Workers: A job to be done <http://policy-practice.oxfam.org.uk/publications/decent-work-for-scotlands-low-paid-workers-a-job-to-be-done-619740>
- ²⁸ Public Policy Institute for Wales (2016) Supporting Progression in Growth Sectors <http://ppi.wales.org.uk/files/2016/10/PPIW-Report-ESRC-Evidence-Review-Paper-Progression.pdf>
- ²⁹ Oxfam Scotland (2016) Decent Work for Scotland's Low Paid Workers: A Job to be done <http://policy-practice.oxfam.org.uk/publications/decent-work-for-scotlands-low-paid-workers-a-job-to-be-done-619740>
- ³⁰ JRF (2016) Prosperity without Poverty: A Framework for Wales <https://www.jrf.org.uk/report/prosperity-without-poverty>
- ³¹ Oxfam Cymru (2013), Sustainable Livelihoods Toolkit for Wales <http://policy-practice.oxfam.org.uk/publications/the-sustainable-livelihoods-approach-toolkit-for-wales-297233>