

Launch of the ‘National Living Wage’ song: MPs tell companies to pay staff fairly

PRESS RELEASE

Since the introduction of the ‘National Living Wage’ this year, some of the UK’s most famous companies have been cutting the total pay of their long-serving staff, while increasing per hour wages.

There are dozens of companies across the country that are making these pay cuts, mainly in the retail, hospitality and food production sectors. Many are multinational companies. Some of them have historically great reputations but have made terrible mistakes, while others are notorious for treating staff poorly.

With in-work poverty creeping up, the scandal of low-paid Britain is more worrying than ever - and our biggest and best companies have a responsibility to treat their loyal staff with respect.

We know that the public are getting angrier, with a quarter of a million people signing national petitions against these pay cuts, but despite this, we are discovering more and more companies issuing new contracts with reduced pay. If companies do not stop the practice of tearing up old contracts and reducing total pay, then the government must intervene.

We are calling on company Boards to reverse their decisions at their Board meetings in January.

Top lines:

Labour MPs launched the ‘National Living Wage’ single this week, to publicise the fact that thousands of low paid workers are receiving pay cuts this Christmas.

These pay cuts have been made by many British companies around the country, through ending old contracts, with short ‘show’ consultations, and issuing new contracts, with reduced pay packages. The contract changes include: termination of double time on Sundays, Bank Holidays; elimination of ‘unsocial’ hours payments; ending the inclusion of 30m lunches in staff contracts; termination of free lunches; pension cuts; abolition of seasonal bonuses; termination of location premiums; abolition of a range of additional allowances; among many other contract changes. **All of these**

changes have been made around the introduction of the new higher basic rate of pay, as an opportunity to cut costs.

This campaign is driven by the desire to raise awareness of the fact that thousands of people in this country, who are already on low pay, are receiving a pay cut.

Who is affected and who is cutting pay:

At the high street retailer M&S, it was estimated that about 11,000 of their total workforce of 83,000 would be negatively impacted in some way by pay cuts - that's 13% of the workforce affected adversely (almost all on pre-2002 contracts). We also know, directly from conversations with M&S executives, that 3,100 people will be affected by **at least £1000 or more** as a result of these pay cuts - comprising 4% of the total number of employees.

We estimate that over half a million people in the retail, restaurant and food manufacturing industry may be receiving a pay cut. That's 624,000 people to be precise, representing 13% of the total number of workers in these industries.

And around 4% of the total number of staff in these industries may be seeing a very significant cut in their pay packets - that's around 192,000 employees around the country, taking home LESS as a result of unscrupulous employment practices.

Companies responsible for pay cuts

B&Q	<p>Cuts to employees' wages first came to light when the actions of B&Q were exposed. Back in February 2016, a friend of Siobhain McDonagh approached her with his payslip from B&Q, saying that the company had given him new terms and conditions, which they had said he needed to sign, or face losing his job. These new terms including cutting back Sunday and bank holiday pay, as well as summer and winter bonuses, and London weighting, costing him £50 a week, or about £2,600 a year.</p> <p>Hundreds of staff around the country were given an ultimatum to sign the new term and conditions, or lose their jobs.</p>	<p>It is worth pointing out that B&Q does not recognise a trade union, and instead uses a 'People's Forum'. The company is owned by the large multi-national, Kingfisher PLC.</p> <p>B&Q CEO, Veronique Laury, has basic pay of £800,000</p>
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<p>MARKS & SPENCER</p>	<p>Britain's premier high-street brand announced an internal consultation in April into cutting premium pay for workers on Sundays and bank holidays, and reducing pension contributions, which would primarily hit workers on pre-2002 contracts.</p> <p>The consultation which was launched in April closed abruptly in September - NOTICES ARE BEING HANDED OUT OVER THE CHRISTMAS PERIOD. At least 2700 staff members will be losing out at least £1000 per year as a result of the pay cuts alone, and 700 will lose at least £2000 per year (some will lose up to £6000). Furthermore, pensions changes will hit even more people, up to 11,000 of M&S's 77,000 staff members.</p> <p>As of September 2016, 72 Labour MPs signed a letter to M&S CEO Steve Rowe, expressing their concerns and asking him whether he too would commit to a pay freeze - which he is essentially offering his staff.</p> <p>As a result of this campaign, M&S announced very modest changes to their transitional payments, to be slightly more generous than before. This included topping up employees lost earnings after 2020 by 50%, and apparently enabling employees to make up the rest by working extra hours. These payments do not cover the losses incurred by pension changes - and the changes amount to, at best, a pay freeze for these employees, for the indefinite future.</p> <p>M&S have been really guarded about their consultation plans. In a meeting with Siobhain and the Head of Retail, he claimed that the business had been making these plans for 18 months.</p>	<p>Over the weekend it was announced that M&S CEO Steve Rowe would be accepting £1.8m in a 'share-based incentive package' this Christmas, taking his total pay to around £4.2m this year.¹</p> <p>Just like B&Q, M&S does not recognise a trade union, using a 'Business Involvement Group' instead, which does not have the same resources as a union. M&S have repeatedly stated that they have no intention to recognise a union.</p> <p>The company has also announced store closures in a veiled threat to M&S workers - without announcing which stores will actually close.</p>
<p>SISTERS FOOD GROUP</p>	<p>The owners of Bradgate Bakery which produce Ginsters and Soreen Loaf, as well as other well-known brands, announced significant cuts, with many workers across Leicestershire losing out.</p>	<p>350 job cuts at its meat processing plant in Merthyr Tydfil, announced last month.</p>

¹ <http://www.independent.co.uk/news/business/comment/ms-boss-steve-rowes-monstrous-pay-package-should-surprise-no-one-given-the-backgrounds-of-the-people-a7465141.html>

	<p>The new terms include cuts to double pay on Sundays and bank holidays, a fall in night shift supplements and the abolition of paid breaks.</p> <p>Like B&Q, Samworth Brothers announced these changes, after months of planning, in April this year - coinciding with the introduction of the National Living Wage.</p> <p>Hundreds of staff members have been hit by these changes. At present, there is no compensation payment.</p>	<p>Brothers Ranjit and Baljinder Boparan Singh (owners of the group) are listed as the sixth wealthiest people in the Midlands.²</p>
TESCO	<p>Around 50,000 Tesco employees have received a pay cut of some sort as a result of contract changes earlier this year, as a result of the decision to cut pay on weekends, bank holidays and evenings. Most of the affected employees are over the age of 40, on older contracts.³</p>	<p>Tesco CEO Dave Lewis received a £3m bonus earlier this year</p>
MORRISONS	<p>The supermarket has watered down longstanding pay arrangements, abolishing paid breaks and the Sunday rate.</p> <p>The 15-minute breaks earned staff £1.73 a time, while they used to be paid time-and-a-half for working on Sundays</p>	<p>Morrisons CEO, David Potts, received a £1m bonus earlier this year</p>
CAFFE NERO, EAT & LE PAIN QUOTIDIEN	<p>The café sector has also seen some unscrupulous pay changes.</p> <p>Staff at the coffee chains Caffè Nero and EAT will no longer be eligible for free food at their lunch breaks, saving the company just £3.60 per staff member.</p> <p>The fashionable, and expensive, cafe chain Le Pain Quotidien has cut paid breaks, and has failed to pass on all tips to staff.</p>	<p>Caffè Nero has not paid corporation tax since 2007</p> <p>EAT is owned by the highly profitable Lyceum Capital Partners</p>
JOHN LEWIS PARTNERSHIP	<p>The JLP are likely to be the next big names in the national pay controversy.</p> <p>Waitrose, which as part of the John Lewis Partnership is constitutionally impelled to take care of its staff, who own the business,</p>	

² <http://www.birminghampost.co.uk/lifestyle/food-drink/birmingham-post-rich-list-2016-10699974>

³ <http://www.cityam.com/251508/employees-take-tesco-court-over-pay-cuts>

	<p>has stopped paying Sunday and overtime rates for new shopworkers</p> <p>John Lewis: More than 90,000 staff have had their bonuses cut for the third year running to 10 per cent of their annual salary (from 17% in 2013). The group has also introduced a probationary period of at least 3 months to 'test staff commitment to the company, their level of engagement with the culture and their productivity' before being eligible for the annual bonus.</p> <p>John Lewis' Chairman has stated ominously that the company's 'legacy pay' will be revised in the new year...</p>	
BOOTS	<p>The company removed half day paid leave for Christmas shopping, and the £50 voucher for 100% attendance.</p>	<p>It is worth nothing that Boots was a local company but has since been bought out by US pharmaceutical company Walgreens (corporate HQ in Switzerland)</p>
HERMES AND DELIVEROO	<p>More recently, delivery firms Hermes and Deliveroo have also been singled out for their unscrupulous employment practices.</p> <p>Though not directly linked to the National Living Wage, these companies have sought to save money by using zero-hour contract and self-employed staff. As a result of this, both companies have routinely failed to provide their staff with the legal minimum.</p>	<p>Deliveroo's revenues are set to hit £130 million in 2016</p>

WHAT WE ARE CALLING FOR

Many of these companies are high street names with historically good reputations, but they have made some terrible errors in judgement here.

But it is not too late for them to change their minds. We ask all of these companies to reverse their decision to cut staff pay at their January board meetings, and we ask the public to listen to and share our campaign video - and contact their local MP to get this issue considered by the government.

We also ask members of the public who are facing similar pay cuts, but whose employers are not listed here, to contact their MPs with details

about their situations. This campaign has been built on information from affected employees themselves, as companies do not freely publish information about these pay cuts.

We, as MPs, will also be writing to the Chairs of company boards to ask for these decisions to be reversed.

THE SONG

The song was recorded on the 6th December, to bypass the media blackout of this issue, and generate higher public awareness. It's based on the 1984 charity single and Christmas number one 'Do They Know It's Christmas?' with new lyrics to publicise the plight of shopworkers. It was recorded in Alaska Street studios, with the help of volunteers and MPs, including the organiser, **Siobhain McDonagh MP**, alongside **Kevin Brennan MP**, **Julie Cooper MP**, **Mary Creagh MP**, **Julie Elliot MP**, **Helen Goodman MP**, **Carolyn Harris MP**, **Dan Jarvis MP**, **Mike Kane MP**, **Fiona MacTaggart MP**, **Melanie Onn MP** and **Angela Rayner MP**.

'Do they know it's Christmas?', is trademark of the Band Aid Trust, and all profits from the single will go to that Trust.

APPENDIX

BACKGROUND INFORMATION ABOUT THE CAMPAIGN

In April 2016 up to 4.5 million people across the country had their basic pay increased, through the introduction of the new mandatory National Living Wage, of £7.20 for those aged 25 and over.

This change raised the wage for those over 25 by 50p an hour. The Resolution Foundation has estimated that around 4.5 million employees have benefitted this year. By 2020, it had been promised that this per hour wage would be £9, but we know now that this promise will not be kept.

Despite good intentions, it is the same low-paid workers who were meant to benefit from an increase in the National Living Wage who have been let down again. Indeed, even the **previous Chancellor, George Osborne**, publicly stated that such pay cuts were 'against the spirit of the [National

Living Wage] law’ and called on companies to be mindful of their reputations.⁴

At the moment, based on a 40 hour week, 52 weeks of the year, the £7.20 statutory wage would see a full-time worker earning £14,976 per annum, as a base rate. However, the employers listed above has used the introduction of a higher statutory minimum as an opportunity to cut overall pay, by cutting ‘discretionary’ but historic payments, that make up people’s wages.

LOW PAY IN BRITAIN

It is important to remember that these figures are in addition to the underlying trends in low-pay in Britain.

The Resolution Foundation has shown how the lowest paid experienced **six years of falling real wages until 2014** - with a very slight recovery over the past two years. Furthermore, with the UK leaving the EU, pay growth is projected to slow (and average earnings are set to be around £850 a year *lower* in 2020) meaning that the government’s ‘National Living Wage’ will fall significantly short of its £9 an hour target by 2020, also the result of pressure from big business.⁵

The ‘National Living Wage’ is a very well intentioned policy (famously, the then Chancellor George Osborne stated ‘*Britain deserves a pay rise, and Britain is getting a pay rise*’), but in the month of its introduction (April this year) the average salary fell by 3.4% between March and April 2016.⁶

FOR MORE INFORMATION CONTACT DAISY ON 0207 219 1647 OR
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⁴ <http://www.mirror.co.uk/news/uk-news/you-stole-living-wage-george-7785617>

⁵ Low Pay Britain (Resolution Foundation, 2016)

<http://www.resolutionfoundation.org/app/uploads/2016/10/Low-Pay-Britain-2016.pdf>

⁶ City AM <http://www.cityam.com/240148/the-national-living-wage-is-having-an-unexpected-effect-on-salaries-according-to-this-research>