

Nicola Smith
Senior Policy Officer – Commission on
Vulnerable Employment
Trades Union Congress (TUC)
Great Russell Street
London
WC1B 3LS

Contact: Kate Wigley
Direct line: 020 7934 9713
Fax: 020 7934 9667
Email: Kate.Wigley@londoncouncils.gov.uk

Our reference: TUC Commission on Vulnerable
Employment Response
Date: 29 November 2007

Dear Nicola,

Re: Commission on Vulnerable Employment – invitation to respond on public consultation

London Councils welcomes the opportunity to feed into the TUC Commission on Vulnerable Employment. London Councils does not feel it is able to answer all the questions asked. London Councils is keen to hear the results of the TUC Commission investigation into the causes of and solutions to unfair treatment at work in the UK.

London Councils recommends that the Commission refers to the enclosed recent interim report summary published by London Child Poverty Commission. Although the report does not focus on vulnerability of employees directly, it acknowledges the damage that can result from low paid employment. It also highlights the factors that have led people to be in vulnerable or low paid jobs and the traps that prevent them from making their way into more secure jobs and eventually out of poverty.

The report has informed the London Councils response below:

1. What are the different factors that impact on the power relationship between employers and workers, and therefore place workers at risk of vulnerability?

From a child poverty perspective, the vulnerability of a worker and their family in relation to poverty does not disappear once employment is found. Recent research by the London Child Poverty Commission has found that being in work does not necessarily lower the chances of poverty for a family. A third of children in poverty in London come from a household where at least one parent is working and 8% of children in poverty live in a lone-parent family where the parent is in employment.

Childless migrants to London from around the UK and abroad are able to fill lower paid jobs that require less qualifications. This has left fewer opportunities for parents with child care and carers needs as they are unlikely to be able to work as flexibly or as long hours as those without children. Employees with children feel pressure from their employer and colleagues to be able to provide this flexibility at risk of losing their job. This can lead to them losing their job or returning to benefits.

Those for whom English is not their first language face barriers and vulnerability in work. 'Hourly earnings for Londoners whose first language is not English are very low: the median hourly wage in 2003 was £7.10 an hour, compared to £11.33 for those with English as a first language. These low rates of pay seem to reflect the over-representation of migrant workers in lower-paid occupations and sectors'¹. While workers with English as a second language make up 14% of all Londoners in employment, they comprise 27% of those in elementary occupations and 26% of those employed in sales and customer services. They are particularly over-represented in hotels and restaurants where they make up almost half (47%) of all Londoners employed in this sector.'²

Other characteristics leading to an imbalance of power between employers and workers include those with mental health support needs, learning and/or physical disabilities. Data gathered by the UK's Office for National Statistics' Labour Force Survey September to December 2006, reported that nearly one in five people of working age (6.9 million, or 19%) in Great Britain were disabled. Only about half of disabled people of working age were in work (50%), compared with 80% of non disabled people of working age. The average gross hourly pay for disabled employees was £10.31 compared to £11.39 for non disabled employees.

Mental health problems have a major impact on economic performance, in terms of lower rates of productivity and increased periodic absenteeism. In London, the economic costs of mental ill health are estimated to be around £5 billion per year³ and of these costs, 90% are caused by productivity losses. Existing legislation promotes the rights of employees with mental health problems to be supported at work, although in practice people still face many barriers to continued employment.

It is also likely that those with learning and/or physical disabilities will require additional support from their employer and have reduced productivity. In London one person in six of working age has a disability that limits their work and/or daily activities⁴. Of those in employment, one quarter of disabled people said that they had experienced discrimination, and two fifths of cases said that this was from employers or managers⁵.

According to a Greater London Authority (GLA) commissioned report into views of disabled Londoners in March 2006, employers were perceived as being unwilling to introduce greater flexibility of working practices, to commit resources to make work places accessible or to invest in equipment⁶.

Higher mobility rates in London and competition for jobs that demand lower qualifications is intensified by the larger population share of younger people. Age and an insecure housing situation are therefore, further personal characteristics that create vulnerability for workers, particularly those living in London.

¹ London Child Poverty Commission Interim Report – September 2007

² London Child Poverty Commission Interim Report – September 2007

³ Navigating the Mental Health Maze, London Assembly, 2007

⁴ Using figures for the Annual Population Summary, GLA September 2005

⁵ Towards joined up lives, Greater London Authority, March 2006

⁶ Towards joined up lives, GLA commissioned report, March 2006

A separate focus for the commission may also be provided by research into London's greater informal economy. A recent study by Community Links revealed that those who work informally, do so usually in response to poverty, that is, out of 'need not greed'. Limits in the hours that people can work, low benefit rates and low wages are all risk factors underpinning the need for many to work informally. They often feel that their lack of skills and qualifications, or qualifications unrecognised in the UK has left a lack of formal opportunities for them. A number of London boroughs are working with people in the informal economy to support them by, for example, getting them to start-up their own business and go into self employment⁷.

2. What are the employment experiences of vulnerable workers like?

People with mental health problems who are employed report that work is both a distraction from symptoms and a way of managing them. While they report that it helps them structure their time, increase financial security, feel productive and increase their self esteem,⁸ surveys have found that 47% of people with mental health problems reported experiencing discrimination at work. 52% of workers had concealed mental ill health for fear of losing their job⁹.

About 16% of disabled people in work said that they were treated differently by colleagues, 16% reported discrimination because of their disability, and 15% said that they were not allowed suitable time off for treatment. Specific forms of prejudice included negative comments, assumptions about abilities, being patronised and being treated offensively¹⁰.

London provides a particular set of boundaries to gaining and sustaining employment.

5. What are the solutions to vulnerable employment?

In term of ESOL training for those for whom English is their second language, there is a need for government departments to communicate and co-ordinate work. One area of focus could be for employers to get involved in funding provision for immigrants before they arrive in the UK. More funding should also be directed to lower entry level ESOL qualifications in London. There is currently also an imbalance of funding for different levels in language in that level 2 has been funded, but there is a gap in the funding for higher levels that can support people to move up the employment ladder.

Incentives for employers such as Investors in People or a 'branding' for ethical and social employment standards covering areas such as pay, work-life balance, gender and ethnic minority employment and promotion, could encourage them to work to above the legal minima. Initiatives such as the Employer Accord and the Pre-Volunteering Programme have been set up by the London Employment and Skills Taskforce for 2012 to achieve this. The aim is to harness the opportunities presented by the Olympic Games to deliver longer term improvements for Londoners. The introduction of Fair Procurement policies

⁷ These include Wandsworth and Haringey.

⁸ Van Dongen, Community Mental Health Journal, 1996

⁹ Working minds, The Industrial Society, 2001

¹⁰ National Centre for Social Research for DWP, 2002

and encouraging employers to sign up to a 'living wage' schemes could lead to reducing levels of vulnerable employment. Employer representative organisations and the London Skills and Employment Board need to encourage employers to provide jobs on a part-time or more flexible basis and provide career progression routes. Skills and training support for those with low-income jobs to enable employees to progress in salary and responsibility would provide them with more stability in their jobs and increase their earning capacity. These measures would provide a more diverse workforce for the businesses and improve retention rates.

The factor most strongly associated with job retention for people with mental health problems is the support of the manager and supervisor. Both employer and employee are often unaware of the protection available under existing legislation. Improved advice and information is important to reduce stigma and sustain employment and training opportunities. A number of organisations and networks are distributing information and good practice on mental health to employers. Mindful Employer are promoting a Charter For Employees Who Are Positive About Mental Health.

People with learning or physical disabilities cited supportiveness, openness and flexibility such as adjusting working hours and providing equipment as support needed from their employers¹¹.

A source of further reference to the Commission may be the Adult Skills Strategy due to be published by the London Skills and Employment Board that should contain more concrete proposals on incentivising employers to treat employees fairly and provide more flexibility and security.

I hope that you will find this information useful and look forward to the results of the investigation.

Yours sincerely



John O'Brien
Chief Executive

¹¹ Towards joined up lives, Greater London Authority, March 2006