

# Citizens Advice Scotland response to the Low Pay Commission consultation

## June 2021

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*Scotland's Citizens Advice Network empowers people in every corner of Scotland through our local bureaux (CAB) and national services by providing free, confidential, and independent advice. We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.*

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### Summary

- During COVID-19, employment rose to the third most common advice need across the Citizens Advice Scotland network, with spikes in advice on redundancy and dismissal.
- Many frontline low paid workers have seen their working conditions worsen as a result of insecure contracts and fire and hire tactics during the pandemic. Better pay and conditions for these essential roles must be a cornerstone of the recovery, valuing their contribution by allowing workers a decent standard of living, financial resilience, and job security. Moreover, higher wages offer more disposable income to be spent in local communities, supporting demand.
- The pandemic has raised the cost of living for those on low-pay, with the extra time spent at home leading to increased food and utilities bills. Workers receiving the National Living Wage (NLW) still face budgeting struggles, through a combination of high costs, low wages, and limited and unpredictable social security support.
- CAB cases show evidence of employers in low-paid sectors being non-compliant in other areas, even if they are paid NLW or higher, including unpaid holiday and sick pay. Much of this non-compliance has taken place within the furlough scheme, making it harder for workers to determine how their employment rights are being breached.
- The pandemic and Brexit have hit tourism and hospitality particularly hard, where many roles will be low-paid. Brexit is also having an additional impact on EU nationals who advisers tell us may now face difficulties accessing social security they are entitled to.
- We warmly welcome the decision to lower the age threshold of the NLW and would recommend that in future different rates for different ages are abolished altogether.
- We also welcome the increase to NLW and other minimum rates but hope they can be raised further to at least meet the level of the independently-calculated voluntary Living Wage.
- The Government's recommitment to a single enforcement body is to be welcomed, but this work must be prioritised and well-funded in order to achieve its aims.

## About you

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*1 - Please provide information about yourself or your organisation. If possible, include details about your location, the occupation or sector you are involved in, your workforce if you are an employer (including number of minimum wage workers), and anything else you think is relevant.*

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In 2020-21, Scotland's Citizens Advice Bureau network gave 74,994 pieces of employment advice to clients - 8% of all advice provided across the network last year. This made employment the third most popular advice area, behind only social security and debt advice.<sup>1</sup> This is a marked increase from 2019-20, where employment ranked fourth in terms of the most popular advice area and accounted for only 5% of all advice given.<sup>2</sup>

Employment advice has also been highly represented in search terms on CAS' Advice for Scotland website, which in 2020-21 saw an almost 40% increase in users compared to the previous year. Among all advice searches, not only for employment issues, 'redundancy' was the most common search term during 2020-21 and 'furlough' was the sixth. 'Being furloughed' was also the fifth most popular coronavirus page by unique page views.<sup>3</sup>

## Economic outlook

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*2 - What are your views on the economic outlook and business conditions in the UK for the period up to April 2022? We are particularly interested in:*

- the conditions in the specific sector(s) in which you operate.*
- the prospects for economic recovery from the effects of the Covid-19 pandemic.*
- the effects of Government interventions to support the economy and labour market.*
- the current state of the labour market, recruitment and retention.*
- your experience of wage growth and inflation in the last year, and forecasts for the next couple of years.*

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<sup>1</sup> CAS, [Annual Data Report \(2020/21\)](#).

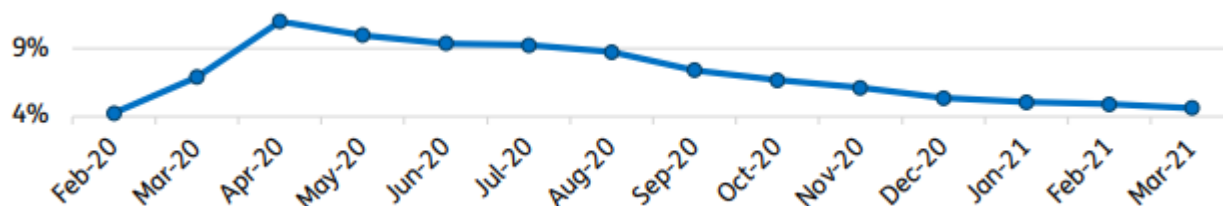
<sup>2</sup> CAS, [Advice in Scotland 2019-20](#), page 6.

<sup>3</sup> CAS, [Annual Data Report \(2020/21\)](#).

## The impact of the pandemic

The pandemic has had an understandably significant impact on the labour market and the resultant need for advice on employment issues. Chart 1 shows that April 2020 saw the peak of advice provision in this area and, although declining since that time, the need for employment-related advice in March 2021 was marginally higher (by 9%) than it was prior to the pandemic. This has been the case even while additional protections and support like the Coronavirus Job Retention Scheme are in place.

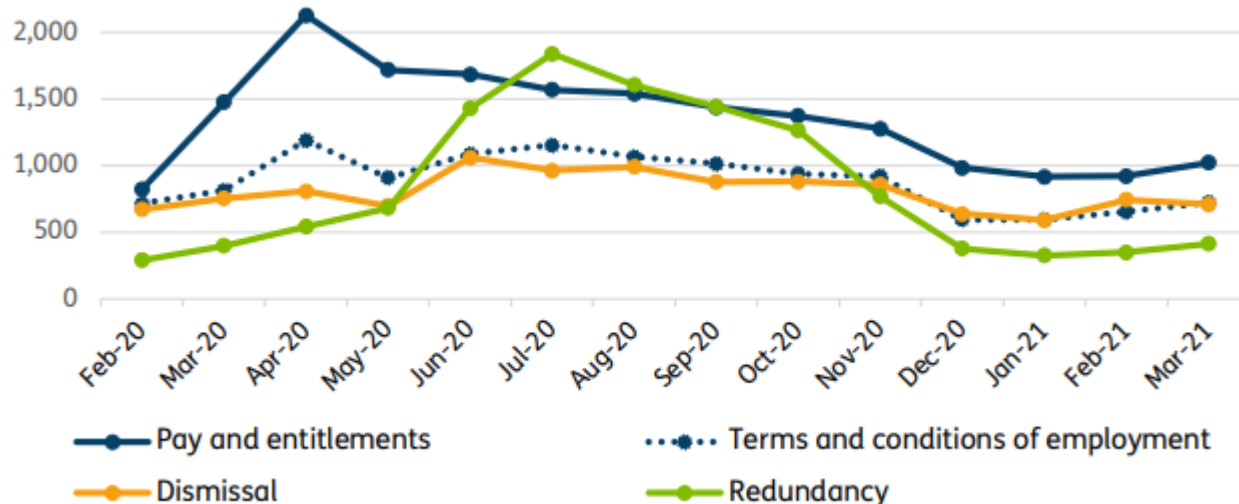
**Chart 1. Employment advice as a proportion of all advice; monthly trend**



Advice relating to redundancy and dismissal accounted for much of the overall increase in employment advice, with redundancy showing the most notable changes. The most common type of employment advice in 2020/21 related to “Pay and Entitlements”, making up 22% of all employment advice given. However, from July-September redundancy advice overtook pay and entitlements as the most common form of employment advice, possibly reflecting the delayed impact of the first lockdown on the viability of businesses and jobs.

Advice need in all three areas (redundancy, dismissal, and pay and entitlements) was higher in March 2021 than it was prior to the pandemic, as was advice related to terms and conditions of employment (see Chart 2).

**Chart 2. Pieces of advice provided in relation to top employment issues**



The impact of the pandemic on people's employment has been visible across the CAB advice network. In a representative poll of CAB clients carried out in October 2020, 60% of clients in employment reported that their employment circumstances had changed since the start of the pandemic. This included clients who sought advice for issues other than employment. Within this group, 75% reported having lost their job as a result of the pandemic (although 13% had since found a new job or were now self-employed) and 25% were still in employment but had been furloughed. Younger clients in employment were more likely to say their employment circumstances had changed as a result of the pandemic (16-34, 67%; 30-49, 59%; 50-64, 33%; 65+, 38%).<sup>4</sup> This matches Scottish Government figures that show unemployment rates among young people to be almost three times higher than other age groups.<sup>5</sup>

Looking into the circumstances of these job losses reveals broader policy concerns about the enforcement of employment rights over the past year. The below cases, reported by Citizens Advice Bureaux (CAB) from across Scotland, detail clients who have faced redundancy or terminations of contract during the pandemic. They suggest that some employers have used the pandemic as a cover for illegal employment practices.

*An East of Scotland CAB reports of a client facing potential redundancy. The client works in a small accountancy firm with a supervisor and one other colleague. Her colleague was offered furlough followed by redundancy without notice and the client is expecting a similar offer. Client does not believe her redundancy would be genuine as she works in payroll and the firm would need someone to take on this responsibility.*

*A West of Scotland CAB reports of a client who worked as a taxi driver. The taxi firm reduced their staff numbers during lockdown and in late 2020 the client received a text message from the firm informing her that she was being laid off. Nothing was put in writing and there was no pay in lieu of notice.*

Even where redundancy procedures have been correctly followed, CAB clients report of new staff being hired in their place once lockdown restrictions have lifted. This suggests that some workers, particularly those who are older, have been let go and replaced under the guise of coronavirus business pressures.

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<sup>4</sup> Citizens Advice Scotland, Understanding Citizens Advice Bureau client experiences of advice provision during the COVID-19 pandemic, 9 December 2020.

<sup>5</sup> See Scottish Parliament Information Centre (SPICe), [Labour Market update](#), June 2021, which shows 9.1% youth unemployment between February and April 2021, compared to 3.1%-3.6% for other age groups. While youth unemployment is consistently higher for those aged 16-24, the pandemic has widened this gap: compare Scottish Parliament Information Centre (SPICe), [Labour Market update](#), March 2020 (showing 7.4% youth unemployment November-January 2020 compared to 2.5%-3.4% for other age groups) and then the spike at the start of the pandemic shown in Scottish Parliament Information Centre (SPICe), [Labour Market update](#), July 2020 (12.7% youth unemployment March-May 2020 compared to 2.8%-3.3% for other age groups).

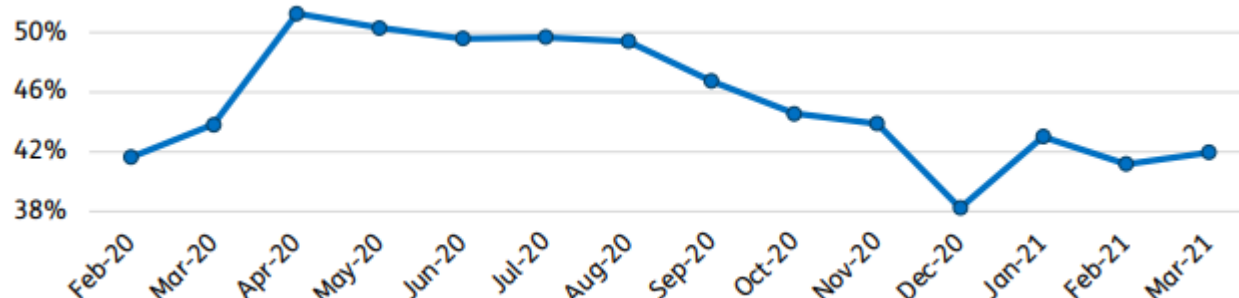
*A West of Scotland CAB reports of a client made redundant from her hotel job in July 2020. As the hotel was closed at the time the client did not appeal this decision. Shortly after, several new staff were hired in advance of the hotel reopening. Client is concerned her dismissal was unfair but she cannot appeal as all correspondence about the redundancy was sent to a work email she no longer has access to.*

*An East of Scotland CAB reports of a client who has been made redundant from his hospitality job at the end of the first period of furlough. The CEO of the client’s employer then gave an interview to a local newspaper saying that he looked forward to reopening (when allowed) and was planning to employ young people using government-backed schemes. Client believes that the redundancies were used to let go of older workers who were nearing pension age.*

### Client demographics

What has also been notable across the network is a change in the demographics of those seeking advice from CAB during the pandemic. Towards the beginning of lockdown in March/April 2020 the proportion of clients new to the CAB service increased considerably and only returned to what can be considered as expected parameters in November 2020 (Chart 3).

**Chart 3. Proportion of clients new to Citizens Advice Bureau**



Clients new to the CAB service have had a different demographic profile compared to CAB clients as a whole, with more being in employment, being owner-occupiers, and living in the least deprived Scottish Index of Multiple Deprivation areas.<sup>6</sup>

### Furlough and other labour market support

While the furlough scheme has protected many jobs, CAB have reported multiple cases of people refused furlough by their employers. This has left them without income and relying on social security throughout the pandemic.

<sup>6</sup> CAS, [Annual Data Report \(2020/21\)](#).

*A South of Scotland CAB reports of a client who has been refused furlough as the employer claims the National Insurance would cost too much. Employer is a large hotel chain.*

*A South of Scotland CAB reports of a client whose employer was bought out by another company. The new company are now refusing to place any employees on furlough.*

When the furlough scheme was last set to end in October, advisers reported of clients being made redundant prior to the announcement of the extension. If consumer demand does not return to normal over the next few months, similar trends may be expected in the run up to the current planned end of the furlough scheme in September 2021, particularly as employer contributions to the scheme are set to increase from July.

*A West of Scotland CAB reports of a client made redundant in advance of the end of the first period of furlough. When furlough was extended, the client was not rehired. Client believes he would have kept his job if this had been announced sooner and now faces financial hardship and rent and utilities arrears.*

While there is some evidence that the vaccine programme has mitigated the expected impact of the pandemic on the labour market, forecasts still expect a significant increase in unemployment once the furlough scheme ends.<sup>7</sup>

*3 - To what extent have employers been affected by other major trends in the economy and labour market: for example, Brexit, the shift to homeworking or any changes in the numbers of migrant workers in the UK.*

## **Brexit**

In September 2020 CAS published the first part of its research into the impact of Brexit on Scottish communities.<sup>8</sup> This research consisted of qualitative research amongst EU nationals, UK nationals and Scottish based businesses across three different geographic case study areas: Glasgow, Aberdeenshire, and the Highlands.<sup>9</sup> Although the report was published in September 2020, evidence was gathered before the pandemic and should be understood in this context.

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<sup>7</sup> Scottish Parliament Information Centre (SPICe), [Key Issues for Session 6: COVID, Climate and Constitution, SB 21-25](#), 11 May 2021, page 92.

<sup>8</sup> CAS, [Impact of Brexit on Scottish communities and their advice needs now and in the future](#), September 2020.

<sup>9</sup> 24 EU nationals were interviewed, with 8 from Glasgow, 9 from the Highlands and 7 from Aberdeenshire. 29 UK nationals/participants took part in focus groups, with 10 from Glasgow, 10 from the Highlands and 9 from Aberdeenshire. Business participants were either small (0-49 employees) or medium (50-249 employees) sized enterprises. There were two Glasgow based businesses interviewed, 5 Highland based businesses interviewed, and 2 Aberdeenshire based businesses interviewed.

The research found that for individuals surveyed:

- Both UK and EU nationals were concerned that Brexit would lead to further increases in the cost of living. Participants felt that the costs of goods and services would increase after the UK left the customs union, as a result of many UK businesses relying upon trade with EU customers.
- Participants within the rural case study areas were specifically concerned about the impact that an increased cost of living may have on their local area. Participants in Inverness stated that the cost of living within the Highlands was already more expensive than elsewhere and that this was due to businesses placing additional costs on delivery to rural areas. This could worsen if Brexit resulted in an increased cost of living.

In terms of direct impact on the labour market, some EU nationals, including long term resident EU nationals, stated that the increased cost of living had caused them to consider leaving the UK. While the research does not stratify out these individuals' employment circumstances, they do point to a wider risk of EU workers moving out of the UK as a result of Brexit and leaving a gap in the workforce.

For business participants, the research found that:

- Business participants shared similar sentiments with regards to the potential for increased costs after Brexit, stating that increased costs in the supply chain would result in increased costs for consumers and a resulting decrease in profits.
- Some businesses reported a drop in sales as a result of Brexit. They felt that the uncertainty around Brexit resulted in people cutting back their expenditure and avoiding making long-term financial commitments. One business stated that the loss of sales resulted in company directors reducing their salaries.
- Business participants who exported to the EU reported a significant reduction in both sales and their ability to export, and business participants operating within the tourist industry reported a reduction in both EU visitors and financial earnings, which they attributed to Brexit.
- A small proportion of businesses reported that they had changed their operations as a result of Brexit, with some attempting to make cost savings by shopping around for different suppliers or having discussions with their accountants. Business participants who currently relied on trade with European suppliers or customers raised concerns over the uncertainty within the Brexit process and stated that this had led to difficulties in developing their future business plans.
- Business participants also expressed concerns that funding and grants that are available to businesses through EU initiatives would no longer be available, limiting their growth opportunities.

These instabilities may already have had a knock-on effect on the labour market in certain regions and industries. One business within the construction industry stated that they had seen a significant decrease in the demand for their housebuilding services and had accordingly

reduced the size of their workforce. This was attributed to a decrease in people making long-term financial commitments such as taking out a mortgage on UK properties.

### **Availability of migrant workers**

Looking again at CAS's Brexit Impact report, businesses who were reliant upon staff from the EU reported a major drop in the number of job applications from people in EU countries. Business participants attributed this to the uncertainty regarding what restrictions would be placed on freedom of movement after the UK left the EU. They also noted concern that Brexit and the UK's new immigration policies might pose increased difficulties for people from the EU seeking work in the UK, resulting in job shortages within lower paid job markets. As this research was conducted before the pandemic and before the end of the transition period, there is likely to have been a further drop in EU applications over the past year.

UK nationals and businesses situated within Highland and Aberdeenshire reported that a lack of EU workers had already caused local businesses to experience difficulties in filling certain roles. They felt that businesses may experience difficulties in recruiting new staff and may even cease operating. In the event Brexit leads to significant staff shortages within rural areas, the sustainability of local economies could be detrimentally impacted. Local rural economies throughout Scotland are less diversified than those of larger towns and cities and may therefore be more vulnerable to any adverse effects of Brexit.

Business participants based in the Highlands raised concerns regarding the potential impact of the proposed points-based immigration system on their workforce and wage expenditure:

"In [the Highlands], a lot of our workforce is made up of EU nationals because British people... wouldn't work for even a bit more than minimum wage. Employers can't realistically afford to pay a massive salary to people for unskilled manual labour, whereas EU nationals are more than happy to work for [lower pay], and work hard for it. So, [Brexit] is going to have a major impact on us as an employer going forward."  
 - Business participant (manufacturing), Highlands

"People in the front of house, waitressing, housekeeping, et cetera, a lot of these positions are filled by people from overseas. The rate is between £9.00 and £9.50 an hour so £25,000 [a year] is quite high. From a business [perspective] it is a big concern."  
 - Business participant (accommodation), Highlands

CAS recommends that the Low Pay Commission considers why UK nationals are reluctant to take up this work at NLW rates and why EU nationals are expected to accept it more readily. While we appreciate the state of the economy and the other financial pressures placed on businesses during the past year, migrant workers should not be seen as a cheap way of sustaining companies at the expense of workers' living standards. Raising rates of pay to the independent Real Living Wage standard would help reduce this imbalance and place all workers from the UK and the EU on an even footing.



Further research on the impact of Brexit on employers is set to be published in the next few months and CAS would be happy to provide a copy of this research to the Low Pay Commission upon its publication.

#### *4 - What is your experience over the past year in the following areas?*

- *Prices and profits*
- *Productivity*
- *Pay structures and differentials*
- *Wider benefits available to workers (including premium pay and non-pay benefits across the workforce)*
- *Quality of work, including contract types, flexibility and work intensification (e.g. greater expectations for workers to work more flexibly, with greater effort, to higher standard etc)*
- *Progression and job moves*
- *Training*
- *Investment*
- *Business debt*

#### **The impact of the pandemic on the cost of living**

While the pandemic has often been portrayed as a time where people have saved money by cutting down on travel expenses and leisure activities, those on low-incomes have seen their outgoings increase significantly. More time spent at home has meant increased expenditure on food, utilities, and home entertainment,<sup>10</sup> and those living in rural communities have reported increased costs from relying on deliveries for groceries and other essentials.<sup>11</sup>

Debt was the second most common advice area across the CAS network in 2020-21, accounting for 10% of all advice.<sup>12</sup>

#### **Working from home**

The other significant employment impact of the pandemic has been the rise of home-working. While many will have seen their working patterns change by default to home-working, CAB have reported a number of cases where people have been denied this option. This has hit people with children and caring responsibilities hardest, mostly women, as they face difficulties arranging alternative care arrangements while at work.

*An East of Scotland CAB reports of a client who is being denied the opportunity to work from home despite having childcare responsibilities. The client's employer denied her request to be furloughed as they have advised furlough is only for use when jobs are at*

<sup>10</sup> Resolution Foundation, [Pandemic Pressures: Why families on a low income are spending more during Covid-19](#), January 2021.

<sup>11</sup> Citizens Advice Scotland, [Briefing for Westminster debate on unfair delivery charges](#), 9 December 2020.

<sup>12</sup> CAS, [Annual Data Report \(2020/21\)](#).

*risk and have further denied her right to work from home. Client points out that boss's wife is the Finance manager and they have allowed her to work from home and use an office laptop.*

*A North of Scotland CAB reports of a client facing redundancy if she does not return to work from her office. Client is a single parent and is struggling to organise childcare while schools remain closed.*

*An East of Scotland CAB reports of a client struggling working from home. Client started a new job during the pandemic and has had to juggle this with home-schooling her children. She feels that her children are suffering as a result of her work and has been given a mental health diagnosis. She is considering leaving her job and claiming social security to reduce the stress.*

CAB have also reported cases where clients faced practical difficulties with homeworking arrangements.

*An East of Scotland CAB reports of a client facing problems as a result of homework arrangements. Client works for a call centre and reports that there was a known IT problem that led to phone calls not being patched through. Employer is refusing to accept these IT problems as the reason for interruptions in the client's work and is beginning disciplinary proceedings against the client and a number of her colleagues. Client is now looking to leave her job early to avoid the disciplinary process being marked on her employment record.*

Both sets of cases point to the uneven impact of home-working on CAB clients. For those who might benefit from the flexibility of home-working, they have been denied this opportunity, while others have faced difficulties with their employer's expectations of their workload while working from home. As pandemic restrictions lift and offices reopen, CAS will continue to monitor the impact of home-working arrangements on our clients across the country.

### **Contract changes and fire and rehire**

Alongside changes to home-working, many people have faced other variations to their contracts during the pandemic, usually requiring workers to accept worse pay and conditions. Recent research by the TUC found that almost a quarter of workers (24%) reported that their working terms, such as pay or hours, had been downgraded since the first lockdown in March last year. This was more common for those between the age of 18 and 24 (34%) and those earning below £15,000 (30%). Nearly one in ten (9%) have been told to re-apply for their jobs on worse terms and conditions since March 2020.<sup>13</sup>

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<sup>13</sup> TUC, [Fire and rehire tactics are levelling down pay](#), 25 January 2021.

*An East of Scotland CAB reports of a client forced onto a zero hours contract at the end of the first period of furlough. Client was refused redundancy and has had no work since signing the new contract. Client is now left claiming Universal Credit.*

*An East of Scotland CAB reports of a client who has been employed full-time for a large supermarket chain for the past 16 years. Client has been told to sign a new contract that will lower his wage by £5,000 a year. The employer has informed the client and other employees that there would be no negotiation and that they must accept the contract change or be terminated and reinstated on the new contract. This is despite client working throughout the pandemic and the supermarket chain's sales increasing during that period.*

## **Health and Safety**

Health and safety at work has also become a key issue for employees asked to return to work in offices or public facing jobs. The combination of precarious work and a lack of available jobs means employees may be less able to speak out against an employer and assert their rights if this would risk their employment.

*A West of Scotland CAB reports of a client working for a large coffee shop chain who feels unsafe at work. Client says that no health and safety measures were put in place, there was no social distancing, and 12 employees were all using the same till and touching each other and customers' food and drinks without wearing gloves and masks. Client raised her concerns several times with her shift manager but no action was taken so she felt forced to resign for her mental and physical safety.*

*An East of Scotland CAB reports of a client classed as an essential worker who is being required to return to work despite receiving a shielding letter from the Scottish Government. The client accepts that her return to work is in line with Government guidance for essential workers but does not feel safe returning since there are a high number of positive cases in her workplace. Client has asked to be placed on furlough but her employer has refused.*

## **Carer's Bonus**

In November 2020 the Scottish Government announced a one-off payment for all NHS and social care workers employed in Scotland since 17 March 2020 in recognition of their work throughout the pandemic.<sup>14</sup> One CAB, however, has reported of multiple clients unable to access this bonus due to their employer ceasing trading in January 2021. News reports have also reported of late payments to council-employed careworkers in Fife, Perth and Kinross, and Argyll and Bute, and CAB are still reporting cases of clients awaiting their bonus.<sup>15</sup>

<sup>14</sup> Scottish Government, [News: £500 bonus for health and social care staff](#), 30 November 2020.

<sup>15</sup> Daily Record, [Social care staff across Scotland still waiting for £500 'thank you' bonus](#), 12 April 2021.

*5 - Apart from the minimum wage, what other factors affect workers in low-paying sectors and occupations? Among other things, we are interested in evidence and views on:*

- *The effect on workers of Universal Credit and other rules around benefits and tax.*
- *The relationship between the minimum wage and weekly income.*
- *Access to transport and the effects this has on working life.*

### **Universal Credit**

Over a third (35%) of people on Universal Credit (UC) in Scotland are in work (168,820 people).<sup>16</sup> Despite this, in-work poverty remains high. Official Scottish Government figures show 61% of working-age adults in relative poverty after housing costs in Scotland (400,000 working-age adults each year) were living in a household where someone was in paid work.<sup>17</sup> This means UC is not achieving its goal of helping people find good, secure, and well-paying jobs, and core aspects of its design – such as its digital-by-default nature, its high deductions that leave people in destitution,<sup>18</sup> and the five week wait for first payment – continue to place people into hardship.

CAS has long campaigned for reform of UC and our general comments to last year’s Low Pay Commission consultation still stand.<sup>19</sup> But the pandemic has been a particularly acute test for UC. Scottish Government figures show that around 6 times more people claimed for UC between March and April 2020 compared to the previous month. At its highest daily peak, on 24 March, 9,500 people claimed UC, with twice as many claims made that week than in the whole of January 2020.<sup>20</sup>

The characteristics of these new claimants showed the impact of the pandemic on the labour market. People moving onto UC in the month up to 9 April were much more likely to be in the searching for work conditionality group – and therefore unemployed or with very little earnings – than in previous months. In the same month up to 9 April, 60% of the increase in the UC caseload comprised of people in the searching for work group, compared to only 2% of the caseload increase in the month up to 12 March.<sup>21</sup>

In response to the influx of new claims, changes were made to UC’s operation during the pandemic, with three being particularly significant for low-paid and newly unemployed workers: the £20 a week increase to UC’s standard allowance; the suspension of the Minimum Income Floor for self-employed people on UC; and the initial “switching off” of conditionality before its

<sup>16</sup> DWP, Stat-Xplore, February 2021.

<sup>17</sup> Scottish Government, [Poverty and Income Inequality in Scotland 2017-20](#), March 2021.

<sup>18</sup> Citizens Advice Scotland, [Response to the Cabinet Office consultation: Fairness in Government Debt Management](#), September 2020.

<sup>19</sup> Citizens Advice Scotland, [Submission to Low Pay Commission](#), June 2020. See also, more recently, Citizens Advice Scotland, [MP Briefing for Queen's Speech](#), 10 May 2021.

<sup>20</sup> Scottish Government, [Universal Credit Scotland Dashboard – June 2020](#), page 2.

<sup>21</sup> Scottish Government, [Universal Credit Scotland Dashboard – June 2020](#), page 4.

“switching back on” in July 2020. While the latter two changes have yet to have a significant impact on advice need across the CAS network,<sup>22</sup> the impact of the £20 a week increase on clients has been evident. One West of Scotland CAB adviser told us of the impact the increase has had for one client with longstanding rent arrears:

*When the £20 uplift was applied, the rent charge was covered most months and was short by £30 on 5 week months which was much more manageable. In less than a year, she has been able to clear off her rent arrears and is no longer at risk of being evicted.*

The CAB adviser stressed that the increase was not only a question of income for the client but also their security and wellbeing:

*She is coping so much better with her finances, she's less stressed and no longer has her landlord contacting every month telling her to pay money that she couldn't afford.*

CAS has set out its position for making the £20 a week increase permanent in a series of briefings this year.<sup>23</sup> The increase has been vital for sustaining people’s incomes and has returned UC payments to a level closer to the cost of living. For some, this has compensated for increases in the cost of living due to lockdown restrictions keeping people at home. For others, particularly those who were previously on higher incomes, the increase has helped cushion against the income shock of moving onto UC. But for many, the £20 a week increase has only just covered essential costs and left others still struggling to make ends meet. Ending the increase in September will be one of the largest overnight cuts to social security in history, representing an income drop of at least 14% and by as much as 25% for single claimants under 25.

The increase also benefits those in work by increasing the value of work for those on UC. Because of the design of the taper rate for income, that £20 a week translates to an extra £1,424.80 that a person on UC can take home in wages each year before losing their entitlement altogether. During a period in which many people’s incomes will be fluctuating according to lockdown restrictions and business needs, that extra buffer allows them to take on work without fear of losing their entitlement to UC and the various benefits passported from it.

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<sup>22</sup> The Minimum Income Floor remains suspended until July 2021 and is set to be reintroduced for individuals at work coach discretion, meaning the impact of its removal may not be seen until later in the year. While conditionality was “switched back on” in June 2020, this was again done at work coach discretion and with an emphasis on a “light touch” approach. The DWP’s own statistics show a very low rate of sanctions – around 490 adverse sanction decisions each month. DWP, [Benefit sanctions statistics to January 2021 \(experimental\)](#), 18 May 2021. CAS will continue to monitor these aspects of UC as pandemic restrictions lift.

<sup>23</sup> Citizens Advice Scotland, [MP Briefing for Debate on Universal Credit uplift](#), 18 January 2021; Citizens Advice Scotland, [MP Briefing for Debate on Social Security Benefits Up-rating Order 2021](#), 9 February 2021; Citizens Advice Scotland, [Making the £20 Universal Credit Uplift Permanent: An Analysis of UC rates over time](#), 10 February 2021; Citizens Advice Scotland, [MP Briefing on Spring Budget](#), 24 February 2021.

The design of UC as an in-work benefit can also compound breaches of employment rights, for example where misreported wages can lead to a deduction in their UC payment.

*An East of Scotland CAB reports of a client whose UC was reduced as a result of an alleged increase in her earned income. Client is currently furloughed and has payslips that show her income has been the same over the past months but HMRC say her employer has reported higher wages.*

*A West of Scotland CAB reports of a client in receipt of UC who works cash-in-hand. Client's employer is reporting his income at around £300 more a month than client receives, leading to a reduction in his UC. Client has been pushed into financial hardship as a result and currently has rent arrears of £1,700.*

Other passported benefits such as Council Tax Reduction can be affected by the same fluctuations in reported income.

*A West of Scotland CAB reports of a client whose furlough pay is fluctuating month-by-month, leading to her being refused a Council Tax Reduction. Client is being paid less than her employer is reporting to her local authority. Client has asked her employer for payslips to confirm why her income is changing but has received no reply.*

While the £20 a week increase has frequently been presented as a temporary measure in response to the pandemic, in real terms it only restores the value of UC to the rate it was set at upon its introduction 8 years ago in 2013. Lower-than-inflation uprating and the benefits freeze from 2016 to 2019 meant UC has failed to keep pace with rises in the cost of living. Without the £20 a week increase, UC's Basic Allowance will be worth around 11.5% less in real terms than it was upon its introduction in 2013.

It is worth noting in this light the Learning and Work Institute UK's recent assessment of the interactions between the NLW/NMW and social security rates, where it found that in-work poverty had increased rather than decreased since the introduction of the NLW in 2016. While the NLW/NMW had raised the wages of the lowest-paid workers, many of these low paid workers were reliant on in-work benefits to boost their income, and so have seen a decrease in their total income, as the loss of social security support outweighed the increase in earned income.<sup>24</sup>

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<sup>24</sup> Learning and Work Institute UK, [The Future of the Minimum Wage](#), February 2021.

## Other aspects of social security

### *EU national entitlement to social security*

Many EU nationals are struggling to access UC as a result of immigration controls like the Habitual Residence Test and the decision to only extend social security rights to those with settled status.<sup>25</sup> Many of the difficulties they face in satisfying immigration controls necessary to access social security are themselves a result of years of insecure work, where for example the failure to provide payslips has left people unable to evidence their length of stay in the country.

*An East of Scotland CAB reports of a client who has had to claim for pre-settled status despite living in the UK for over five years as a result of insufficient evidence to substantiate claim. Client has no bank account statement, no Council Tax history, had employments without payslips, and lost access to documents from previous address.*

*A South of Scotland CAB reports of three clients who were registered for the EUSS by their employer. Clients now cannot access their Home Office digital status as the contact details provided are their employer's. Employer has done this to help but will cause problems if the clients seek to rely on their EUSS status for social security in future.*

For those people unable to access UC, their wage level is all the more important as there is no social security safety net available to top up their income. Enforcing workers' rights and extending the NLW to a Real Living Wage as quickly as possible will help ensure EU nationals and other people subject to immigration control have a sufficient income to live on.

### *Legacy benefits*

Due to the sudden introduction of lockdown restrictions, much of the Government's messaging focused on encouraging people to claim UC as soon as possible. However, there is evidence from CAB that this has led clients who were on legacy benefits to claim UC without realising that this would irreversibly end their previous entitlement. In many cases this has left them in severe financial hardship.

*A West of Scotland CAB reports of a client moved over from Working Tax Credits to UC. Client is a self-employed taxi driver and contracted Covid-19. He was contacted by the DWP through track and trace and advised of a £500 Council Grant he could receive if he was in receipt of UC. The client was at this time receiving Working Tax Credits (WTC) and wasn't made aware that by applying for UC his WTC would stop. As a result, the client is around £300 worse off each month.*

*A West of Scotland CAB reports of a client with a 3-year-old child who moved from Income Support to UC after a benefit check showed she would be better off by £20 a week. If the uplift is now withdrawn, the client will suffer an income cut.*

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<sup>25</sup> The extension of social security rights to those with pre-settled status is currently under appeal to the UK Supreme Court and the Court of Justice of the European Union. A decision from the latter court is due in late June.

## Support for those self-isolating due to COVID-19

Another crucial aspect of the pandemic has been ensuring support is available to those who have been asked to self-isolate. Without this support, low-paid workers may be forced to work while contagious, posing a risk to colleagues and the public. Cases from the CAB network report problems with the implementation of both the Scottish Government's Self-Isolation Support Grant and individual employer support schemes.

*A North of Scotland CAB reports of a client unable to access the Self-Isolation Support Grant scheme due to the local authority misinterpreting its eligibility criteria. Client applied to her local authority but was refused on the grounds that she was not claiming benefits. This was despite client being eligible on the grounds of her low income.*

*An East of Scotland CAB reports of a client who works for a large online retailer. Client has been told by his employer that he would only be paid to isolate once, which he has done already, as well as being told he has no entitlement to sick pay as he is an agency worker.*

## The National Living Wage

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*6 - What has been the impact of the NLW in the past year? Our critical interest is in its effects on employment, hours and earnings. We are also interested in the effect of the NLW on any of the areas listed in question 4.*

While we do not have any data specifically on the NLW, as noted in our response to Question 2 the most common type of employment advice in 2020/21 related to 'Pay and Entitlements', making up 22% of all employment advice. This advice need remained higher in March 2021 than it was pre-pandemic, suggesting that problems with the correct payment of wages remain an issue for people across Scotland.

Debt was also the second highest advice need for the CAS network (after benefits) in 2020-21, accounting for 10% of all advice given in the past year. This suggests that any positive impact of the increase in NLW rates for individual workers has not been enough to offset their wider financial difficulties.<sup>26</sup>

With many businesses shut altogether or operating with very limited trading for huge parts of the year, any impact of the NLW on businesses and employment levels overall is likely to have been minimal in comparison to other economic pressures. Where restrictions facilitated

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<sup>26</sup> CAS, [Annual Data Report \(2020/21\)](#). Debt has consistently ranked as the second most common advice need across the CAS network since the introduction of the NLW, accounting for between 14% and 17% of all advice: see our Advice in Scotland reports from [2019-20](#); [2018-19](#); [2017-18](#); and [2016-17](#). The relative decline in 2020-21 is likely down to the proportional increase in other forms of advice such as employment.



increased demand for certain goods and services, NLW levels did not appear to limit growth in recruitment, such as for supermarket workers and delivery drivers.

*7 - To what extent has the NLW affected different groups of workers, particularly those with protected characteristics (for example women, ethnic minorities) and migrant workers?*

Women, ethnic minorities, and young people are disproportionately likely to work in low-paid roles, and so the increase to minimum wage rates has been a positive step for these workers. However, those currently furloughed have not received the most recent annual uplift and the costs of living will still outstrip a full-time minimum wage for many.

CAB have reported cases where non-UK nationals have faced breaches of their employment rights, some in relation to pay.

*A West of Scotland CAB reports of an Iranian client who was refused statutory entitlement to holiday pay and statutory sick pay for just under 2 years. Client was ultimately dismissed for refusing to accept cash-in-hand payments below NMW and refusing to commit benefit fraud. As she was dismissed before the 2-year mark, client does not have full protection of employment law. Client informs that she is one of a number of Iranian nationals who have been exploited by this employer.*

*An East of Scotland CAB reports of a client who has had unexplained deductions taken from her wage. Client suspects that her employer is discriminating against her as an EU national because he does not expect her to understand her employment rights.*

In cases where CAB have reported explicit racial discrimination or harassment, the employees are also likely to be in low-paid and precarious work.

*An East of Scotland CAB reports of a client working at a large commercial laundrette who is facing bullying and racial harassment. This behaviour has come from colleagues but has been backed up by her manager who has not acted on stopping this behaviour.*

*An East of Scotland CAB reports of a client facing harassment from his direct manager. Client works in a hotel kitchen but is currently on sick leave. The manager has been accused of breaching health and safety rules, discriminating against non-UK staff, and using inappropriate language. Client says non-UK nationals have all been given reduced hours while UK staff have been returned to work fully. The business have also suggested that redundancies are forthcoming but client believes they are cutting hours to wait and see if employees will resign first.*

For people subject to immigration control, a decent wage is even more important as other forms of support may be unavailable.

*A West of Scotland CAB reports of a client with a young daughter facing financial difficulties. Client and his wife are both on Tier 4 visas and have no recourse to public funds. Both clients work at an airport and are set to be made redundant as a result of COVID-19. Client is very concerned about how they will manage after their redundancy begins and are concerned they will not be able to pay rent next month.*

CAB advisers have also reported cases where those taking maternity leave during the pandemic have faced employment difficulties upon returning to work. While not a reflection on the NLW, these cases demonstrate broader employment difficulties that women still face.

*A North of Scotland CAB reports of a client facing employment difficulties. Client went on maternity leave prior to the pandemic and upon returning to work was told that her hours were no longer available. Since then, client has only been offered work on an as and when basis. Client asked to be furloughed but was told the company was not utilising the furlough scheme.*

*An East of Scotland CAB reports of a client who is 13-weeks pregnant being asked to return to work without a proper risk assessment. Client has asked to be allowed to remain on furlough or begin her maternity leave early but her employer has been unsympathetic to these requests. Client is fearful for her own safety and that of her baby.*

*An East of Scotland CAB reports of a client off sick from work due to stress from her employer. Client was on maternity leave and has now returned to work from home. Employer has told her there must be no child noise when working, leaving her to consider getting childcare to keep her job. Client has also been refused flexible working and is facing shifts until 8pm with some weekends.*

Other clients with long-standing health issues or disabilities have reported of their employment being ended during the pandemic on health grounds.

*An East of Scotland CAB reports of a client due to have his employment terminated on medical grounds. Client has sight issues and requires other staff to drive him to and from work. His employers have said this would not be permitted under coronavirus regulations and are attempting to terminate his employment on this basis. Client has not been given the opportunity to arrange an alternative way of getting to work.*

*An East of Scotland CAB reports of a client whose employer is looking to dismiss him on capability grounds. Client has been on restricted duties for 20 months because necessary medical treatment has been delayed due to the pandemic.*

While young people are known to face a number of issues in relation to low-paid and precarious work, CAB have evidence of these issues also affecting older workers.

*An East of Scotland CAB reports of an older client (60–64) working four jobs to pay their bills. Client’s husband is over retirement age and also works part-time but has been laid off due to COVID-19. Client is currently in arrears for Council Tax and has other debts such as car finance for a vehicle that is required for her work. Mounting debts and COVID-19 restrictions have left the client anxious and in need of support.*

## 8 - How has the NLW’s impact varied across different areas of the UK?

Scotland’s economy relies on agriculture, hospitality, and tourism more than the UK average, meaning it has been particularly vulnerable to the impact of COVID-19 over the past year.<sup>27</sup> This is clearly visible in rural areas but Scotland’s largest cities would also normally employ huge numbers of workers to cater for holidaying tourists in the high season. Restrictions on travel will be challenging for farmers who rely on highly mobile workers at peak times of year, and oil and gas workers will also find social distancing difficult offshore, with knock-on consequences for a complex supply chain that extends beyond Scotland’s North East.

Some low paid sectors, such as onsite hospitality, tourism, and non-essential retail, have all but ceased operating during lockdown and will struggle to return to normal levels of activity while maintaining social distancing for staff and customers, even as restrictions ease. Others, such as care work, essential retail, cleaning, takeaway food outlets, and courier work, have carried on during the outbreak or become even more essential, but with additional pressures and health and safety challenges. Most often, these have not come with additional compensation.

Finally, as noted in our answers to Questions 3 and 4, those living in communities deemed “rural” already pay on average 30-50% more for the delivery of goods bought online than consumers in other parts of mainland Great Britain.<sup>28</sup> During the pandemic, when many have relied on deliveries for groceries as well as non-essential goods, those in rural communities have seen a huge jump in their cost of living, far outstripping any increase to the NLW and leaving these communities in more acute financial difficulty. CAS’ recent report into vulnerable clients’ access to post has called for greater transparency for consumers in remote and rural areas over the cost of surcharging for deliveries and an examination of current practices and charges to ensure any charges are proportionate and transparent.<sup>29</sup>

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<sup>27</sup> ONS, [Labour Market Profile – Scotland](#), Jan-Dec 2020.

<sup>28</sup> Citizens Advice Scotland, [The Postcode Penalty: Delivering Solutions](#), December 2017.

<sup>29</sup> Citizens Advice Scotland, [Delivering for all: How vulnerable groups access post in Scotland](#), May 2021.

*9 - The Government's remit for the NLW is based on achieving a target of two-thirds of median earnings by 2024. Based on forecasts, our current central projection for the April 2024 NLW rate is £10.33. What are your views on this target?*

CAS would hope that at least this target should be met by April 2024 at the latest. CAS is also concerned to see that the forecast has dropped compared to last year's consultation (target April 2024 NLW rate of £10.69). However, the NLW should ultimately increase at a rate required to end levels of pay that cannot afford a decent standard of living and at a minimum match the independently-calculated voluntary living wage.

*10 - How have employers responded to the lowering of the NLW age threshold to 23?*

CAS evidence on working people struggling to make ends meet, including younger people, suggests the threshold should be reduced as soon as possible so more people can access a higher standard of living.

Similar to our response to Question 6, we would note that the impact of the lowering of the NLW age threshold will have been outstripped by other economic concerns this year and that in traditionally low-paid areas of work - such as supermarkets and courier companies - the lowering of the age threshold does not appear to have reduced recruitment.

*11 - At what level should the NLW be set from April 2022? Our current central projection for the on-course rate is £9.42, with a likely range of 7 pence above or below this figure.*

CAS would hope to see a NLW of at least £9.42 from April 2022, but would urge the LPC to recommend as high a rate as possible, with the aim of matching the voluntary Living Wage as soon as possible.

## Young people

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*12 - What do you think has been the effect of the minimum wage on young people and on their employment prospects?*

We have no evidence to suggest significant effects of the minimum wage on young people's employment prospects. However, as stated in previous submissions, the multiple rates can be confusing and CAB have seen cases of young people unsure of what rate they should be paid or unaware that they were being paid less than the legal minimum.

CAS recommends equalising the NMW across all rates at its highest level to simplify the system for workers and employers and reduce the perception of it being discriminatory and unfair.

*13 - This year sees the creation of a new 21-22 Year Old Rate, which will remain in place until the NLW age threshold is lowered again to 21.*

- *To what extent will employers use the new 21-22 Year Old Rate?*
- *At what level should it be set from April 2022?*
- *When do you think the NLW age threshold should be lowered to 21? What factors should we consider in making this decision?*

We welcome the lowering of the NLW threshold to 23 and a further lowering to 21. However, we would recommend that the different rates be abolished altogether eventually, with all those aged 16 and over earning the NLW. Current rate differences are perceived to be unfair and discriminatory by younger CAB clients, and the evidence on their effectiveness in sustaining or growing youth employment is inconclusive.<sup>30</sup>

*14 - At what level should each of the other NMW youth rates (the 18-20 Year Old Rate and the 16-17 Year Old Rate) be set from April 2022?*

The younger age rates should be increased at a higher rate than the NLW, with a view to equalising the rates in the long term. In addition to making the minimum wage fairer for young people as detailed elsewhere in this response, increasing the rates would also account for the lower levels of social security support available for young people.<sup>31</sup>

Many young people work in the sectors most affected by the coronavirus outbreak and the lasting effects of similar economic shocks for young people are well documented, following the 2008 crisis.<sup>32</sup> As such, they will need wages that can afford a decent standard of living.

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<sup>30</sup> London Economics, [The impact of the minimum wage on young people](#), January 2015.

<sup>31</sup> Universal Credit, Jobseeker's Allowance, Employment and Support Allowance, Income Support and Housing Benefit all feature lower rates for under 25s and/or under 18s.

<sup>32</sup> Overseas Development Institute, [The Impacts of the Economic Crisis on Youth Review of Evidence](#), October 2010.

## Apprentices

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- 15 - What is the outlook for the recruitment and employment of apprentices?  
16 - What have been the impacts of recent increases in the Apprentice Rate?*

We do not hold significant evidence on apprenticeships. However, CAB advisers have reported of redundancies affecting apprentices. With the labour market set to be depressed going forward, apprentices who are made redundant will face acute difficulties seeking new employment and the completion of their training.

*A North of Scotland CAB reports of a client set to be made redundant from his modern apprenticeship. Adviser notes that client had raised grievance at workplace and may be facing redundancy as punishment. Client is worried they will struggle to find another employer who is willing to take over his apprenticeship.*

*A North of Scotland CAB reports of a client dismissed within 4 weeks of signing her Modern Apprenticeship agreement. Client's employer had unreasonable expectations that the young person would immediately be as productive and capable as her more experienced older colleagues. The CAB tells us that this is one example of a number of cases where employers appear to be using Modern Apprenticeships as a form of cheap labour, where they do not facilitate time for necessary training and development to take place.*

- 17 - At what level should the Apprentice Rate be set from April 2022? Should we go ahead with our intention to equalise the rate with the 16-17 Year Old Rate next year?*

Similar to our response to Question 12, CAS recommends equalising pay rates at the highest level.

## Compliance and enforcement

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- 18 - What issues are there with compliance with the minimum wage and what could be done to address these?*

There are several general obstacles to improving compliance in the UK and Scotland. Employment-related advice is underfunded and unionisation remains low in minimum wage roles, reducing the amount of support available to a person seeking to enforce their rights. Clients being paid below the minimum wage will almost always present at CAB with other breaches of their employment conditions, suggesting a systemic problem of deliberate negligence or wilful ignorance by employers, rather than one-off "accidents". Breaches of even

basic requirements like the issuing of payslips to employees are commonly reported at CAB. This greatly reduces the ability for enforcement of labour rights if a client does not know their wage breakdown, their hours worked, their tax contributions, or the deductions made for things like tied accommodation.

One common way employers have circumvented the minimum wage is through wage deductions. This is particularly prevalent for those classed as “self-employed”, for example as couriers, which as a sector will have seen huge growth during the pandemic.

*A West of Scotland CAB reports of a client working as a courier. Client is contracted as a self-employed worker and must hire a van and cover associated costs as part of the contract. Client had an accident that damaged the bumper of the van and the courier company attempted to charge more than £1,000 for this. Even after challenging this amount and reducing it to £200 plus additional charges, client has been left without pay for six weeks. CAB adviser notes that this case is representative of a number of recent CAB clients who work as drivers for courier companies.*

*A North of Scotland CAB reports of a client working in a care home. Client had been asked to undertake training recently. After completing the training she was presented with an agreement by her boss that gave her permission for the cost of the training to be deducted directly from her wages. Client was not told she was expected to pay for the training before undertaking it and the agreement does not state what the deductions will be.*

On top of these longstanding employment issues, the pandemic and the various Government support schemes have presented additional difficulties. Incorrect payment of furlough, for example, has been a common issue among CAB clients, leading to lost wages and unpaid work.

*A West of Scotland CAB reports of a client and four colleagues who have not been paid furlough wages for almost four months. Client has confirmed with HMRC that furlough has been issued to the employer but the person in charge of paying wages will not respond to the client’s contact attempts.*

*An East of Scotland CAB reports of a client being asked to work extra hours to “make up” for his furlough. Client is working an additional day a week for no extra pay. When client complained to his employer he was told he has over 360 hours “lost” to furlough and that these need to be recovered – meaning he would be expected to work this additional day for almost a year.*

Clients have also reported issues around holiday pay during furlough.

*An East of Scotland CAB reports of a client who has been made redundant and denied holiday pay. Client’s employer told her she is not entitled to holiday pay entitlement accrued during furlough.*

*An East of Scotland CAB reports of a client in the hospitality industry made redundant after being furloughed for 3 months. Employer has reduced the accrued holiday pay given to the client by incorrectly claiming that furlough has changed how this is to be calculated. Client has been left more than £200 out of pocket as a result of their employer withholding this holiday pay.*

*A West of Scotland CAB reports of a client who was recently made redundant by his company after a period on furlough. Client was told early in the furlough scheme that he would have to take his 3 weeks holiday during furlough. Client protested that he had already booked time off later in the year but was told he would have to cancel it and that taking his holiday during furlough would save his job. Client feels he was pressured into accepting this agreement and now feels he gave up his annual leave for nothing.*

CAB have also seen clients facing difficulties claiming Statutory Sick Pay during the pandemic – a key right considering many low-paid workers will have been asked to self-isolate due to COVID-19 at some point during the past year.

*A West of Scotland CAB reports of a client whose employer is refusing to pay SSP. Client had previously self-isolated in December and has now been told to self-isolate again due to close contact with someone who tested positive for coronavirus. On both occasions, employer refused to pay SSP and told client she needs to contact the Job Centre to receive this. Client contacted the bureau in distress and was told by her employer that it states in her contract that they do not provide SSP, despite this being a legal obligation they cannot contract out of.*

Enforcement of compensation for redundancies may also have suffered as a result of the pandemic.

*An East of Scotland CAB reports of a client whose employer has shut the company down and began trading from home under a new name. Client was initially on furlough but received no wage in July – it was only upon following this up with her employer that she was told the company had closed down. Client has had no official confirmation that she was being made redundant or that her job had ended and has received no redundancy or holiday pay.*

*A South of Scotland CAB reports of a client who was made redundant without pay. Client was able to secure a tribunal date for his redundancy pay claim but has now been informed the company he worked for is insolvent and so he should apply to the Redundancy Payments Service instead. When client contacted the Redundancy Payments Office helpline there was a message redirecting him to an online form – this now appears to be the only way to make a claim. Client has no internet access or computer skills and with libraries and CAB shut he has no way of seeking digital access support in person.*



CAS's recommendation would be to dedicate resources to a three-pronged approach:

1. A preventative strand focused on awareness-raising for individuals and employers, working with schools and job centres to ensure those entering the workforce are fully informed of their rights and entitlements, and with enterprise bodies to ensure new employers understand their responsibilities.
2. An easy process, anonymised if necessary, where employees, employers, and witnesses can report concerns that result in swift investigative action.
3. A strong approach to enforcement when non-compliance is found, with responses guided by the severity and impact of the non-compliance.

### *19 - What comments do you have on HMRC's enforcement work and the guidance available to employers?*

Currently, responsibility for enforcement is disproportionately on the shoulders of individual workers. This disregards the power imbalance between workers and employers and undermines good employers by making it too easy for bad employers to "risk" breaches without consequence. The harm and severity of a breach should be considered not just in terms of the number of offences or workers affected – or the amount of money involved – but in terms of impact on individuals and the knock-on effects of illegally low wages and other malpractice on living standards and health.

One employment specialist CAB adviser we spoke with questioned the effectiveness of current enforcement mechanisms, noting that where a client is not paid the minimum wage they have two options: they can either take the matter to the HMRC compliance team for enforcement; or the individual can make a request for ACAS early conciliation and then submit a claim to the Employment Tribunal. Cases can only go to the HMRC compliance where non-payment of the minimum wage is the only head of claim. In reality, it is likely that someone receiving the incorrect rate of pay will also have other significant breaches of their rights, meaning they will have to opt for the Employment Tribunal and their case will not be publicised. As such, the "Naming Scheme" list that HMRC produce for breaches of the minimum wage is incomplete, ultimately reducing the incentive for employer compliance.

When clients go to enforce their Employment Tribunal award, they encounter additional difficulties. Enforcement through Sheriff Officers comes with an upfront cost that clients on low pay are unlikely to be able to afford. The alternative is to use the Employment Tribunal Penalty Enforcement scheme, where the employer will be told to pay the award or face an additional fine from the Government. Our CAB adviser reports that in practice these penalties are not enforced, leaving the client without redress.

Our CAB adviser suggested that breaches of the minimum wage be given similar enforcement to the HMRC's Statutory Payment Dispute Team. In cases where statutory wages such as Statutory Sick Pay and Statutory Maternity and Paternity Pay are not paid correctly, the HMRC

takes over enforcement and can even directly pay the employee the wages owed if the employer is insolvent. This is particularly important where a company may be declared insolvent and “phoenixed” by an employer to avoid paying these liabilities. Our CAB adviser tells us enforcement in these cases is significantly quicker and more effective for clients than the current routes for recovering below-minimum wages.

CAS is encouraged to see the Government’s recommitment to creating a single enforcement body,<sup>33</sup> a move we supported in the initial consultation in 2019.<sup>34</sup> In particular, the expansion of the enforcement body’s remit to cover entitlement to holiday pay and statutory sick without having to go through a lengthy employment tribunal process would help answer the issues raised by our adviser above. We hope that the Government prioritises and properly funds this work to ensure workers’ rights are made accessible and enforceable as soon as possible, as well as expanding enforcement and prosecution against employers who repeatedly breach workers’ rights.

## Accommodation Offset

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*20 - What are your views on the Accommodation Offset? What difference, if any, have recent increases in the rate made to the provision of accommodation?*

While we do not have statistics on the Accommodation Offset, CAB advisers have flagged cases concerning employees who receive accommodation as part of their employment. During lockdown, many clients were faced with the possibility of eviction as a result of their potential redundancy. These clients often have evidence of other breaches of employment rights alongside their dismissal.

*An East of Scotland CAB reports of a client working at a hotel with tied accommodation. Client has no contract and no tenancy agreement for the accommodation, only a copy of the staff handbook. Due to lockdown restrictions the hotel chose to make their staff redundant rather than putting them on furlough. After pressure from unions the hotel agreed that staff could stay at the hotel. Client is now the only person still residing at the premises and is worried that he will be asked to leave over the Christmas period. Client is an EU national with pre-settled status and has no other accommodation or support available.*

*A South of Scotland CAB reports of a client who works at an outdoor education centre. Their contract has tied accommodation included with one month’s leeway after*

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<sup>33</sup> Department for Business, Energy, and Industrial Strategy, [Establishing a new single enforcement body for employment rights: Government response](#), June 2021.

<sup>34</sup> Citizens Advice Scotland, [Good Work Plan: establishing a new Single Enforcement Body for employment rights consultation](#), October 2019.

*termination of his employment. Client's employer is about to go into administration because of COVID-19 and client is concerned he will not be able to find suitable local accommodation for him and his four children.*

*A South of Scotland CAB reports of a client who is being made redundant from his farm job. Client has a 40 hour a week contract but was frequently made to work overtime without pay. Client has also been required as part of his contract to purchase two dogs and pay for their upkeep. These requirements conflict with the Agricultural Wages Board Regulations. Client has now been told he must leave his tied accommodation as a result of the redundancy.*

## **Live-in domestic workers**

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*21 - Under section 57(3) of the National Minimum Wage Regulations 2015, work done by a worker in relation to an employee's family household is exempt from the NMW if the worker lives with the employer and is treated as a member of the family. What evidence do you have on the use of this exemption? We are particularly interested in evidence on the characteristics of workers affected; and the prevalence of its use.*

We do not hold statistics on live-in domestic workers.

## **Miscellaneous**

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*22 - Is there any other evidence, not touched on in the questions above, which you wish to share on issues relating to the NLW/NMW?*

No other issues to raise.

### **For questions or further information, please contact:**

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