

Austerity and the Living Wage: the Case of Care Homes in Britain

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Abstract for BUIRA Stream, Low pay and Living Wage Stream 2016

Title: Austerity and the Living Wage: the Case of Care Homes in Britain

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This paper presents some preliminary findings that examine the issues of low pay and the living wage in the care sector from the perspectives of employers, unions and local government. To date researchers have not explored a joint perspective of employers, trade unions and local government campaigning collaboratively for an increase in public funding to fund the national minimum wages and Living Wage set by the Living wage Foundation and the implications for care workers (Crawford and Read, 2015). Grimshaw et al (2014) focussed on the structures of collective bargaining to improve equity and reduce low pay but there are sectors that have little influence in collective bargaining due to low levels of unionisation and evidence to increase their pay is limited trade unions submissions to the Low Pay Commission (LPC). One particular solution to low union presence is the development of living wage campaigns from community organisers (Lopes and Hall, 2015). In contrast Sims and Holgate (2010) highlight fundamental differences in the objectives of community and trade union organising. There still remains a gap in organising and recruiting large sections of care workers who are increasing in demand and remain in the sections of low paid workers in the economy.

The Care Act (2014) changed the delivery of social care and local government now commission rather than provide care. Between 2015 and 2020 the number of people aged over 65 will grow by 12% (1.1 million) and will increase the demand for care (House of Commons Library, 2015). The bulk of care is delivered by a range of private companies and providers, whose workforce are mainly support/care workers paid on the national minimum wage (Grant Thornton, 2014). An analysis of this sector indicates this workforce is projected to increase (Gardiner and Hussein, 2015).

The LPC expressed concern about the reduction in local government funding to pay the national minimum wage rates (Low Pay Commission, 2015: 216; Pennycook, 2013; Unison, 2015). It is estimated the increase in the national minimum wage to £7.65 per hour would affect 275,000 support workers (Resolution Foundation, 2013). Whilst, the United Kingdom Health Care Association calculated the national minimum wage pay increases will require additional funding from Local Authorities of between £753 million to £1 billion (HM Treasury, 2015; UKHCA, 2015). The LPC recommended pay increases for the national minimum wage, and specifically identified care home employers paid just above the minima rates they set (Low Pay Commission, 2015; Resolution Foundation, 2014). Analysis of national rates found the majority of care workers were more likely to be paid at or below the national minimum wage with an increasing trend towards zero-hours contracts (Bessa et al, 2013).

Research on care homes are unique as the demand for care homes continues to be

Research Methods

The first phase of the research reported in this paper is the result of in-depth interviews with respective employers, unions and local authority representatives and explored three areas. First, it

examined unions, local authorities and small, regional and national/global employers' views on funding both the increases in the national minimum wage set by the LPC for 2015-2020 and the higher rate set by the Living Wage Foundation. Secondly it investigated employers' attitudes to funding the national minimum wage and their capacity to pay the living wage rate (above the LPC rate of hourly pay). Thirdly, it explored the potential for collaborative working between unions, local authorities and employers to deliver increased pay above the national living wage and to recruit care workers to unions.

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The dynamics for union recruitment have changed with the increase in non-union members in growing sectors such as residential care homes, which are difficult for unions to access and organise.

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