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[Y Pwyllgor Cydraddoldeb, Llywodraeth Leol a
Chymunedau](#)

[The Equality, Local Government and
Communities Committee](#)

19/07/2017

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from the Remainder of the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Gareth Bennett	UKIP Cymru
Bywgraffiad Biography	UKIP Wales
Janet Finch–Saunders	Ceidwadwyr Cymreig
Bywgraffiad Biography	Welsh Conservatives
John Griffiths	Llafur (Cadeirydd y Pwyllgor)
Bywgraffiad Biography	Labour (Committee Chair)
Sian Gwenllian	Plaid Cymru
Bywgraffiad Biography	The Party of Wales
Rhianon Passmore	Llafur
Bywgraffiad Biography	Labour
Jenny Rathbone	Llafur
Bywgraffiad Biography	Labour
Joyce Watson	Llafur
Bywgraffiad Biography	Labour

Eraill yn bresennol
Others in attendance

Alex Bevan	Swyddog Polisi Economaidd, TUC Cymru Economic Policy Officer, Wales TUC
Cerys Furlong	Prif Weithredwr, Chwarae Teg Chief Executive, Chwarae Teg
Lynne Hackett	Pennaeth Cymunedau, Unsain Cymru Head of Community, Unison Cymru
Nick Ireland	Swyddog Rhanbarthol, De Cymru a'r Gorllewin, Undeb Gweithwyr Siopau, Dosbarthu a Gwaith Perthynol Divisional Officer, South Wales and West, Union of Shop, Distributive and Allied Workers
Joshua Miles	Rheolwr Polisi, Ffederasiwn Busnesau Bach Cymru Policy Manager, Federation of Small Businesses Wales
Dr Alison Parken	Uwch Gymrawd Ymchwil Anrhydeddus, Ysgol Fusnes Caerdydd, Prifysgol Caerdydd Honorary Senior Research Fellow, Cardiff Business School, Cardiff University
Helen Walbey	Cyfarwyddwr, Recycle Scooters Director, Recycle Scooters

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Chloe Davies	Dirprwy Clerc Deputy Clerk
Megan Jones	Y Gwasanaeth Ymchwil Research Service
Naomi Stocks	Clerc Clerk
Gareth David Thomas	Y Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 09:05.
The meeting began at 09:05.

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest

[1] **John Griffiths:** May I welcome you all to this meeting of the Equality, Local Government and Communities Committee? Item 1 on our agenda today is introductions, apologies, substitutions and declarations of interest. We've had one apology from Bethan Jenkins. Are there any declarations of interest? No.

Ymchwiliad i Dlodi Yng Nghymru: Gwneud i'r Economi Weithio i'r
Rheini sydd ag Incwm Isel—Sesiwn Dystiolaeth 4
Inquiry into Poverty in Wales: Making the Economy Work for People on
Low Incomes—Evidence Session 4

[2] **John Griffiths:** In that case, we will move on to item 2, which is our inquiry into 'poverty in Wales: making the economy work for people on low incomes' and our evidence session 4. So, may I welcome to the committee this morning Lynne Hackett, regional organiser for Unison, Alex Bevan, economic policy officer for Wales TUC, and Nick Ireland, divisional officer for South Wales and West, USDAW? Okay. Welcome to you all. Thanks for coming in to give evidence this morning.

[3] Perhaps I might begin then with the first question, which is on the

Welsh Government's economic strategy. That new economic strategy will take a regional approach to economic development and sector specialism. It's going to support a smaller number of foundational sectors nationally, and it will aim to empower communities with tools to access work. So, given that those are the main aims and objectives of this new strategy, to what extent do you think this might benefit people on low incomes, and particularly in comparison to the current strategy? Alex.

[4] **Mr Bevan:** Thank you, Chair. If I could start off maybe with a few words on how, as Wales TUC, we see—our take on the challenge in terms of low incomes and low pay. I know this committee is familiar with the statistic that one in four workers in Wales is paid below the real living wage. Recent Wales TUC research has shown that, in fact, around one in 10 workers in Wales now works in some form of insecure employment. So, that could be casual, temporary or agency work, zero-hours contracts or those in some form of low-paid self-employment. Now, the reason we've got to one in 10 is because, since 2011, of all the new jobs created in Wales, a third of those have been in those areas of employment.

[5] So, more broadly, the Resolution Foundation's report 'Living Standards 2017' has shown that we are entering a period throughout what would have been this parliamentary term, 2015 to 2020, of the most unequal—. It's the most unequal parliamentary term in terms of income distribution across households. So, we see the sharpest falls for those on the lowest incomes and the highest rises for those on the highest incomes. So, at the top end of the earning scale, we're likely to see a rise of around 4 per cent over that period, but, with weak pay growth, higher inflation than we've had in recent years and freezes or cuts to working-age benefits worth around £12 billion, in the Resolution Foundation's own findings, it's conclusive that this is the most unequal period since the 1980s.

[6] So, it's worth being aware of that scale and how those things are linked—the growth of insecure work in Wales and what is likely to happen to household incomes over the next four or five years. In that context, we support the idea specifically of having a new economic contract, which has been mentioned by the Welsh Government and the Cabinet Secretary for Economy and Infrastructure. We think that that should go to a deeper commitment than perhaps is usual for the terms of economic debate in that an economic contract should serve the idea that the economy works for working people and not the other way around. And it should have as its goal boosting social cohesion and social solidarity across our communities when

so many seek to divide working people and communities.

[7] We support the move to foundation sectors. We await more detail but, if you look at the Wales TUC's extensive work on industrial policy with a comprehensive report we did in 2013 with the New Economics Foundation, back then we were talking about the ideas and the benefit of a foundational economy approach, which I know the committee has looked at. So, by focusing on how we can have more and better jobs where you have a high volume of unemployment, we think that that's a good starting place.

[8] **John Griffiths:** Okay. So, in terms of that new economic strategy, you would say, broadly, that it might move in the right direction in terms of these issues.

[9] **Mr Bevan:** Yes, as I mentioned, the scale is—. The biggest change that is familiar will be at the macro level in many areas that are outside of Welsh Government's control. But our push for a 'fair work nation' approach is about a principle that all Welsh Government and devolved public sector activity should be organised around the idea of promoting and maximising fair work outcomes across our public services and economy. So, by having a more simplified economic strategy that is clear and well understood across Wales, we think there's a far better chance of doing that in the coming years.

[10] **John Griffiths:** Okay. Would either of the other two witnesses like to add anything to that? No. Fine. You're content with that.

[11] **Mr Ireland:** No. I think Alex has covered that quite comprehensively.

[12] **John Griffiths:** Okay. Could I then also ask whether Welsh Government should be looking beyond gross value added in terms of what it seeks to do, and what it measures, particularly in terms of improving living standards in disadvantaged areas? I think a Wales TUC paper, Alex, made the point that that may be a worthwhile direction of travel in evidence to the economic committee.

[13] **Mr Bevan:** Yes, we have. It should be part of what is measured, but it should be part of a basket of measures that are more reflective of living standards, because it's very difficult to—. I think there's a lot of faith that goes into GVA that isn't fully reflected in what happens to people's incomes and their security at work. We did some work at the time of the Well-being of Future Generations (Wales) Act 2015, or when it was a Bill, the well-being of

future generations Bill, to look at what the indicators could look like, and how they could be improved to reflect those issues. We think they are better as a result of some of that work, but we hope that the 'fair work nation' approach, and the forthcoming commission, will be a chance to bring in some more indicators about working life, to have a fuller picture about what's happening to households' incomes, rather than GVA. Because what we mentioned in our response to the city region inquiry was that, if it is about turbo-charging where you have strong GVA anyway, then you're not really going to change the problems we have in terms of in-work poverty and broader issues of equality.

[14] **John Griffiths:** Okay, thanks for that. We'll move on then, and Rhianon has some questions.

[15] **Rhianon Passmore:** Thank you, Chair. You've mentioned in your opening statement the context that we find ourselves in, in terms of the £12 billion, I think you mentioned, cuts to welfare benefits, and also the stagnant wages and the context that we're working within in terms of those external factors in Wales. In terms of what Welsh Government can do as drivers, one of the initiatives that we are floating, and working strongly to, with the economic strategy, will be the Better Jobs Closer to Home programme. So, what is your assessment of that as one initiative and one tool in the toolkit, in terms of driving wages and the economy? And in regard to the procurement of that, have you got any assessment of how that's being procured at the moment?

[16] **Mr Bevan:** The Better Jobs Closer to Home initiative came from a Wales TUC campaign, which was launched in late 2015, and I think it goes back to the principle we mentioned that the economy should work in the interests of the public, not the other way around. So, we identified that the south Wales Valleys would be a good starting place for an approach that redirects investment as far as possible towards areas that have disproportionately suffered long-term deprivation. So, we're pleased that it's part of the programme for government for this term, and it comes in two strands, really. The procurement exercise is about reserving contracts, so that an element of public purchase is reserved for organisations who employ workers who are disadvantaged. Now, that flexibility is there for two reasons: one because the Welsh Government gained the power to regulate in the summer of 2015, and, secondly, the public contracts directive changed at European Commission level, which means that we have the flexibility to do something quite radical and interventionist before EU exit.

09:15

[17] The second part of our campaign was about a deeper commitment to redirecting investment opportunities and economic activity across the piece, so looking at all areas of activity and asking the question of how you can make the biggest difference at the starting point. So, where new organisations are established, especially from Welsh Government or the public sector, they should be serving the objective of delivering better jobs closer to home. As far as a specific procurement process is concerned, we're still in talks with Welsh Government about developing that. The most recent mention, I think in the Senedd, was from the Minister last week, who said there'd be forthcoming statements in the coming months. So we're hopeful that that happens. We would have liked to have seen earlier implementation, given that we launched the campaign in 2015, but we feel that a lot of progress has been made and we look forward to seeing these contracts happen in reality.

[18] **Rhianon Passmore:** Okay. Are there comments from anybody else in terms of the social procurement element, in terms of better choice?

[19] **Ms Hackett:** I can talk about the procurement that we're concerned about in care, if that would be relevant to that question. Our concerns about the procurement process—. I cover the whole of the community sector for Unison in Wales, which is the not-for-profit sector. Obviously, there are also private care providers, but because of the austerity from Westminster, the procurement process means that the amount—. I don't know if people have had the opportunity to read our response, but the local authorities seem to be taking that procurement very much on the cost that's put in and there's actually a limit with a lot of local authorities, so you can't put in a bid, because they do it on an hourly rate, which is the hourly rate for carers, as I'm sure you know. But what that doesn't expose, and we're talking a lot about pay, are the terms and conditions. Because the basic is the national living wage as it's now called, but we have members who have no sick pay and who are on statutory sick pay, so they don't get paid for the first three days. We have members who get paid plain time for every bank holiday, including Christmas Day. So, they go to work at Christmas Day for £7.50 an hour.

[20] The problem is that, once that is procured and that service is provided, when there's any pressure on the cost—and we've recently had

legislation that people should be paid more money for sleep-ins—what employers then do, and they have a reasonable case for doing that—I can't fight it legally—is that they take away as many terms and conditions as they can. So, people are getting £7.50 an hour, but if you don't get paid for three days, when you're earning £7.50 an hour, I'm not quite sure what people are supposed to do. So, that's the knock-on effect of procuring on price only. If they procured on a basic set of terms and conditions, so they had to, after a year, give people sick pay or they had to pay people properly and they had to have a recognised trade union, that might not change the figures we see for what people are paid, but it would change people's working conditions considerably. So, those are the issues we're fighting within the sector, and when I say 'fighting', the employers would rather pay more as well, but they haven't got the money. So, it's a strange place for a trade union to be.

[21] **Rhianon Passmore:** And I would presume that you would be giving responses to the Government's consultation in terms of the zero-hours contracts. There are a number of different suggestions in there as to how we can alter and change that. I'm going to move on to my next question.

[22] **John Griffiths:** Just before you do, I think Joyce wanted to come in.

[23] **Joyce Watson:** No, it's been—

[24] **John Griffiths:** It's been covered, has it? Okay.

[25] **Mr Ireland:** Can I just come in on that?

[26] **Rhianon Passmore:** Yes, absolutely.

[27] **Mr Ireland:** [*Inaudible.*—private sector, so obviously that is specifically looking around the care issue and so on. But I think, within the code for ethical employment that we're looking to push into the fair work board, I think it's important, from day one when we look at this, that any private sector employer who is looking to have any kind of dealings with the public sector understands that those ethical employment practices are absolute. Private sector employers also look to outsource some work as well to third parties, so they might have a reasonable package of terms and conditions, like Lynne's supplied, in their in-house operation, but when they outsource to a third party, that third party could be a lot less—. It's almost like a race to the bottom. So, I think that is something that we can certainly look at and look to promote when businesses are looking to come into Wales—that that's

what they're signing up to.

[28] **John Griffiths:** Okay, thanks for that. Rhianon.

[29] **Rhianon Passmore:** With regard to the Government's ethical code of practice for supply chains, do you believe that this can be used to encourage the payment of a living wage and to counter zero-hours contracts, bearing in mind employability in terms of the functions of Welsh Government and where that sits? Do you think that that's an adequate tool to be able to counter zero-hours contracts?

[30] **Mr Bevan:** Yes, we think that there's good progress. We've got this far and it exists in the form it does because of social partnership, because we've been consulted throughout. So, because of the sections on zero-hours contracts, on questioning abnormal quotes as well, I think it relates back to Lynne's point about if you're seeing suspiciously low quotes on providing social care, for instance, then with the right enforcement and with the means to push for the code as well, then you can test what's going to actually happen to the workers who will be servicing that contract, if you have an abnormally low quote.

[31] The test will be over the next few years to see how this works, but it's a much better step forward. It was welcome that, last week, the universities were saying that they'll all become living wage employers. But also this code of practice was part of that news as well, which will be a big step forward for major employers. So, we'd like to see it used as widely as possible. There's no excuse to sit around and wait. We've come to this agreement, it's clearly shared. But, over the long term, we've said that guidance is great, but you can only go so far with guidance. So, as far as possible, we want to see, at the same time, preparatory work being done to see what we can do as far as legislating on the agreement—

[32] **Rhianon Passmore:** Okay, that's my next point. Would you like to see—? I don't know what your individual positions would be, but, obviously, within the TUC, you have a collective position. So, would you like to see that it becomes mandatory through legislation and, if so, what do you think the impacts would be around that?

[33] **Mr Bevan:** It is a collective position, in that we would want to see legislation. Ideally, that is how you shift things; that's how you switch a dial. So, there's no excuse to wait. The code of practice is there and agreed. But,

on legislation for procurement, we think the work that needs to be done now is exploring what the options are going to be with the EU exit in mind as well. Could we be more radical? We've said that that could be a silver lining in the dark clouds of Brexit—that there could be more flexibilities within what we can achieve on procurement, if the Ministers are able to exercise their competence. So, if there is a power grab from Westminster, then it would be incredibly detrimental to the devolution process and the unions' engagement in the devolution process as a whole if that whole area of that competence is swiped away from the Welsh Government. We would regard that as a totally unacceptable power grab.

[34] **Rhianon Passmore:** Okay, thank you. My final question—

[35] **John Griffiths:** Just before you go on—sorry, Rhianon—I think Joyce does want to come in this time.

[36] **Joyce Watson:** Procurement—I want to come in on procurement and the contracts and the accessibility to those contracts. First of all, Chair, I want to declare that I'm a member of a trade union and close members of my family are also members of unions sitting around here. And I apologise for being late.

[37] I work very closely with the construction industry on the frameworks and trying to deliver a social contract within that, and was under the understanding that that had helped considerably. But I've since been told, so I'd like an opinion, about the difference between setting up those frameworks and the accessibility to people. Lynne, I think you sort of started talking about that, really. So, in your collective opinion, do you think that those frameworks are strong enough across all sectors and that they're working in the way that was intended to deliver access to those contracts?

[38] **Mr Bevan:** As far as access, do you mean access for those—

[39] **Joyce Watson:** Being able to bid.

[40] Being able to bid. I mean, I have to confess, I'm not an expert on that part of the process. An area of work that we have worked with the Welsh Government in a lot of detail on is the extension of community benefits, so that they are applied across projects across the board. I know that construction is an area where that is particularly important, so that you offer specific training and permanent job opportunities as part of that contract. So,

it might be a different question: is it just about the activity and the application in the public sector, or the private sector as well?

[41] **Joyce Watson:** I'm talking about being able to bid. If you can't bid for a contract because the framework is too strict or you're ruled out before you even start your bidding process, then of course everything else that you would like to see can't happen because you're not actually in the market.

[42] **Mr Bevan:** Yes. There'd be, probably, a limit as to what we could offer as far as how businesses are organised when they're bidding for a project. As far as when it's too strict, there's a trade-off between the bureaucracy around bidding generally and what is labyrinthine, which is unnecessary, and what is strict in terms of health and safety, which is incredibly important. If you cannot meet those stipulations, then you shouldn't be trusted with a construction contract. Every year, we hold Workers' Memorial Day with examples of young people still dying on construction sites because of health and safety not being enforced properly. More broadly in the sector, we know that the growth of false self-employment's been a massive problem in construction. When we met with the Taylor review, we had construction workers with us from Unite the Union, one of whom had worked in the sector for around 30 years, who told us he'd worked for 13 companies in one year because of the level of insecurity and, effectively, employers hiding behind umbrella companies and false self-employment. So, there is a huge problem of insecurity in the sector that way, but as far as the bidding—

[43] **John Griffiths:** No, it's okay. We'll hear from business later. Anyway, Rhianon has a related question in terms of the social value elements.

[44] **Rhianon Passmore:** I think we've touched on this in terms of your comments around social care procurement, in terms of what it says on paper and then what some employers are managing to do to wriggle around that. So, in evidence to this committee, the Bevan Foundation stated that there is a gap between the aims of the Welsh Government procurement frameworks and how they're actually delivered in practice. That does lead to problems, it is felt, in terms of delivering the social-value elements of contracts. So, is this something that you would wish to expand upon? Do you feel that there is a gap? What is your view in terms of your position?

[45] **Ms Hackett:** It's not directly related to what Joyce said, but the way that procurement works—apart from the poor money that's paid—is that they're time-limited. So, what happens in terms of workers in the section is

that when the bid—so, it might be a three-year contract or a two-year contract—the bidding process starts again and their current employer may or may not get it. If they don't get it—and they won't get it because someone has bid lower—it's not a reflection of the fact that they've done a bad job, it's simply that they were bid against. So, people who work in the sector then transfer under a TUPE system to the new employer. But those people who might have been paid a little bit more, who have slightly better terms and conditions, once they go to the new employer, the employer either will then start negotiating to take those away or they just won't get pay rises. So, the procurement process doesn't allow any—'reward' is probably the wrong word—but for, 'They're doing a good job, we can afford this, let's keep it going.'

[46] I know we have to have some sort of competitiveness, I understand that's how it works, but it doesn't help the service users either. A new employer who takes on the contract actually then may change things, may change the way they do things to the detriment of the people who work there, but also the service users. When there's a huge amount of people leaving the sector, the service users—we're talking about people with, maybe, learning disabilities, physical disabilities, mental health issues and quite severe mental illness—are quite affected. So, the idea of a process where someone puts in a bid for a package of care that is really good, the process actually works against that. It's very difficult as well for us to communicate with the people who work in the sector, because the majority of care—and I know we talk about domiciliary care and we talk about residential care—the majority of care is supported living in people's own homes. So, I can't go and visit members there, I can't go and say, 'What's going on?', because they're in a service user's home, and, rightly, you can't knock on their door—I couldn't ring them there and I couldn't write to them there. So, it's not the same as when you can talk to a group of workers in, say, the construction industry and say, 'Right, what's going on? How can we put this right?' We're talking about a hidden workforce who we're relying on to turn up and often work one-to-one, 24 hours, with someone in their own home. But that procurement process doesn't help, I think, the worker.

09:30

[47] **Rhianon Passmore:** So, you would tend to agree with that statement from the Bevan Foundation.

[48] **Ms Hackett:** Yes, I would.

[49] **Rhianon Passmore:** In regard to the Government's consultation around social care in the sector and a number of those suggestions—moving forward, I would hope that we will be looking at the best way to manage that—I don't know if there are any other comments around that, in terms of other sectors, or whether we've finished on that one, Chair. I don't know.

[50] **John Griffiths:** Yes. Well, I don't know if any of you would have any comments on what the Welsh Government might be able to do to close that gap—if the social value that we would all like to see from these frameworks isn't coming about in practice, is there anything that the Welsh Government might do to address that?

[51] **Mr Bevan:** I think we've mentioned the power of legislation. So, ideally, we think legislation and regulation would deliver far more progress. But, that said, there has been a lot of progress in recent years, and Wales TUC is engaged with that, in the growth of community benefits in particular—our general secretary was heavily involved in developing that work. So, we recognise the progress that's been made, including investment in procurement officers, as well, and the Home Grown Talent project. I think it's worth recognising that that's a long-term approach, and you need to invest in the people who are going to be bringing the public policy statement on procurement to life, really. The challenge to the public sector is to treat procurement as a strategic operation across the whole public sector—so, the chief executives don't kick out someone junior from their office because they're telling them something they don't want to hear. That's the culture change that needs to happen.

[52] **John Griffiths:** Okay, thanks for that. We'll move on, then, and Jenny has some questions on the living wage.

[53] **Jenny Rathbone:** Alex, you said earlier that all local authorities were now looking to pay the living wage. Cardiff started paying the living wage in September 2012, and became an accredited living wage employer since November 2015. Why do you think most local authorities have not taken this step earlier?

[54] **Mr Bevan:** Sorry, earlier I think it was universities, as in the universities have definitely said they're going to do it, so that is progress. Otherwise, as far as local authorities—

[55] **Jenny Rathbone:** So, local authorities are still not—

[56] **Mr Bevan:** Yes, the universities one is a separate one, but, yes, as far as local government goes, and the living wage more broadly, we've been urging, through the workforce partnership council—so, this is the main social partnership forum on the public sector side for us—that the living wage should be adopted across the public sector. We're having conversations with local government at that level, as well as unions across Wales campaigning for it in their branches.

[57] The argument is, obviously, about the constraints of austerity, and we understand those, but through that process we have engaged on a number of different approaches that they could take in order to develop a one-Wales approach in how you tackle long-term workforce issues, which is why we support local government reform in moving closer to regional working, because you get the benefits of economies of scale, so you can make things like access to the living wage far more realistic for workers. We've been pushing that case the whole time. It's obviously been difficult for the Welsh Government and local government to agree a way forward on reorganisation and reform generally, but it's those kinds of benefits that we would think should be achievable when you get that kind of economy of scale.

[58] **Jenny Rathbone:** Okay, so just to clarify, most local authorities still haven't agreed to pay—

[59] **Mr Bevan:** No, there isn't vigorous opposition from local authorities, but the austerity budgets are obviously the pinching point. But, at the same time, for the last five or six years, we have been offering alternatives and using the workforce partnership council to look to agreements where we can make progress. We have seen progress, as well, obviously, in NHS Wales becoming a living wage employer through bargaining with unions.

[60] **Jenny Rathbone:** So, some good progress, but there's still quite a lot of work to be done there. USDAW, you talk about the social partnership approach to boost payment of the living wage. Lots of people talk about—. Cardiff Council's all for getting everybody to do it, as well. Why is it that more employers don't feel that it's bad for business not to be a living wage employer?

[61] **Mr Ireland:** Well, that's a matter for them, isn't it? We have got to try and influence that through collective bargaining. In a social partnership

approach, for example, with a lot of that, it's UK national agreements. We've addressed this, and one of the areas we looked at is, obviously, the minimum wage. It's paid at £7.50 for over 25s. So, we've looked at that—what we believe is discrimination on young people—to eradicate youth rates or young worker rates when we're looking at that. So, we've implemented—. So, lots of our largest UK national agreements, if you're working somewhere and you're 18, you're getting paid the same rate as somebody who's 26 for doing exactly the same job. So, I think that's certainly a lesson that we should be looking to influence throughout the implementation in local government as well. I think it's something that is good; it's not perfect by any stretch of the imagination. I think that works well. So, we can have that influence, and that is through strong collective bargaining.

[62] **Jenny Rathbone:** Okay. I just wanted to explore further, though, this social partnership approach, because I understand the constraints that local government's under, because the money has to be found from either curtailing services or delivering services differently, because there is no more money overall. But the people you represent are working in the private sector and their customers are people who chose to shop in one place or another, so the social partnership approach could involve the shoppers, who—

[63] **Mr Ireland:** It could do. That's quite a radical approach.

[64] **Jenny Rathbone:** Well, we live in difficult times. Radical approaches are required.

[65] **Mr Ireland:** Definitely. Across the world, the employers that we deal with will engage with their own customers to try and keep their footfall going through the door and, as a trade union representing the employees there, that would be great for us, if that worked. It's an interesting perspective, and that's certainly something for us to consider.

[66] **Jenny Rathbone:** Okay. So, for example, you could do some stickers that say, 'This employer pays X amount, and this is not a living wage'.

[67] **Mr Ireland:** Yes. There's a flip side to that, as well, because the discounters—the Aldi and the Lidl of this world—won't recognise trade unions and are well-documented as paying quite a reasonable basic rate of pay. What you don't see underneath that is all the other conditions that the workers have to endure.

[68] **Jenny Rathbone:** That's worth exploring as a piece of research, but, clearly, there's a rather different situation when it comes to social care, because people don't choose to need social care, they require it. But is there any way in which users of social care could be saying, 'Well, I don't want the person who's providing me with this valuable care to be paid a miserable wage for doing this work'?

[69] **Ms Hackett:** Yes, and you make a good point, because, obviously, when we talk about councils' pay and the living wage, it just makes me cross, because they're procuring services. We talk about whether councils can cut things to pay more; these are statutory services that they've outsourced. It's not an option; it has to be done. The difficulty for our members or for people working in the sector is they cannot approach—it might be the service user themselves, or the family, to help us with the campaign, so the only way we could do that is by getting a campaign going, which is what we did at Christmas, trying to highlight how badly many of our workers were treated at Christmas, to try and raise public awareness. But, yes, I would love it if the people working there could say to the families, 'Oh, can you sign this?' but that would be a dismissible offence. That sector, people who work there are so vulnerable now because one allegation, one medication error, and they're being attacked by service users, but they cannot do that communication. So, that's why we're trying to campaign, and we'll be moving our campaign forward to try and get public awareness, which is, effectively, service users and their families, but is the public as well, isn't it? So, that's what we're trying to do. When we were out on the Hayes in Cardiff before Christmas getting people to sign our postcards, so many people were: 'Let me sign. My mother's this or my sister's—', you know, whatever, 'She's getting this care'. So, there is a lot of support but it's actually getting that message, isn't it, through, which is why we're here. We can put it in the paper as much as we like but people don't necessarily respond to that, because we have austerity.

[70] **Jenny Rathbone:** But it's not inevitable that social care has to be provided by private companies. Why hasn't there been more effort to provide different models of care—co-operative care, social enterprises?

[71] **Ms Hackett:** There are private care providers, but the sector I work in is provided by not-for-profit, by charitable organisations. But they're still bidding for the same money against private employers. Our policy position is that we want it all to go back in-house, and that's what we're aiming for, but, in the meantime, we need to try and get people treated better. But, ideally, yes, all this work would go back into local government or health and

they would all have the living wage with those councils who've done it. But it's a very difficult thing to unpick and I think it's a piece of work for everyone who cares about that to look at why it's been outsourced to make it cheaper. There is no other reason for doing it.

[72] **Jenny Rathbone:** Okay. What's your view of the Scottish Government's approach of providing additional funding so that social care is paid at a living wage? How feasible is that, given that, obviously, the local government settlement for Scotland is more generous than for Wales?

[73] **Ms Hackett:** Yes, and that's when you come down to figures on pieces of paper, isn't it, rather than individuals who have very particular needs. So, yes, our preferred position is that, ideally, it's brought back into local government or health and/or there is more money provided so that the basic is that people should be paid the foundation living wage and have a basic set of terms and conditions that are equivalent to what they would have if they were working in direct employment with local government. But it's very difficult to unpick or change something that's already in place, isn't it?

[74] **Jenny Rathbone:** Okay, but more money provided is unfortunately not the direction of travel that we understand is facing local government. Unfortunately, it's going to mean less money—

[75] **John Griffiths:** Jenny, just before you go on, I think Joyce, on the point that you were just raising, wanted to come in quickly.

[76] **Joyce Watson:** Just a quick question to you, then—we all know that the social care sector is mostly occupied by women employees. So, in your opinion, do you think that this is a real example of the gender pay gap and people not really appreciating the work that goes on just because there's almost an expectation that that's what women do anyway?

[77] **Ms Hackett:** Yes. Traditionally, we've always seen that, haven't we, with the gender divide with occupations? I would say it's at least 80 per cent, possibly more. Men are very welcome in the sector, actually—

[78] **Joyce Watson:** I know, and they're not there.

[79] **Ms Hackett:** —because of particular needs. But, yes, and I think the way it's organised or the way it is structured—as I've said, people can't communicate. It's not like sitting in county hall in the canteen and having a

good old moan; people don't get together. The women who work in the sector have other responsibilities. They're often carers for their families as well, they often have children, so, when they finish work, they go home—if they can finish work, because, if nobody turns up to take over your shift, you have to stay. You can't leave.

[80] **Joyce Watson:** Can I also ask, because you talked about outsourcing and the catastrophe that happened in Powys when they tried to outsource and people were left with no care whatsoever: were there any lessons that were learnt from that and anything that you could help us with?

[81] **Ms Hackett:** I can't comment specifically on that, but my belief is that the sector only runs on the goodwill of the people who work there because, as I say, why would you do that job—? I was talking to an employer yesterday about retention and they said that it's interesting because people tend to leave in the first year or they don't leave because they have a vocation for it, so we're relying on people's vocation. But, yes, lots of people have handed the keys back but then, unfortunately, it's normally a private organisation that will come in and do it at a cheap rate, and that's the problem we face.

[82] **Joyce Watson:** Okay.

[83] **John Griffiths:** Okay, we'll have to move on shortly, but Jenny—

[84] **Jenny Rathbone:** Okay, I just wanted to come back to—. Given that the money is going to be even tighter in local government—take that as a given—. So, what other ways can you look at for promoting the living wage? Obviously, there's a long list of benefits of the living wage, like reduced absenteeism, increased productivity, improved retention of staff, which obviously saves money in terms of agency staff and all those sorts of things. So, could you give examples, across the sectors, of how you've successfully promoted a living wage?

09:45

[85] **Mr Ireland:** I think I referred to it in my last contribution about some of the larger UK national bargaining that we've done, so that's reflected in that. The retail sector in itself, whether it's organised or not, has a massive turnover of employees. So, that's always a challenge for those employers, and we know that as the union that represents them. So, our aim is always to get the pay up as high as possible, and that is one of the ideas that we would

use when we're bargaining, to say to employers, 'Look, it's proven that it would give retention. If you're actually greater than the real living wage of £8.45 an hour, it's a massive incentive', that people are more likely to stay in the job. And, I mean, you said about the turnover in the care sector. I think it kind of mirrors that in the retail sector, that people would possibly stay there for a year, and then move on, or they stay there for quite a significant amount of time to make it a career, which is important—again, reflected in those wage rates.

[86] **Jenny Rathbone:** Yes. People talk about the foundational economy as a list of sectors, but, actually, it's not, it's about the quality and resilience of the jobs that we'll always need and are always going to go on needing. So, I just wondered what thought you've given to boosting your demand for a living wage with other things like increasing job security and the reliance—you know, the numbers of working hours that people can be guaranteed.

[87] **Mr Ireland:** Yes, I think, in our paper, we've talked about hours of work, and that is a particular challenge in the retail sector now. All the employers have introduced flexible contracts, where it's a flexible contract for the employer, not the employee. So, typically, you can be on a contract of seven and a half hours a week, but that can flex up to 36 hours.

[88] **Jenny Rathbone:** Okay. So, is that a failure of trade unionism that all the flexibility is on the side of the employer?

[89] **Mr Ireland:** Well, yes; it's a challenge for trade unions. I wouldn't say it was a failure, because we're still battling away and some employers are certainly looking at introducing contracts that are minimum hours. I was just using that as an example, but it is one of the challenges in the sector. And, as I say, we've reflected that in our paper.

[90] **John Griffiths:** Okay. Thank you for that. We have to move on, I'm afraid. We've got quite a number of other questions we'd like to get through if we possibly can. In terms of security at work, I'd be interested in your view—briefly, if possible—on the Welsh Government's proposed fair work commission, what the priorities should be of that commission, and whether any particular lessons might be learned from the Scottish Fair Work Convention.

[91] **Mr Bevan:** Yes. So, the fair work nation approach is something that we've been campaigning on in recent years. So, we were pleased to work with

the Welsh Government to get an agreement on establishing a fair work commission. I think it links back to the last question, where the living wage is necessary but not sufficient in providing all of the range of needs that workers need, and our economy and public services need, over the long term. So, our view is that we want the commission to go to the edges of the devolution settlement, because we know that the Welsh Government is limited in what it can achieve, especially with the clouds cast over it that I mentioned at the outset. So, with that in mind, in order for it to be credible for our membership, then it needs to go as far as what we can do on regulation all the way along to what the soft influencing power is and the power to direct of the Welsh Government as a major organisation in the Welsh economy. So, that could include, in the early stages, referring to the fair work board how the social care consultation works, looking at the best kinds of indicators and definitions, and exploring the future of works. There's a separate piece of work going on at the minute with the Public Policy Institute for Wales—they'll be reporting to the board on future trends in employment and understanding those better, because they're not quite what some of the headlines and some of the sensationalism make them out to be, in our view. So, from the outset, it needs to be ambitious if we can genuinely say we want to make Wales a fair work nation.

[92] Now, Scotland have gone ahead of us on this area as far as taking a fair work nation approach; they're not alone, other countries have, to some extent—so have Australia—with mixed levels of success. So, we shouldn't preclude any of our work by what's happened anywhere else and we should benefit from the hindsight of what they've achieved. In Scotland, it looks good as far as what they've done on the framework for what we should regard as fair work, including fair treatment, voice at work, and they reflect, in that framework, which is through social partnership as well with employers, that collective representation, as recognised by the IMF and the OECD and the Scottish Government in this paper, is irrefutably one of the best indicators of well-being and protections at work and a more equal wage share as well. So, it is crucial that that is treated, that trade unions are treated for what they are as a wage-setting institution, as well as the—you know, some of the media headlines and the attacks that are on trade unions—. It's really important that the role we play is properly recognised in the fair work commission and that collective bargaining is promoted, because the role of ACAS in promoting collective bargaining has been taken away. So, many workers in insecure and precarious employment don't realise what their rights are. That's why it's almost impossible to enforce them—if you don't know what they are.

[93] For many zero-hours contract workers, as an example—part of the reason we had so much underreporting that we didn't know how many zero-hours contract workers there were across the UK is, through the survey work, when people were asked, lots of those workers didn't know they were on a zero-hours contract because they weren't advertised as such, and they weren't aware of their basic rights either. So, as I said, if we note the edges of devolution and have an ambitious programme, then we hope that the fair work nation approach will help with a more narrow and simplified economic strategy as well.

[94] **John Griffiths:** Okay, thanks for that. More specifically, then, in terms of Welsh Government's proposals that service providers offer alternative contracts to domiciliary care workers who have been employed on a zero-hours contract for three months, would you like to see that extended to other sectors, and, if so, which ones?

[95] **Ms Hackett:** Yes—. Oh, did—?

[96] **Mr Bevan:** Yes, if you're starting on care, yes.

[97] **Ms Hackett:** Sorry. Yes, zero-hours contracts: the issue isn't that—. Some employers operate a flexi contract, where people can pick or choose hours, but they operate it very well, where, after three months, if there's been irregular hours, they decide if they want to do that or not. But, yes, we—. Of course, all our public sector work, our preference is that zero-hours contracts are either—either we don't have them at all or, as proposed, after a period of time, people are given the option to pick up those hours. So, I don't really think there's a place—. We don't believe there's a place for zero-hours contracts.

[98] **John Griffiths:** So, you'd like to see that three-month approach used generally, not just extended to some of the sectors, but as a general—

[99] **Ms Hackett:** In terms of Unison. Alex has a TUC perspective.

[100] **Mr Bevan:** We're still talking about the consultation, at the minute, internally. Because I know Unison's mentioned that we need to ensure there are safeguards, because within that three month offer there is a link to demand, if there is demand for that work. Now, we need to know who says what the demand is and who has the say over that. So, we need to ensure

there are safeguards, and we need to get into the detail of that, I think, before we would support it more generally across other sectors. There tend to be other sectors where you shouldn't need to wait three months anyway. So, we wouldn't necessarily see that as a good blanket approach across the economy.

[101] **John Griffiths:** No. Okay. And just very quickly as a supplementary question, recently, in Ireland, they've proposed banning zero-hours contracts in most circumstances. Is that something that you'd like to see adopted in Wales?

[102] **Mr Bevan:** Yes.

[103] **John Griffiths:** Yes. Okay, that's great. We'll move on then. Sian Gwenllian.

[104] **Sian Gwenllian:** Diolch. Rydw i'n mynd i ymhelaethu ychydig bach ar yr ochr gofal cymdeithasol. Rydym ni wedi trafod yn barod yr effaith mae darparu trwy gontractau allanol efo'r sectorau preifat a gwirfoddol wedi'i gael ar amodau cyflogaeth yn y sector cymdeithasol, ac mae eich tystiolaeth chi yn dangos yn glir y gwahaniaethau sydd yna rhwng amodau cyflogaeth pobl yn y sector sydd wedi'i allanoli o'u cymharu efo'r bobl sydd yn dal i weithio o fewn y llywodraeth leol. Rydych chi wedi sôn am newid yr amcanion caffael fel un ffordd o helpu gwella hynny, ond a oes yna bethau eraill y gall awdurdodau lleol a Llywodraeth Cymru eu gwneud i liniaru'r amodau cyflogaeth sydd ddim yn dderbyniol i rai o weithwyr mwyaf pwysig ein cymdeithas ni heddiw? Mae eu statws nhw angen cael ei gydnabod, ac mae hwn yn faes pwysig iawn, rŵan, i fynd i'r afael efo, rydw i'n credu.

Sian Gwenllian: Thank you very much. I'm going to expand a little on the aspect of social care. We've already discussed the effect that providing through outsourced contracts with the private sector and volunteer sector has had on terms of employment in the social care sector, and your evidence shows very clearly the differences that exist between conditions of employment in the outsourced sector as compared with the people who still work within local government. You've also spoken about changes to procurement objectives as one way of helping to improve that, but are there other things that local authorities and the Welsh Government can do to mitigate the effects of those employment conditions that are unacceptable to some of the most important employees within our society? Their status needs to be recognised, and this is a very important area for us to

get to grips with, I believe.

[105] **Ms Hackett:** Do you want me to—?

[106] **Mr Bevan:** Go ahead.

[107] **Ms Hackett:** Yes, and I think the things I've said are very linked to the procurement process already, but trade union recognition is a clear objective and we are recognised in many employers. There are very many employers, so there's a lot of recognition to get. I think—. I'm not sure—. I'm struggling with this—perhaps Alex can help me out—because it all comes down to the procurement. Are there other things that we've talked about that would improve it? Because I don't know—.

[108] **Mr Bevan:** I think this is why we wanted to take the fair work nation approach to look at the whole of employment, because if you choose any individual intervention, whether it's procurement or funding for training and learning, the quality of what comes out is based on the employment relationship. That is the foundation of what you're going to get back as far as quality goes. So, that is why we need to promote collective bargaining as a national mission to improve it, and that is why we need less fragmentation across commissioning, as Lynne has said, for more of it to be done directly through the public sector as far as possible, because, where you have direct employment, you're far more likely to access all of the other benefits that come with it.

[109] There is a cost-saving argument to say, in the long term, on the principle of invest to save, that if more of those workers were directly employed it makes more sense to invest in each of their career development plans, and it means that we have fewer people in in-work poverty, and, as the Bevan Foundation, I think, maybe, said in this committee, I think something like one in five of every Welsh public sector pound we spend is on some kind of anti-poverty spending to some extent, so we're contributing to that.

[110] Now, that brings us back to what you do at the workforce partnership council level, and it comes back to our conversations about how we think the living wage could become more prevalent. We try to offer ideas and compromises as well about what you could do with reorganisation and reform on the finances in particular. So, could we look to three-year budgets rather than one for local government as a way to better plan and look at

those approaches? And, really, what I've mentioned as far as the savings go, that's an argument that fits in with the well-being of future generations Act. You know, you change your financial arrangements so that you can get those kinds of outcomes.

[111] **Sian Gwenllian:** Iawn, diolch. **Sian Gwenllian:** Okay, thank you. One Un agwedd benodol ynglŷn â staff specific aspect of homecare staff and gofal cartref ydy nad ydynt yn cael eu their work is that they aren't paid to talu i deithio rhwng apwyntiadau, ac travel between appointments, and in mewn ardal wledig mae hynny yn a rural area that can be a large gallu bod yn ddarn mawr o'u diwrnod proportion of their working day. nhw. Beth ydy eich barn chi am What's your opinion on that, and hynny, a beth a fedrwn ni ei wneud what can we do about that? ynglŷn â hynny?

[112] **Ms Hackett:** Yes. We have challenged, with a number of cases, the travelling time. Some employers are now paying travelling time, but I do think there needs to be legislation in respect of linking that to the national minimum wage, because if people are at work and travelling or waiting—. You know, I've known homecarers waiting for three hours between appointments and not getting paid. And there are also some—. Pobl, for example, have a very fair way of dealing with their homecare workers, actually, but they're only paid at least the national minimum wage—*[Inaudible.]*—I'm talking about generally. But the legislation or the procurement, again, needs to change to ensure that if people are out of the house and available for work and responsible to their employer, then they should be paid, ideally, the living wage for every hour, but at least the legal wage, and it's unfortunate that employers just seek to try and sneak out of that by various means. I think that should be part of any domiciliary care procurement.

10:00

[113] **John Griffiths:** Sian, if it's okay I think we'd better move on.

[114] **Sian Gwenllian:** Can I just ask the last one about

[115] y siarter gofal moesegol sydd the ethical care charter that has been wedi cael ei gynnig gan Unsain, rydw proposed by Unison, I believe? Could i'n credu? Jest yn sydyn, beth ydy you explain what that is, very quickly, hwnnw? Sut fydd o'n helpu i wella and how it can help to improve in-

amodau tlodi mewn gwaith yn y work poverty in the social care sector gofal cymdeithasol? sector?

[116] **Ms Hackett:** I don't have a copy.

[117] **Sian Gwenllian:** I'm sorry, I haven't got one either.

[118] **Ms Hackett:** That is basically asking employers—and that ethical care charter is quite focused, actually, on domiciliary care—to sign up to a set of terms and conditions and a set of commitments that ensure that the care they provide obviously is of high quality, which is what all staff who work in the sector and all our members want, but in partnership, so that they say that they will pay appropriately and do a number of other things. I think that's—

[119] **Sian Gwenllian:** Is that for employers in the private sector as well?

[120] **Ms Hackett:** Yes.

[121] **Sian Gwenllian:** Everybody who's involved.

[122] **Ms Hackett:** Yes, and once we have different sectors—obviously private, local authority, healthcare who are providing social care, all the community and voluntary and the third sector—we expect them all to have the same. We are looking for everyone to sign up to the ethical care charter. And do you know, I know we need to move on, but there are really good employers in this sector, and it's not that we're anti-employer—we're working with them to try and improve what we do?

[123] **Sian Gwenllian:** So, this is a new initiative.

[124] **Ms Hackett:** The ethical care charter has come out, yes, in the last couple of months, and that will be—

[125] **Sian Gwenllian:** So, we haven't really got big employers signed up to it yet.

[126] **Ms Hackett:** I believe some local authorities are signed up to it, but we're working out way through the sector. Sometimes people can't commit because they haven't got, for example, the funds to pay the living wage. They aspire to be part of the ethical care charter, but they're not able to.

[127] **John Griffiths:** Okay, thank you for that. Finally, then, Gareth Bennett.

[128] **Gareth Bennett:** Thanks, Chair. The Welsh Government is to develop an employability plan, so how do you think that could be tailored to secure the greatest benefits for those on low incomes? We've had a statement on employability recently from the Minister. Do you think that it does address that issue effectively?

[129] **Mr Bevan:** Yes. So, we've engaged with the progress of the employability programme since it was first introduced as a plan for the next period by Welsh Government, because, obviously, we're still waiting for the delivery plan. We very much support the principles of it, in it being a seamless one-stop-shop approach for everybody to get into work and to progress in work. So, we would like it to be part of the 'fair work nation' approach. It was good that the Minister, in her statement, or in response, I think, to a question in the statement about working conditions, mentioned that what we achieve through the fair work board should be used as the standard for what we expect on employability. So, we hope that it makes for a more inclusive labour market. It means that it should be based on bespoke and tailored support for the needs of the individual worker. Now, the reason that's so important is that skills funding generally, I think, across most economies is under enormous pressure from the short-term wins of some employers, which can really damage the long-term benefits of the training and the quality of training that's provided. So, with proper bespoke support that we'd like to see linked to the Better Jobs Closer to Home pilot, as an example, which is why we like the idea of the Valleys test bed, it should mean that if someone needs support and training, then they can get in one place with the proposed idea of Working Wales. That could mean payment for driving lessons as well as getting onto a course on, maybe, digital or numeracy skills.

[130] So, we support the principle, too, of additionality in areas where deprivation is most concentrated. That should be part of any Government contracts, and moving to this new approach on economic strategy, which we think will be probably be better than a huge span of sectors that don't dig into those issues that workers face.

[131] **Gareth Bennett:** Okay, thanks. Now, I think you've mentioned already that you like the idea of rolling it out in the Valleys as a test bed. So, you've answered that one. Now, looking at the retail sector, there's the Wales Union

Learning Fund. How do you see the role of the Wales Union Learning Fund in promoting in-work progression for workers in the retail sector?

[132] **Mr Ireland:** It's made a massive difference to thousands of our members throughout Wales. In terms of identifying—. Alex mentioned digital skills, and things like improving literacy and numeracy, so it really massively improves their confidence as well as their employability, which is really, really important. So, it is a helpful—. I talked earlier about retention of staff as well. That's why it's a great example of social partnership working, actually, because employers recognise the benefits it gives to them. It gives potentially more retention, as well as skilling up our members. There's other elements to it as well, which are maybe not as well highlighted, things such as mental health awareness at work. So, we've worked very, very closely with a number of employers in Wales, where it's been embraced by them wholly. So, their management teams have gone through these programmes with us as well, and it benefits the whole workforce, as well as the employability and progression aspect. And that's all through the Wales Union Learning Fund. Absolutely fantastic stuff.

[133] **Gareth Bennett:** That's good. I don't know if it applies in your sector.

[134] **Ms Hackett:** Yes, hugely. In terms of the Wales Union Learning Fund, we've done quite a lot about digital skills, but also, using social media, and using social media safely. Obviously, the lowest paid are much more likely to have numeracy and literacy issues—30 per cent of the population do, so we've been able to help people do those basic skills, which obviously helps them to progress in work, and particularly when our members are doing things about medication, which is quite complex potentially, and easy to make mistakes, for anybody. So, we've done courses that are tailored to giving medication and so on, often in partnership with employers, and sometimes, people do it in their own time. We've run courses on Saturdays, we've done online courses, but huge benefits, where we've worked with employers very well on that, and a lot of mental health awareness, dementia awareness and all those sorts of added skills for members in the care sector.

[135] **Gareth Bennett:** Good, thanks. I'm glad that's worked well. The last question I've got is to do with city deals. Perhaps you could look at how city deals can boost employability and in-work progression. Has the Wales TUC, for instance, got any view on this?

[136] **John Griffiths:** Alex, time is very short—could you answer briefly

please?

[137] **Mr Bevan:** Okay. So, yes, we do have a submission that went to the economy committee on city deals, so I'd refer Members to looking at that. Fundamentally, we do need to ensure that there's a social partnership approach at the city level as well. If the economic strategy is going to go towards more regional working, and we can see a line of sight that goes from the employability statement right down to those who need that more intensive support, then the city deals need to be fully engaged, and working with social partners, including trade unions. And there's a lot of progress that needs to be made for that to happen, because it isn't really reflected, we don't believe, in the work that's been developed so far by the city regions.

[138] **John Griffiths:** Okay. Thank you very much for coming along to give evidence today. You will be sent a transcript to check for factual accuracy. Thank you all.

10:12

**Ymchwiliad i Dlodi yng Nghymru: Gwneud i'r Economi Weithio i'r
Rheini sydd ag Incwm Isel—Sesiwn Dystiolaeth 5
Inquiry into Poverty in Wales: Making the Economy Work for People on
Low Incomes—Evidence Session 5**

[139] **John Griffiths:** May I welcome our two witnesses for our fifth evidence session on our inquiry into poverty in Wales: making the economy work for people on low incomes? We have Cerys Furlong, chief executive of Chwarae Teg, and Dr Alison Parken, honorary senior research fellow at Cardiff University's Cardiff Business School. Welcome to you both. Perhaps I might begin by asking a question on Welsh Government economic strategy. The new economic strategy is going to take a regional approach to economic development and, indeed, sector specialism. It's going to support a smaller number of foundational sectors nationally, and it aims to empower communities with tools to access work. To what extent do you think this new strategy might benefit people on low incomes as compared to current strategy?

[140] **Dr Parken:** Well, I think the first thing is that the focus on the foundational economy is very welcome. We've had a focus on growth sectors and, as I think we've evidenced before, when we focus on things like manufacturing and some of the information technology sectors and things,

we're leaving out a considerable number of the population, either because they can't use their skills to access those jobs or because they are gender segregated. So, I think the idea that we need to value the foundational economy is key.

[141] The regional strategy, I think, is very helpful, too, and I note Victoria Winckler's work in the Bevan Foundation around growth hubs and the changing access that we've got now in terms of transport and infrastructure, and I think that's very helpful. What will be key is allowing people to move up job ladders in foundational economy jobs rather than having to move sideways in order to try and increase hours or access higher pay. We don't have a clear picture at the moment about how to create job ladders within flat structures. Some of the Women Adding Value to the Economy employers are now attempting that work, but I think we need a bit of infrastructure around them in terms of help from skills councils and careers advisers, and better understanding of transferrable skills and on-the-job learning that will help people progress up through organisations, and stop considering people at the bottom end as perfectly happy to be stuck there.

10:15

[142] **Ms Furlong:** If I just add to that and agree with everything that Alison has said. We welcome the shift to focus on the foundation economy. We know that that's going to be an area of the economy that's going to grow. We also know that it's an area of the economy that's dominated by women, so it's crucial. In the past approach around priority sectors, that hasn't been an approach that's benefited women in particular, for all of the reasons that Alison has mentioned. But I guess the one thing that we are unclear about—. So, this shift in focus on regional and foundation economy, while welcome, is obviously a response to recognising that the previous approach has not spread the wealth, or been as equal and fair as it might have been. We haven't quite seen the same recognition of benefits that foregrounding gender inequality in our approach to economic strategy might bring, so that's the area that we feel is missing, or at least we hope to see in the new detail of the strategy when it comes.

[143] **John Griffiths:** Okay. Alison, I wonder if I could ask you about childcare as an example of a sector where quite a lot of women work, and quite a lot of them are in low-paid employment. I think there is an idea that we might explore later with the third panel that some of the childcare workers, for example, might be helped to transfer into teaching. So, there could be routes

there that are a sideways step, I think, as you described it. Is that something that you would see as valuable if it was made easier in terms of cost, in terms of study routes, and so on? Would you support that sort of initiative, or would you like to see childcare ramped up, as it were, in terms of quality of employment, or is it a matter, perhaps, of facilitating both?

[144] **Dr Parken:** I think you've answered the—. Yes. [*Laughter.*] We have those sectors of the economy that are dominated by women that are low paid, with very little opportunity to progress, that women may join straight out of college and may be channelled into health and beauty and childcare subject areas, but those limitations still exist, I think, in terms of careers advice. And they find themselves, therefore, in jobs they cannot progress from, and they tend to be low paid. So, there has to be an opportunity to move up within childcare into supervisory jobs or to take on greater learning, perhaps moving to teaching assistant jobs and perhaps through to teaching. That sounds a really very sensible and quite progressive approach—one that has been not thought of. So, I think that that's a very good idea. But, of course, the valuing of those women sectors [correction: so-called women sectors] is something we still have to address as a nation, and the example, I think, is one from Finland where there's been a recognition, if you like, that social care and childcare have not been treated as well in collective bargaining, they have not been as well valued within collective bargaining as some of the more male-dominated occupations. And so there, in collective bargaining, there is an additional increase in pay over some years to make up for that historical undervaluing.

[145] I know in times of austerity that these are very costly areas. Of course, we'd like to see the living wage within those areas as a first step and to ensure that, and to make sure that local councils don't feel that they can get away with not doing the living wage in those areas. And I think it was someone from the TUC I heard speaking recently, talking about, 'Well, you put x number of million into infrastructure and there may be a certain amount of growth, jobs and bounce in the economy from that, but if you invest money in childcare and health and social care, you also have an effect in terms of multiplying incomes and disposable income, and creating better health, well-being and opportunities.' So, there are some choices here about what we value as a society.

[146] And without going on too long, childcare to teaching sounds great, but there's also a gap between teaching assistant and teaching. Some of the work we've done with local government, we haven't quite got to the piece of

research I wanted to do, which is around the educational qualifications of teaching assistants, because, anecdotally, I think we've got quite a lot of women with higher education qualifications, who, for reasons of difficulty managing childcare and childcare costs and generally earning less than, often, male partners, choose to do the childcare and do teaching assistant work in the local school, and they get, again, stuck there. There is no route through in terms of training from teaching assistant to teaching, even though they may be well-qualified or over-qualified.

[147] I think we've also cut off the route from healthcare assistant into nursing, when it became a degree qualification. There used to be a way from healthcare assistant to state enrolled nurse, at least. So, how can we help those employers to fund the external training, if we've got to go through the degree route, or have some internal on-job training and top-up qualifications? It's very difficult for women who are working part-time in healthcare, who really might want to move into nursing, to lose that small income and then get themselves into debt to get a degree, come out, and try and get back. How could we keep them in the workplace and help facilitate their study, so that they could move up too?

[148] **John Griffiths:** Okay, thanks very much for that, Alison. Cerys—

[149] **Ms Furlong:** Just to add—

[150] **John Griffiths:** Go on, yes.

[151] **Ms Furlong:** —to that, I think it's about getting the balance right and what we don't want to see in the new economic strategy is a swing from one direction too far in another direction, not recognising that there are some strengths around the current approach. So, I think, I absolutely wholeheartedly agree that we need to value more highly the work that women do and the sectors that they dominate, and we need to do all of the things that Alison's talked about to drive up levels of pay and conditions and routes through into and out of those sectors, but I also think that we need to continue to have a focus on getting more women in what we know are our most productive sectors and those areas where they're particularly under-represented. So, we know that women are most likely to be in work that is lower productive work and in low-paying sectors and we need to put more focus on shifting some of those women into the higher productive sectors. That's not to do down those sectors in any way, but it's to have the dual approach at the same time. So, there are a whole heap of things that we can

do around that.

[152] **John Griffiths:** Might some of those things, Cerys, be what you would like to see in the action plan that you've talked about in terms of women's participation and how that should be an objective within the new economic strategy? Is that the sort of thing that you would like in the action plan?

[153] **Ms Furlong:** Yes, that's right. I think there is a range of objectives that we would want to see and then the ways that we would go about it. So, at an across-the-board principle level, we want to see more women in work because we know that work is beneficial, with the caveat that work doesn't always pay and that's something that we take—. I listened to the TUC earlier and agree with what they were talking about in terms of lifting the overall level of pay. We also, as I said, would see more women in the most productive sectors, but we want to see women rewarded fairly in whatever sector they're working in because we know they're not currently. I think to do that, we need more women in leadership roles, more women in positions of influence and, to add to what Alison said around childcare, on the practical front, more support for the cost and the flexibility of childcare because, unfortunately, women still shoulder the burden, the majority of time, for childcare. So, we need to shift that. I think the last thing is around action on changing mindsets and attitudes. I was appalled to hear the Prime Minister talk about men jobs and women jobs. I think that's absolutely the attitude we need to get away from.

[154] **John Griffiths:** Yes. Okay, Joyce.

[155] **Joyce Watson:** Do you think, or is there any study going on now with the impending Brexit, that skills shortages are becoming increasingly more obvious, if it is the case that we don't have the free movement of people? Is there a case, now more than ever, to accelerate the growth of women into the sectors—the science, technology, engineering and mathematics sectors particularly, where they're hugely under-represented—to save the economy, as it's currently structured, from going bust?

[156] **Ms Furlong:** The McKinsey Global Institute have done some work, which you'd probably be aware of, around that. They identify that increasing the number of women in work, the amount of work that women do, and the sectors that they're represented in, would lift overall levels of productivity and create extra wealth in the economy, so, for all the reasons that you say. And also, aligned to that, we know that—you gave the example of teaching

assistants—women are often working at a level below their ability and that is unproductive for all of us. So, that's, for us, an argument about how you address that. It's around more agile working, more flexible working, and that's not to say everything becomes part time, that's not what modern working practices are about, but a whole range of measures, including support around childcare, to enable women to work flexibly so that part-time jobs don't just become low-paid jobs, but you should be able to do any job in a flexible way.

[157] **John Griffiths:** Okay then, and we will move on to some procurement questions and Rhianon Passmore.

[158] **Rhianon Passmore:** Thank you, Chair. Picking up on the points that I believe you may have watched earlier, in terms of the evidence session with the previous witnesses, in terms of the Welsh Government's code of practice for ethical employment in supply chains, it is something that we are referring to a lot in terms of potentially how important it could be. How can that be used to encourage the payment of the living wage? Do you think it can be and how would that therefore prevent an unfair use of zero-hours contracts, bearing in mind the devolved functions of Welsh Government around employment?

[159] **Ms Furlong:** I'll make a start if you like. The first thing to say, I think, is women are disproportionately negatively affected by zero-hours contracts, because 55 per cent of those with zero-hours contracts are women. So, we welcome the code. I agree with the TUC earlier: they talked about the enforcement of the code and that the public sector should lead by example, encouraging organisations to sign up to those 12 commitments. But, I think there may be a range of other positive nudge behaviours that Welsh Government could try and put in place to encourage others to adopt those 12 commitments and the code. The fair work board and commission that will follow, which was mentioned earlier, will look at all of those things.

[160] **Dr Parken:** So, it's to be welcomed, as is the fair work commission. What's very good is that this conversation is going on, and a similar conversation went on not so long ago in the economy committee. There seems to be a groundswell of opinion that these things need addressing. So, we need to co-ordinate them.

[161] Can I just go back to the previous question? Of course, we've got the women in STEM recommendations. If we're going to recruit and get people to

use the degrees they've got in STEM subjects, we need to do that, because often there is an attrition between women who get STEM subject degrees and moving into academia or industry retaining those women. That's about childcare and flexible working and taking out that unacknowledged male timescale to progression, where if you deviate from that, then you've fallen behind, and also progression. So, the women in STEM stuff, I think, is also part of this discussion.

[162] On procurement, there was a suggestion, I think two or three years ago, about not giving contracts to organisations that didn't have 50:50 women on the board. It was decided that that was a great idea, but not legally possible. But one of the conversations that came out following that was the weighting that is given in procurement contracts to the equality outcomes and, I think now, pay and conditions and progression outcomes. So, if it's a decent percentage of how these contracts are assessed and has real weight behind it, and you could in fact fail in your tender if you do not properly meet those criteria, then I think that will make change.

[163] There are some very good examples now around the HS2 and Tideway projects, where some real weight has been given to gender balance within those organisations, but unfortunately it's gender balance throughout the whole organisation. So, you could recruit more women at the bottom and still meet your targets, and not actually recruit women into higher paid skills with job ladders and career prospects. So, we just need to be careful about the ways of getting around these. But, if they're properly weighted and we give them their due influence, then I think we can influence the way that tenders are given.

[164] **Rhianon Passmore:** Could you just extrapolate, Cerys, in terms of what you said about nudges in the right direction?

10:30

[165] **Ms Furlong:** Well, I'd just point to one example from Berlin, where, actually, in those procurement regulations, contractors are required to submit a declaration or an action plan around what they're going to do to advance women within that job, that contract, that sector or industry. Now, unlike the examples Alison's given, my understanding is they're not considered as part of the tender decision, but once the successful tender is awarded, then that contractor is held to deliver against that action plan declaration. So, it's saying, 'We're not forcing you, but whatever you say, we

will hold you to'. I haven't seen the outcomes of that yet, but that's a step towards actually getting around some of the problems that Alison talked about—bringing in women just at the bottom to help achieve your overall gender target. I think there's also an opportunity around—so, we used to talk about community benefit clauses; maybe an equality benefit clause is something that we should consider so that we're really thinking about: what are we doing to remove the barriers and enable those women to take part?

[166] **Rhianon Passmore:** You mentioned earlier some examples of good practice. In regard to Finland, which has always been held up as an exemplar model, and Scandinavia in general, in many areas of public policy, what do you think would have to change—and you sort of touched on this earlier in what you said—here in Wales for women to have a seat at the table in terms of being non-sectorally divided through social care or engineering? You mentioned childcare, and obviously there are initiatives at the moment that are ongoing, but we're talking really about women and men in very different sectors across Wales and across the UK, and it often feels as if we're tinkering around the edges. So, if you had a magic wand, what would you like to be able to do in order to be able to change this?

[167] **Dr Parken:** It's a very large question—

[168] **John Griffiths:** And we have limited time, I'm afraid. [*Laughter.*]

[169] **Dr Parken:** I'm sorry to be—you know, I don't think there is a magic wand. We've got girls doing better in higher education than boys, and working in low-paying sectors, not using their skills and qualifications, and not progressing in the high-paying sectors that they are working in, so they're not at the top table because of the issues in the pipeline. So, we can talk about gender diversity at the top, gender diversity and leadership—you have to help women get up through that pipeline. There's something wrong with the pipeline, and they need to be able to get there on their own merit and not be held back. I don't think it's about dropping people into places so that they have a voice at the table.

[170] I know we're going to come on to welfare later. We still have a disincentive in the welfare policy that restricts women's earnings. They are, as we've described, working below their qualifications in sectors where they're stuck, in part-time work—low hours and low pay—with a kind of cultural assumption that that's fine. Now, what has happened with the Women Adding Value to the Economy project is the employers have started

to ask those very loyal part-time employees, 'Would you like progression?' and have been surprised to hear that they would. 'Would you like more hours?' 'Yes.' So it's unpicking the cultural assumptions that mean we don't look in the places where we can help women overcome the barriers that keep them lower down the ladders.

[171] **John Griffiths:** Okay. Well, I think we'll move on to employability, and perhaps we'll move on to WAVE. Gareth Bennett.

[172] **Gareth Bennett:** Thanks, Chair. The Welsh Government is currently—*[Inaudible.]*—employability plan. How do you feel this plan should recognise the distinct barriers that women face in accessing and progressing within employment, and how can it tackle these barriers?

[173] **Dr Parken:** We've got a fantastic set of Welsh equality-specific duties. The one I know most about is the pay differences duty. It's linked to an employment duty. It asks employers in the public sector to annually do an audit of all the protected characteristics, but particularly men and women in their employment by job, grade, working pattern, contract type and pay. So, it's aimed at addressing pay gaps but gives employers a view of their organisation that they haven't previously seen, and really helps them think about workforce planning. It comes back to what Cerys was saying earlier, really, about economic plans and using equality to understand what's going on in employment, and understand how real people are experiencing the world of work, and may or may not want to progress, and using those tools to give employers a set of analytics so that they can understand how to progress people where they will have skills shortages, and that they won't be able to keep people in future because of what's going on in their organisation unless they have this information.

[174] I have to say, in our experience, having that evidence has mobilised employers to make deep and long-lasting changes to workforce planning and workforce development. So, it's come out of an equalities issue into understanding what's really going on in their organisation and into looking at, lower down the ladder, 'We don't often keep the educational qualifications of staff in grades below grade 6 or 7', so they don't really know the skills that they've got in their organisation. Going back to earlier, there's that set of assumptions that women choose part-time work without considering that that's how they've structured work in the lowest grades so there is a restriction of choice.

[175] So, within the employability strategy, I would say that you ask certainly the public sector employers to do that analysis and really understand their organisations and think long-term about change. It doesn't impact on the private sector, and that has to be through influencing and following public sector best practice, unless there are other ways of influencing that, too.

[176] **Gareth Bennett:** Okay, thanks. Did you have anything to add, Cerys?

[177] **Ms Furlong:** Yes, just to add, around people's access to work—so, moving from being economically inactive into work—we know what the barriers facing women, particularly, are. We've talked about lots of them—you know, around the availability and cost of childcare, and the inflexibility of childcare; issues around public transport that vary across different parts of Wales and have a different impact on women than they do on men; the flexibility of work that we talked about, or the inflexibility of work that we both touched on, as well as the segregation in the types of work available to women. So, we know what those barriers are, and my understanding is that the employability plan is going to be around providing more—I don't want to use the word 'bespoke'—flexible support to individuals. It needs to recognise at the beginning that those issues will be experienced differently by men and women.

[178] But the biggest change is, and needs to be, and this is where the Department for Work and Pensions, Jobcentre Plus and the Welsh Government need to work closely together, around accepting that it's not just about getting people into any job, and that that's not going to make a change. We don't want to recycle individuals so we see them coming back after six months or a year. It's about really giving people the support they need to access and then progress in productive work.

[179] **Dr Parken:** I don't think we actually know how to do that. So, the new skills surveys—quality of work skills surveys—that last were out in 2013 are being redone and will be out sometime next year. There's a Welsh boost to that, so we will know more about job quality, people's aspirations to progress, earnings within sectors, the skills that people have and, again, more of that mismatch between, as Caroline Lloyd identified in her evidence, the skills that we do have in Wales and the low-quality jobs that are on offer. We will know more about that next year.

[180] But what is missing in the literature is how to create job ladders in flat-structure jobs, so that people don't have to move horizontally. That's

missing, I think, and a piece of work needs to be done on that with the skills councils, Careers Wales and—[*Inaudible*].

[181] **Gareth Bennett:** What about WAVE, because they've done work on in-work progression? Have we covered that, or—?

[182] **Dr Parken:** That's happening through dedicated support with an employer. From the evidence base, Gareth, that I talked about earlier, people could see the number of women at the bottom end of their organisations who had multiple part-time or multiple part-time and casual jobs with the same employer, and had been doing so for quite a long time. So, that suggested to the employer that these people did want higher hours. Then, in the local government example and the health case study, they then surveyed those staff and asked them about their aspiration for progression and their aspiration for higher hours. A good percentage came back and said, 'Yes, I would like to progress.'

[183] That now leaves the line managers and the employer with the task of working out how to do that. They've had some success, working with Citizen's Advice and Jobcentre Plus, with women who are often the second earner who are slightly worried about earning a little bit more and losing a hefty whack of household income because there's only one disregard per household. So, they have had success in explaining to them how much they can earn more per week without losing a huge amount of welfare transfer that would upset the household finances.

[184] They've done quite a lot of work with job shadowing throughout the organisation. So, often you can have a bit of job shadowing when you start with someone, but that doesn't happen four or five years after you've been there, and there has been some transfer into higher grades from there. Also, they've, in the health service, worked particularly with bank workers and, again, the assumption that people are choosing those hours for particular reasons. But having spoken to them, and now letting them know early when permanent vacancies come up, some of it's about location-specific and timings of stuff. They've got 80 casual workers into permanent roles, and as a result of doing some of that work, by talking to people, a Facebook group's been set up, and quite often people will share, between them, shifts. So, on a very prosaic level, quite often a shift needs covering and the line manager has to phone someone, and they tend to phone the person who usually says 'yes', but they can't always do it, but they might not want to turn it down because they might not get offered it again. They're now using this Facebook

group that started out around asking people about pay and progression and whether they wanted permanent work, so that people can respond and say, 'Well, I can do Saturday', 'I'll do Sunday', and 'I can do the overnight shift on Sunday night'. So, there's a little bit of self-rostering going on, which helps some of these very low-graded jobs become a little bit more autonomous. That autonomy is a really very key thing in terms of job quality and how you feel about how you're valued at work. So, that is dedicated, evidence-based work with change management people over 18 months, and the employers have the confidence to kind of peel back bits of the organisation they don't look at. That kind of resource needs to be there to support that work.

[185] **John Griffiths:** Okay. There are a couple of others who would like to ask questions. We have, I think, another four areas of questions to move on to, and about 25 minutes. Rhianon was first.

[186] **Rhianon Passmore:** In regard to your point about a horizontal versus vertical progression, the big shift in employment in recent years has been to, I don't know, Uber or pizza delivery et cetera, if we just take an example. Those structures are specifically set up to maximise profit for the top. They're not set up for progression vertically, as you very well know. So, there is a huge segment in our economy now that is using this type of structure, so how do you argue, then, or how would Welsh Government place policy to be able to break into that type of employment sector, because it's not there for those reasons?

[187] **Dr Parken:** Okay, so the modern employment review has some levers, or is asking the UK Government to use its levers, around national insurance and changing regulations around dependent workers, so that they are not involuntarily self-employed. They have some proper attachment and health benefits, sickness benefits and stuff. That's coming at a national level. I guess that the Welsh Government would probably support that.

[188] **John Griffiths:** So, really, it's UK Government levers, Alison, is it?

[189] **Dr Parken:** If you have to use the welfare and social protection system, that is mainly what you're looking at. But, again, you've already talked about procurement. You can signify, can't you, in the tendering that you don't prefer that kind of working? But there is also a choice there, too. Some people do prefer to work in that way, but what they perhaps don't know is that they are setting themselves up for a bit of, perhaps, poverty over their lifetime in terms of not paying into any pensions and not accruing the kind

of sickness and other health benefits and holiday benefits that they otherwise could be. So, I think there's a warning to employees there about the time you perhaps spend in those very flexible, entrepreneurial-type roles.

[190] **John Griffiths:** Okay. Joyce.

[191] **Joyce Watson:** Mine's very quick, and if you can't answer it, you could send us some information. You talked about job ladders. There are, of course, snakes and ladders, and one of the ladders that you fall back down is after having children. Has there been work done on women falling back down the ladder, and if so, can you point us to it?

[192] **Ms Furlong:** We know that that is a crucial stage and that employers generally don't do enough to support women on that return to work, and that that's the crucial time at which decisions are made about their future career. To speak from my own experience, having to make a decision about what hours work you want to do—a one-time-only decision—when you're actually off work, looking at this lovely little baby, is probably the most impractical time to make that. But, actually, more flexibility around those initial few months of returning to work while you work out how this is going to work out for you and your family is what we need, and I think Alison will probably point to research on that, I'm sure. Can I just say something very quickly on the gig economy? I just think it's really important that we learn some lessons here. So, we talk about a change in economic approach. The gig economy is not really anything new. It's just that the industries that we're talking about as characterised by the gig economy now are the ones that men are working in. Women have been experiencing a lot of the things that workers in the gig economy experience for decades and decades, and it's interesting that it's now become a fascination of policy makers, when, actually, these are things we could have addressed generations ago.

10:45

[193] **Dr Parken:** A bit like the term 'underemployment', which has not been applied to women working part-time, but when men work part-time. And I think, in the evidence, I've shown that it is growing for men in Wales as well, the precarious economy, but we've still got this 46 per cent of women. It hasn't really changed for them over the last 30, 40 years. There's evidence all the way back to the equal pay taskforce in 1999 about the effect of child-rearing and taking some time out of work. And, of course, since then, we had

legislation that said you have a right to come back to the job that you left before you took maternity leave, at the grade you left. So, I think that's a bit of progress. The recent Equality and Human Rights Commission maternity and pregnancy discrimination report shows exactly the same picture as 2004—the loss of women at the lower end of the market. Employers don't provide incentives for them to return to supermarket, retail, care work. So, I think it is those women with professional qualifications in higher grades who are benefiting from that law. There's a massive attrition at the bottom, and a kind of churn in terms of returning to work. But they're not on career ladders anyway.

[194] In some of the Women Adding Value to the Economy research, I spoke to very highly-graded women who'd come back after a period of childcare, or adult dependent care, to high-graded jobs, and they've come back on a part-time basis—this was in the local government study—and they were very pleased about that; there was no barrier to them coming back. There are the workload issues attendant to moving from full-time to part-time work in any organisation. There's not necessarily an adjustment around workload for that. But everyone above them was working full-time, and that's common across local government, the health service and higher education. So, you might come back to a higher graded job on a part-time basis, but the norm around progressing further up is that everybody's working full-time. So, there are barriers there once you move to part-time higher graded jobs.

[195] **Joyce Watson:** Thank you.

[196] **John Griffiths:** Okay. I'm afraid we are going to have to have brief questions and brief answers from now on. We'd better move on, I think, to tackling in-work poverty and low pay. Sian.

<p>[197] Sian Gwenllian: Jest un cwestiwn sydyn ynglŷn â hwn—rydych chi wedi delio â rhai o'r cwestiynau'n barod. O ran y comisiwn gwaith teg sydd ar y gweill, beth fedr hwnnw ei wneud i helpu yn y sefyllfaoedd rydym ni yn sôn amdanyn nhw? Beth ddylai'r blaenoriaeth fod?</p>	<p>Sian Gwenllian: Just one brief question on this—you've dealt with some of the other questions I had already. With regard to the fair work commission that is currently in the pipeline, what can that do to help in this particular situation that we've been talking about? What should the priority be for that commission?</p>
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[198] **Ms Furlong:** I should say that we're very pleased to be a member of

that body. So, you can bet your bottom dollar that some of these issues will get raised, because I will raise them if no-one else does. We will certainly be arguing for gender equality and better pay for women, and I think there is a lot that we would agree with all of the other partners around the table. I think there is a genuine shared commitment that we want to see work in Wales pay, and to move away from any job for the sake of it and in-work poverty. So, I think that's a general commitment around the table.

[199] The first thing that we're looking at is what do we mean by fair work, what do we mean by decent work, and how can we measure that and how will we know if we've succeeded if we make changes. I have to say that we've only met once, so it's early days.

<p>[200] Sian Gwenllian: Symud ymlaen at y cenedl cyflog byw, mae Chwarae Teg wedi bod yn trafod hyn, ac, iawn, efallai bod hwnnw'n rhywbeth i anelu amdano fo. Ond pa mor realistig ydy hynny mewn cyfnod lle mae toriadau anferth yn digwydd i gyllidebau llywodraeth leol? A oes yna bwrpas mynd ar ôl y syniad cenedl cyflog byw?</p>	<p>Sian Gwenllian: Moving on to the living wage nation, Chwarae Teg has been discussing this, and that's all well and good, it's something that we should perhaps aim towards. But how realistic is it in a period when there are huge cuts being made to local government budgets? Is it worth pursuing this idea of a living wage nation?</p>
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[201] **Dr Parken:** Yes. [*Laughter.*]

[202] Yes, and we've talked about raising the general overall standard of pay. The minimum wage had a disproportionately beneficial effect on women because they were the vast majority of people at the bottom end of the labour market structure. But, instead of becoming a floor, it's become a kind of ceiling. It's become a benchmark for, 'That's what we pay you: the minimum wage', and we need to raise that. But I think we also have to recognise that, with 43 per cent of women in Wales working on a part-time basis, it's about raising hours, too. And universal credit requires people to show that they are either trying to increase the grade that they're working at or the hours that they are working. So, there will be pressure on employees and employers to facilitate progression within work, and I think the fair work commission has to look at that bottom end of the labour market ladder [correction: job ladders] and think about entry jobs, and a kind of finite period of time that we want people stuck in jobs from which there is no exit and then the rest of those low-paid, low hours jobs need to be on job

ladders.

[203] **Ms Furlong:** I think, just to add to that, I know you had quite a long discussion earlier this morning around how the public sector should lead by example and the challenges around outsourcing, and so on, but we would support the TUC's position on that. I think, in both the public and the private sectors, it's around raising awareness of the benefits of paying a higher rate to your employees and supporting particularly smaller organisations to understand and model those costs and help them plan to get there. I know that's a challenge from some of the SMEs that we work with. We don't talk enough about those who have become living wage accredited employers and the effect that it's had on their businesses. So, those kind of examples of, 'We've done it; we're not so different to you' could be more visible.

[204] **John Griffiths:** Okay. We'll move on then, if we might, to improving quality of work, and Jenny Rathbone.

[205] **Jenny Rathbone:** We've already mentioned the gig economy and zero-hours contracts. Why is it that Britain is in that small list of European countries that tolerate zero-hours contracts? Because there are many other European countries who either heavily regulate it or don't allow it at all. So, how have we got to this stage? Is it just because trade unions are too weak, or the UK Government thinks this is a good idea, or, you know—?

[206] **Dr Parken:** Well, there's been a long-term trend in UK economic policy around individualism and very lower price, lower competitive—the UK as a kind of low priced, low competitive, kind of economy. And, without being too theoretical about it, it's a kind of neoliberal frame, rather than the social democratic frame that exists in many of the other countries where there's a much higher universal welfare net, if you like, and much higher involvement of trade unions and social partners—you know, that kind of different aspect to work, a different idea about what work is, if you like, so, it's our—

[207] **Jenny Rathbone:** So, what could the Welsh Government do about this, because I can see how they could do something about zero-hours contracts in social care, because that's something that is ultimately commissioned by public services, but what could Welsh Government or the National Assembly do about banning zero-hours contracts overall—I rather suspect we don't have the powers—in the way that the Irish Government is planning to eliminate zero-hours contracts?

[208] **Ms Furlong:** I think, in terms of what powers we have, that's something that the fair work board and, no doubt, the commission that follows are very acutely aware of, and I think, looking at how far does the devolution settlement allow us to go on these things will be something that I imagine will come up in the debate. I agree with what Alison said, and that's why the relationship between what UK Government are doing and actually what we can learn from the other nations within the UK—you know, Scotland's approach around fair work, as well as the stuff that's come out of the Taylor review and what UK Government may or may not choose to respond to—.

[209] **Dr Parken:** I think there's something else as well around the quality of work within the public sector, and the quality of work within the larger private sector companies who are getting public sector contracts. So, the modern employment review really focused on the gig economy and the involuntary self-employed, but, you know, why are people leaving what look like good jobs in the public sector to become very flexible, self-employed, zero-hours contract workers? So, what is it about our institutions and the way that they're working at the moment that isn't encouraging people to stay and be retained and grow through? So, I think we need to look—you know, pretty much what we've been talking about, 'How do we retain good people? What's going on in the places we do have control over?' and create more flexibility and create the opportunities to thrive, rather than them thinking, 'Well, I'm going to go off and do these hours on my own terms, when I feel like it' and to take that kind of risk.

[210] **Jenny Rathbone:** We also know that public bodies used outsourcing as a way of getting somebody else to think about how to deliver things more cost-effectively. So, how much of it is a challenge about improving management, improving skills within the public sector to enable them to be more imaginative and more cost-effective in the way they deliver public services?

[211] **Ms Furlong:** It absolutely is exactly that in my view.

[212] **Jenny Rathbone:** Okay. Well, hopefully your fair work commission will sort that out. Can I just briefly ask you about getting women into non-traditional areas of work that traditionally have been better paid, things like the building industry? There's huge demand for innovative, new, precision skills, which don't require you to be physically the beefiest person in the room. So, what is being done to ensure that women are at the forefront of

the new green economy jobs that are needed for the smart economy we all need?

[213] **Dr Parken:** So, part of WAVE, the women's workshop, works very closely with women in trying to help them to move into IT. So, a lot of women in organisations have got database skills and they use a lot of the same spreadsheet packages, for instance, that the often totally male group of IT workers on higher grades and higher pay use. So, they've done some of that training and also some of the employers did some of that through job shadowing. There are ways, but they need individual support, often, to make that move. Gender is still a very powerful arbitrator in our culture and our economy of who does what under what conditions. We've just seen the Advertising Standards Authority ask advertisers to think about not perpetuating gender stereotypes. We still have a lot of work to do there.

[214] So, going back to your earlier question, 'What can the Welsh Government do?', you can infer that zero-hours contracts are not really a very good way to progress. You know, there's some cultural work there to do. You can ask Careers Wales to focus very clearly on the advice that women are still getting and we can see in the research evidence. They go to further education colleges with their five GCSEs and they get funnelled into health and beauty. Where is the intervention work at that point to tell them that there are precision engineering jobs you can do—it's not like you have to go and get dirty in a factory any more—with the qualifications you've got? Where is that intervention? I think it's not there.

[215] **Ms Furlong:** I agree, and that's where organisations like Chwarae Teg are important. We do a lot around trying to create more visible role models in different sectors. So, we run an alternative careers programme called 'Not Just for Boys', which is around taking girls and boys into industry and into different job roles and introducing them to the range of careers available there and the women doing those jobs, because we have a very narrow, old-fashioned understanding of what a lot of our sectors actually do.

[216] I agree with you on careers and I think that, when it comes to FE and work-based learning, and particularly those vocational routes, we spend a huge amount of money as a nation on asking our colleges and our training providers to train up our young people, but we don't require them to address this issue. Well, we should.

[217] **Dr Parken:** Can I just—? I know we're short of time, but the equal pay

barometer was a searchable tool. So, you could put in the name of the job that you might have heard of or that you might fancy doing, and it would tell you what your average density of men and women in those occupations was, average pay and the pay gap. Now, WAVE came to an end in 2015, but that is a tool that could be picked up and used by careers services. I think that, for young girls—and young boys—they may know what their parents do or family friends, but the breadth of jobs and opportunities are not known to them. So, I think there need to be online tools that show what skills are needed, what qualifications are needed, for certain jobs, what average pay might be, what the opportunities might be in certain jobs and careers.

[218] **Jenny Rathbone:** And this needs to start in primary school, obviously, because it's too late in secondary school—they've already chosen options that determine particular pathways.

[219] **Dr Parken:** Well, we took some young girls to Arriva Trains Wales and they tried out the train driver simulator, and when they heard that they could get £40,000 a year for that some of them were a little bit tempted.

[220] **Jenny Rathbone:** Good.

[221] **Dr Parken:** So, those kind of interventions need to be more regular, yes.

11:00

[222] **Jenny Rathbone:** Okay. Given the importance of work for well-being, what more could be done to ensure that people with disabilities are not discriminated against in the workplace? Just because they may have a particular disability, that doesn't prevent them from being perfectly competent and skilled at doing other types of work.

[223] **Mr Furlong:** Obviously, we focused a lot on gender, but all of the things that we've said in the examples that we've used are equally applicable: it's about understanding that individual's experience, what that pipeline looks like and where the barriers are and addressing those with employers, particularly in the public sector, to show leadership on those issues.

[224] **Dr Parken:** I'll just draw attention to the work that Melanie Jones and Vicki Wass from Cardiff Business School have been doing under the disability at work programme, which has a fantastic array of understanding research

tools. One of the things that they're clearly calling for from their research is help for small and medium-sized businesses to understand the reasonable adjustments rules. It's a lack of understanding about what they can do and how it would be facilitated or funded. So, some intervention with SMEs, I think, is clear. Quite a lot of people who work, who have disabilities, who meet the disability standard under the Disability Discrimination Act 1995 or will have a work/life-limiting disability, work in SMEs in Wales and far too few of them—less than half—are in employment. But if we could do something practical through the already existing business support programmes, I think.

[225] **Mr Furlong:** You raised the issue of leadership and management and the reason I said that that was so crucial was because we know, when it comes to gender and a whole range of other protected characteristics, we're all guilty of recruiting in our own image and we have to do more to address those unconscious decisions. Maybe unconscious bias is flavour of the month, but it's about what other tools and interventions we can give our managers and leaders to challenge their thinking about what it looks like to be in a certain role and what it requires to do another job and challenge those.

[226] **John Griffiths:** Okay. We'll move on finally then to just a few questions on social security. We know from the House of Commons Library figures that 86 per cent of the impact of changes to the tax and benefits system since 2010 have impacted on women. I know that universal credit has been a concern as well. So, I just wondered what you think might be done to improve the situation and, particularly in terms of universal credit, is there anything that Welsh Government might do?

[227] **Dr Parken:** We were having this discussion before we came in. Welfare and universal credit is something that my colleagues know a little bit about. It's a huge area and I think, if you can get a witness who really understands universal credit and the roll-out and what's happening with the pilot, that would be excellent, but having had a conversation with a few colleagues, nobody really knows quite what's happening with the roll-out and the pilots—it's not entirely clear. So, some investigation and some research behind the scenes about where we are, in terms of what's happening and what's happened with the evaluations of the roll-out so far. I'm not sure that that's easily available in the public domain. We do know that there is still only one earner disregard per household, so that women will be disproportionately disincentivised from engaging in paid work or earning an

amount of money that might impact on the rest of the household's welfare transfer. So, that very old-fashioned sense of women being the second earner is still built into public policy.

[228] **John Griffiths:** Okay. Could I just ask, in terms of the WAVE research programme and welfare benefits and employer interventions, to assist employees with their welfare benefits, I know that this is a matter that Jenny Rathbone brought up at a previous evidence-giving session, how could that be extended to other employers in the public and private sectors, do you think?

[229] **Dr Parken:** Just going back to Gareth's question, once employers do what is required by the employment and pay differences specific equality duties and they've got that evidence base, and they can see the number of, mostly women, at the bottom end of their organisation working part-time or multiple part-time in casual contracts, and they start to engage with them about progression or skills or higher hours, they will then see the benefit of having those conversations with the Department for Work and Pensions and Jobcentre Plus about how women can build their earnings and how they can keep those skills in their organisations, because they are vulnerable to a supermarket opening up down the road and they lose the loyalty and skills of staff who are pretty much stuck in low-paying jobs. So, I think the evidence base has demonstrated that employers will really act on understanding what's going on in their own organisations. They won't act on sector information, they won't act on occupational information and the labour market; they will if they can see what's going on in their own organisation. So, I think the Welsh Government has to encourage people to comply fully with that duty, because it requires a detailed set of publications on what men and women are doing, and their earnings, and their working patterns, and whether they're in temporary work or casual work, or over-represented in part-time work.

[230] WAVE is no longer running, sadly. But, once they've got that evidence base—and they can still learn from our employers who are still, two years after the end of WAVE, continuing this work on their own. There are some very good case studies there and we will do our best to share that learning on an ongoing basis. But, you start with the evidence base. So, if we can really encourage people to pay attention to those duties, and the Welsh Government can be looking at those reports in some respect, because I think an additional bit of monitoring might help.

[231] **John Griffiths:** Okay, that's great. Thank you very much. Thank you, both, for coming in to give evidence today. You will be sent a transcript to check for factual accuracy. Thank you very much. Okay, the committee will break, very briefly, until 11.10 a.m.

*Gohiriwyd y cyfarfod rhwng 11:06 ac 11:11.
The meeting adjourned between 11:06 and 11:11.*

**Ymchwiliad i Dlodi yng Nghymru: Gwneud i'r Economi Weithio i'r
Rheini sydd ag Incwm Isel—Sesiwn Dystiolaeth 6
Inquiry into Poverty in Wales: Making the Economy Work for People on
Low Incomes—Evidence Session 6**

[232] **John Griffiths:** Welcome back, then, to our next evidence-taking session—evidence session 6. Let me welcome Helen Walbey, director of Recycle Scooters, and Joshua Miles, policy manager for the Federation of Small Businesses Wales. Welcome to you both. Thanks for coming along today to give evidence.

[233] Perhaps I might begin by asking questions on the Welsh Government's economic strategy and support for business. The Welsh Government's new economic strategy will take a regional approach to economic development and sector specialism. It will support a smaller number of foundational sectors nationally and it will empower communities with tools to access work. To what extent do you think that that might benefit people on lower incomes to a greater extent than current Welsh Government strategy?

[234] **Mr Miles:** We're just waiting for the detail on what the strategy's going to look like, so a lot of this is still uncertain, but it looks like there's going to be a regional focus. So, to some extent, there's a place-based element to that. One of the things we've been keen to emphasise is that, actually, lots of these places, or the regions we're talking about, are as diverse inside themselves as they are between each other. So, if we take south-west Wales, for example, the conversation in Pembrokeshire is going to be very different in terms of economic development interventions to what it is in Swansea bay, for example. So, we think that's something that needs to be, perhaps, bottomed out as part of that.

[235] The other bit we really welcome is foundational sectors. Again, we need to see in detail what that means. That will be quite a significant shift, I

think, from current economic development thinking. That's the kind of thing that can have an impact in communities across Wales. I think social care and childcare—lots of those areas that we would term foundational sectors—have an impact across Wales, so we would really welcome that move and hope that comes out quite strongly in the strategy.

[236] The task now for us all is to work out what kinds of interventions we can make there to make sure that we're getting the maximum social value from those sectors. So, I think, yes, on the whole, we welcome the move towards, perhaps, more foundational sectors and a bigger focus on indigenous businesses. We need to, perhaps, move the conversation on to the content of that and how that relates to issues like poverty.

[237] **John Griffiths:** Okay, that's great. The FSB's written evidence favours the repurposing of business support towards economic development goals, ensuring large projects support the growth of Welsh SME supply chains to drive increases in quality of employment across Wales. Would you have any specific views as to how the Welsh Government would best achieve that?

[238] **Mr Miles:** I think there's a mix of things there. I think, at the moment, economic development policy is being quite focused on giving grants to large companies in a lot of ways. I think that's important—that needs to stay—but we need to be asking those companies, 'How does this fit into the economic development of Wales?' So, perhaps if I give you an example: the Welsh Government gave £4.5 million to Aldi recently for a distribution centre, which worked out as about £11,000 per job. Obviously, it's great that there were 420 jobs created there, but what we'd like to see is a conversation around, 'Okay, so, you're going to create this distribution centre. How do you then make sure you've got Welsh supply chains feeding into that, so that local businesses are actually having a benefit from that kind of intervention?' So, it's not saying that we shouldn't focus on things like inward investment, but that we don't just do it for its own sake. We do it to try and contextualise within our wider economic development ambitions, I think.

11:15

[239] **Ms Walbey:** When you're looking at the diversity within supply chains, we sometimes can be lacking in that, and we have an opportunity, if we look at one of the models in America, where they've been particularly successful, because the Small Business Administration in America actually legislate that, within their public procurement process, at least 5 per cent of all of their

contracts have to go to majority women-owned businesses, and they also have, then, 5 per cent of their contracts going to what are described as economically disadvantaged businesses, 3 per cent, then, to veteran-led businesses, and 3 per cent to enterprise zone hubs. So, that is actually stipulated within all of their processes. I think it's £400 billion of the value of their contracts that come out. So, we actually have an opportunity within that to ensure that we build that diversity within our supply chain process and I think, then, it's also about looking at how we reinforce the legislation that is already there to ensure that those largest businesses within the supply chain are actually complying with current legislation, not just to the letter of the law but to the spirit of the law as well.

[240] **John Griffiths:** And you feel that there's an enforcement gap at the moment, then, Helen, is there, in Wales?

[241] **Ms Walbey:** Yes. I was at an event in the Valleys, just representing myself and my business, and there was a discussion around looking at umbrella contracts and how some of the businesses within the construction industry, although they're not legal to be used any more, are just circumnavigating it in different ways. Because we perhaps do somewhat of a tick-box exercise sometimes when we're looking at whether everybody's got the necessary pieces of paper to say, 'Yes, they comply with this', we may not actually be digging under that to see whether they are actually complying with this. I think there's an opportunity within that, not just to look at the high-level compliance, but actually to look at whether we're doing business ethically, and I think there's an opportunity then, with small businesses, because a lot of small businesses may not have the necessary written policies, processes and procedures, but, actually, they can be infinitely better at complying with the spirit of the law. They're much more embedded in their communities, they have much more understanding of the impact that their jobs create, and also they tend to spend their profits within their communities, rather than it being dispersed.

[242] **Mr Miles:** And then the question for us, then, is: if we're going to have a new economic development strategy, how do we make sure we capture these community values that small businesses can add to that debate, and how do we make sure that strategy is reflecting and building on that? So, yes, now is a good time, really, to be looking at this inquiry, because there is going to be a big shift in terms of the economic development strategy that comes.

[243] **John Griffiths:** Okay. Helen, in terms of the nuts and bolts of the practicalities of enforcement, do you have a view on that? Who should be doing the enforcing?

[244] **Ms Walbey:** I feel that there's—. It's a really difficult one, being a small business owner. So, if you take the ethical code of practice, there are some real advantages for me, as a small business, to signing up to that, because I will be able to promote the fact that I am an ethical business. I also will, perhaps, be able to have a little bit of an advantage within applying for contracts, but also I will then have a big burden of bureaucracy placed upon me, because I will have to evidence everything that I already actually do. I think that Government does have a role in this. I really do. I think that if we are going to try and get small businesses on board and try and get them to up a lot of what they're doing as far as formal processes and procedures go, when you have larger organisations that are not complying or not complying in the way that they should be, I think Government has a role around enforcement on that.

[245] **Mr Miles:** And there is a mechanism for this at the moment, I think, if you look at community benefits clauses in contracts. Quite often, that does become a bit of a tick-box exercise where you get reclassification, particularly among firms that perhaps move people in and out—in the construction sector, for example—and reclassify existing workers to meet their targets. I think unless we're serious about following through on those community benefits clauses, then, really, we're not going to get the benefit of that exercise. So, absolutely, in that respect, I think there needs to be some sort of follow-through by Government to audit that process.

[246] **John Griffiths:** Would you have a view on the nuts and bolts of that, Joshua—you know, just who would be doing that work on the ground, as it were?

[247] **Mr Miles:** I suppose it's quite difficult because it's probably quite expensive to do properly. You can have—. It depends who the purchaser is from the public sector if you're talking about public sector procurement. Is the onus on, let's say, the local authority that let the contract to then make sure it's audited properly? Perhaps. It just brings us into a territory of how we absorb that cost and whether we see the value of that procurement as being something, perhaps, wider than just ensuring that it's the lowest cost possible. I don't have a direct answer, I suppose, is what I'm saying there, but we need to look at how it's done.

[248] **John Griffiths:** Yes, okay.

[249] **Sian Gwenllian:** Can I—?

[250] **John Griffiths:** Yes, Sian.

[251] **Sian Gwenllian:** Just a short one on this. You were saying that the new economic strategy, when we see it, will open some doors as far as procurement, or it should do, but, you know, there have been 18 years or more that Welsh Government could have been doing much more around this. So, what are the barriers, do you think?

[252] **Mr Miles:** Well, I think if you look at procurement policy in Wales, it's developed quite a lot over the last few years. We have got things like community benefit clauses, we have had things like the McClelland review that have done quite a lot of the evidence base that was needed around how we improve capacity in procurement, because that's one of the biggest issues—a lack of capacity in public sector bodies to actually let contracts in certain ways. There's always more we can do, and I think you probably never get to a perfect procurement system, because there will always be different things that will come out through that process, but we are at a little bit of a crossroads at the moment, particularly with Brexit and the European procurement directive. We're going to be asking fundamental questions about what procurement is for, and we certainly would like to add to that debate. But, yes, I think there's more we could do in this area, and we would hope the economic development strategy would capture that.

[253] **Ms Walbey:** I think, from a small business perspective, lots of small businesses have been really put off engaging with public procurement because it's seen as being very onerous, and I know that there's been work done to simplify things around tenders and to be able to simplify what you need to present as evidence when you're actually at the initial tender stage—you then may need to provide a lot more in-depth information if you get through to the second stage. I think that will help. I think there's also an opportunity around raising awareness in small businesses, about how they can and perhaps should be engaging more with the public procurement process.

[254] **Sian Gwenllian:** And working together.

[255] **Ms Walbey:** Yes, and the SBA have—. With their tender process, they have three tiers, so that if you are applying for one of their smaller contracts, which is under £150,000, the information and accreditation that you need to be able to do that is significantly less than if you're going for the middle tier. And I think there's an opportunity around, if we're looking at the lower value public sector contracts, how we can actually simplify that process, and perhaps, as you said, work in collaboration with some actual small businesses or small business organisations like us or the chamber around how we can do that in collaboration, so we actually find out what people like me would want from my end, and what you need to ensure that the tender process is valid.

[256] **Mr Miles:** In some ways, the real issue with procurement policy in Wales isn't necessarily the policy that's emerging from Welsh Government, although there are always improvements we could make there. It's how that's delivered on the ground. Because what we see is some local authorities are really good at this—they've got the capacity, they want to increase the wider value of procurement, but it's really patchy. Some local authorities have a handful of staff working on this, and it's very difficult for them, then, to break contracts down if they don't have that capacity. That, really, is the issue we need to get to, I think; it's the delivery of those policies.

[257] **John Griffiths:** Just in terms of local authorities, then, Joshua, the direction of travel there is towards greater regionalisation, so might that solve some of those problems, if there was regional procurement?

[258] **Mr Miles:** It could do. I think there are two dangers. Well, there are two sides to it, then. There's that regionalisation can increase capacity, so we might have better resource procurement teams that can be more innovative in the way they let their contracts and can focus on value as opposed to costs, so we might get better procurement. However, lots of the evidence shows, once you get bigger organisations, you get bigger contracts and that tends to shut out smaller firms and you get this kind of aggregation, then. A good example of that, perhaps, is what's happened with the National Procurement Service. The policy intent there is good, but when you're talking about aggregating contracts across the whole of Wales, that can sometimes shut small firms out. So, we need to be really careful. I think the regional way of working has its advantages, but we need to be laser focused on saying, 'Okay, but you still need to deliver this in a way that is ensuring that social value is captured.'

[259] **John Griffiths:** Okay, thank you for that. Joyce.

[260] **Joyce Watson:** I wanted to also add another dimension to procurement and training: all the feedback that I've had is that they're risk-averse. So, when they're looking at the procurement contract—those people who are actually going to pass them out—very often, the advice they give is too restrictive. So, I think there's a whole issue there, because if we don't address that risk-averse nature to procurement, then we're not going to change, really, very much at all. So, is there anything that you want to add on that?

[261] **Mr Miles:** I think it's a culture issue, and you're absolutely right: that is a problem we see time and time again. There was a procurement improvement service, I think, created as a result of McClelland. Perhaps we need to look at how that's doing and see whether that needs a little bit more resource to really go out and show people that you don't have to hide behind—[*Inaudible.*]*—and you don't have to hide behind what you think is the advice here; you can be innovative within it. And one of the things that we're keen to point out is, even with the current EU procurement directive, there's plenty of scope to do things differently. So, you know, this isn't a problem that's going to be solved by that alone—it is a wider cultural thing. So, absolutely, I agree wholeheartedly.*

[262] **Ms Walbey:** And I think, tacking onto that comes education within local authorities so that the people who are actually delivering these know what they can do. And I think it also comes down to collaboration because there are so many SMEs who would like to engage much more with the public procurement process and at the moment don't know where to go, don't know who to speak to. And although Sell2Wales provides quite a lot of support, a lot of people are still very, very intimidated by the process. Some of the roadshow events where you've been able to go out and talk about how the tender process works and be able to see how small businesses can engage have been really, really successful, but I don't think there are enough of them happening at the moment. I think, if we're going to look at a long-term process, I think we need to think about how we can really ensure that small businesses are embedded throughout the whole chain.

[263] **John Griffiths:** Okay, thank you for that. Could I just ask one further question before we move on? In terms of gross value added: is that the best way to measure economic success in Wales or not? If not, what would be a better way? How does that relate to improving the incomes of people on low

pay at the moment?

[264] **Mr Miles:** So, you've probably seen from our written evidence, we think we should try and measure this in a much wider way. GVA is an important measure. I don't think we need to get rid of it, but we need to understand what it measures, which is just productivity, and that sometimes there can be a disconnect between productivity gains and what that means for real people in the economy. I read a really interesting article yesterday about Ireland's economy. You know, Ireland's GVA has rocketed up over the last 20 years, but they've found there's such a gap now between what that actually means for people in practice that they've had to move towards a measure of gross national income, which, instead of measuring productivity, measures the benefits of the economy that are available to people in Ireland.

[265] So, I definitely think we need a wider basket of measures there. It needs to reflect the economic development strategy as well. Once we know what our ambitions are there, the measures should follow up to make sure that we're tracking progress in that regard. So, something we'll come on to later, I'm sure, is job quality. If that's an ambition in the economic development strategy, which we think it should be, then we should be measuring things to do with that. If it's around business ownership, so we've got more headquartered Welsh businesses—again, something we'd like to see in the economic development strategy—let's measure that. So, yes, we need a basket, and GVA is one of the measures, but it shouldn't be the only measure.

[266] **John Griffiths:** Okay. Helen.

[267] **Ms Walbey:** A prime, direct example of that would be looking at my very small business. I have a single mum—she has four kids—I took her on as a placement for somebody who was a very, very, very long way away from work, and this was a number of years ago. The first day she turned up to work in her pyjamas because she was working indoors and it didn't occur to her she needed to get dressed. She now has done her NVQ level 2 and manages my office, which is absolutely fantastic. Now, I can measure the value that her job brings. What I can't measure at the moment is: she has a very, very wide extended family. None of them have ever stayed on in education, and her daughter now is the first person who's stayed on because she's seen her mum having a job, she's seen the added value that the job brings to the family, and also the difference that it's made in things like her mum's self-confidence and her mum's engagement in society. Her mum also

works at the breakfast club at the local primary school. Now, I'm obviously passionate about politics, and I talk about politics all the time in work—we have lots of discussions about current affairs—nobody in Becca's family, or extended family, has ever engaged in the voting process, ever. Not only has she voted in the last lot of elections and the referendum and took the children, all of the mums in the school who work in the kitchen and as teaching assistants are now registered to vote because Becca has gone on a personal quest to get people engaged in wider society.

11:30

[268] Now, that job hasn't just provided her with an income, it's changed her engagement with her community, it's changed the trajectory of her children's future, and it's changed her attitudes to Welsh society. I can't measure any of that, but that is incredible, the difference in looking at her from the day that she turned up to the person she's now become and her family and the way that her family is moving is amazing. I'm not a maker of policy and I don't know how you would capture that, but to be able to look at some of the wider value that a job brings to society, especially in a very deprived area in the Valleys, is absolutely superb. I would love it if we could look at some way we could encapsulate some of that, because that's very valuable to society—not just the money, but all of the extras.

[269] **John Griffiths:** Helen, thanks very much for sharing that with us. It's very, very impressive indeed. And, as you say, if we could somehow capture the wider benefits of getting people from long-term economic inactivity into work—benefits for their wider family and the wider community—then I think we'd all be very pleased. Thanks very much for sharing that with us.

[270] I think we've probably dealt with procurement. Janet, did you want to ask on self-employment?

[271] **Janet Finch-Saunders:** Yes. Just on procurement, you know the ethical framework—is that working, would you say?

[272] **Ms Walbey:** I think the awareness amongst SMEs of it at the moment—I know it's fairly new, but it's very, very low. I think, having read through everything, the workload for me, as an SME, to be able to get my accreditation is quite significant. I think I do all of that anyway, but I would have to invest quite a lot of time in being able to demonstrate that. I think there's an opportunity around raising awareness within the SME community

about the benefits that they would have. I think the fact that there's 30-day payment—. The issue of late payment is huge within the SME community. That is a real value that small businesses can have by engaging. I think also—I think it's clause 4.4, the impact on workers of low-cost contracts—by looking at the value of the contract and not just the price of it, this is an opportunity for SMEs, because we frequently get priced out by the larger companies—

[273] **Janet Finch-Saunders:** Those are the complaints I get locally, yes.

[274] **Ms Walbey:** Yes. We actually add more value to a contract than a larger business would. So, those are two things that I think would be good hooks to be able to engage the SME community and ask them to become more involved, but I think we need to do more to raise awareness of it.

[275] **Mr Miles:** I think, practically speaking, how we do that—. Maybe there's a case for Business Wales in terms of—

[276] **Janet Finch-Saunders:** I was just going to ask that—

[277] **Mr Miles:** —the procurement support it's doing there—

[278] **Janet Finch-Saunders:** —very question, whether there was a role for Business Wales there.

[279] **Mr Miles:** Yes, potentially. I mean, they're getting asked to do a lot of different things. So, how they perhaps engage with that process, we'd have to think about, but, certainly, when we talk about business plans and those kinds of conversations, this work should be involved in that. I also think there's a role for organisations like ours to say, 'Look, this is best practice. This is what you need to aspire to.' So, we need to be honest about that as well, I think.

[280] **Janet Finch-Saunders:** Everybody who hears of Business Wales, say locally, they do imagine that they do these kinds of things, and it would be really nice of them to encompass this kind of work, because I know so many small businesses who would be able to maybe take on another member of staff if they were able to access even small public service contracts. Again, it's about keeping the pound going round in Wales, isn't it? In the construction industry, I hear so much of when the tick-box exercise gets done—you know, are you registered in Wales? Yes, they are; they have a

registered office in Wales, but they drive down the A55, and come long the M6, M56, from England, so it's a little bit of a—you know.

[281] **Ms Walbey:** It's this idea about being able to just dig underneath the paperwork.

[282] **Janet Finch–Saunders:** Yes, definitely. Right.

[283] **John Griffiths:** Would you like to go on to self-employment, Janet?

[284] **Janet Finch–Saunders:** Yes, definitely. The Federation of Small Businesses Wales's written evidence calls for the Welsh Government to ensure that contracts are tendered in a way that better supports self-employed people to be able to take up insurance for sick pay and other leave. What specific steps would this require and are there any examples of this approach being taken elsewhere in the UK or abroad?

[285] **Mr Miles:** So, I think that the first thing it's important we recognise is that, in the ethical code of procurement, there's a lot in there on tackling false self-employment. I think that's something to be welcomed. We're really keen that where false self-employment—. Well, for us, false self-employment almost discredits those who are genuinely self-employed and are doing it for positive reasons. So, we're keen to see that distinction made and to see those issues resolved. In terms of examples of this happening elsewhere, there are none that I can think of, if I'm completely honest with you. What it would mean for us is, again, going back to those issues of, 'Is this cost or value?', if we're letting small—. Let's say it is through supply chains, construction contracts, how do we make sure that they are set at a value that means the individual who is taking that, as a self-employed individual, has a little bit of room so that they aren't worried about taking days off sick and those kinds of issues. So, again, it's something we need to work on, I think. It's a suggestion for further inquiry, but we think that you can use procurement to do these kinds of things, to get that wider value.

[286] **Janet Finch–Saunders:** Thank you. And, again, your written evidence calls for the Welsh Government to closely monitor the Taylor review of working practices in the modern economy and implement any changes within devolved competency. Are there any specific changes emerging from the report that FSB Wales would like the Welsh Government to prioritise in terms of implementing?

[287] **Mr Miles:** Absolutely. So, on the whole, we welcome the Taylor review. I think the main message there is around clarity. So, for us, that's really important—so, that we do deal with this false self-employment issue—and that people know what kind of contracts they're on for the right reasons, because that benefits businesses, I think, just as much as individuals. In terms of the bits that are devolved, for us, it's that progression element, and we see SMEs as playing a key role in this. We look at apprenticeships, for example; it's something a lot of SMEs engage with. So, absolutely, and those parts of the Taylor review—the bits around job quality that, perhaps, aren't related to employment, which isn't devolved—we need to try and pick those up and contextualise them for Wales and see how we can introduce greater progression within the employment and skills mix in Wales. So, absolutely, I think there's a case for reflecting some of that in the employment strategy that's emerging.

[288] **Ms Walbey:** We also see that those people who are furthest from the labour market, when they do then engage with the labour market, they're disproportionately likely to engage with SMEs.

[289] **Mr Miles:** So, in 92 per cent of movements from unemployment or non-participation—so economic inactivity—people go to work with an SME or start up their own business. Of that, 17 per cent become self-employed. So, when we're talking about people who are on the margins of the labour market, they tend to find their employment first with SMEs. So, we need to try and capture that in policy, because that is a route—that is a progression route in itself that is important, we think.

[290] **Ms Walbey:** Because SMEs tend to engage very effectively with things like work-based learning and career development, it can be a superb springboard for somebody—like Becca, who came into the labour market completely unskilled, and now, through her employment, is able to carry on progressing and has been able to progress through the business as well. It also enables small businesses to grow, because we tend to be particularly good, as small businesses, at keeping our staff, and we tend to have much more informal working practices, but we have a lot more of a family atmosphere. Hopefully, a company and a family, but—

[291] **Janet Finch-Saunders:** Yes, definitely. It's a form of support, as well.

[292] **Ms Walbey:** Yes, and that can really support people who are furthest from the labour market. And, also, small businesses have real opportunity

around working with other organisations and placements. So, we've done a placement with—Merthyr Tydfil Institute for the Blind contacted us to ask would we consider taking somebody with a disability. Now, obviously, I run a scrap yard, it's particularly dangerous, there's a large number of things in there that can quite easily kill you, and the prospect of having somebody with a disability—my unconscious bias kicked in straight away, and I thought, 'I don't think I can do this'. The gentleman suffers from narcolepsy and has depression, and that immediately made me think, 'This is going to be far too dangerous'. Well, we worked with the charity, we took him on for a 14-week placement, and he's now come into employment with us—initially part-time and now he's looking at increasing his hours, reducing his medication, and it's a real opportunity—

[293] **Janet Finch-Saunders:** That's so rewarding, as well.

[294] **Ms Walbey:** Yes, and it was initially—if somebody had ever said to me, 'Could you employ somebody who's narcoleptic in a scrap yard?' I'd just have thought, 'No, this is not possible'. But it's again this ability to be able to collaborate with other organisations, and small businesses have this flexibility. And, also, you have a lot of small business owners who understand the importance of being embedded in their communities, so I think we have a real opportunity with employment, especially with supporting people who are a long way from work.

[295] **Janet Finch-Saunders:** Superb.

[296] **John Griffiths:** Okay. And Jenny.

[297] **Jenny Rathbone:** I just wanted to follow up on this issue. A previous witness said that SMEs aren't always aware of the reasonable adjustments that need to be done for people with disabilities. I wondered if you could just tell us (a) what the FSB does to support that, and how aware are—.

[298] **Mr Miles:** It's really interesting, I had a meeting I think two weeks ago with the Department for Work and Pensions around the Access to Work scheme. To be completely honest with you, I attended an event on disability and employment and the scheme was mentioned, and I had no awareness of it myself, and it's my job to be aware of these things. So, straight away I thought, 'Right, we need to pick up on this, because there's a job for us to do here in spreading that message wider'. So, since then I had a chat with the

gentleman who was presenting that particular event, and he ran me through the support scheme so that, at least if someone mentions it to me, I'm aware of it, and then we're in the process of organising something to go out to all our members to say, 'This is available, if this is something that comes across your desk'. But the awareness of those kinds of schemes is quite low, if I'm completely honest with you. The support is actually really good, but people just don't know it's there, and it's targeted at the moment at the individual—rightly so—not the employer. So, the application for things like Access to Work comes through the individual, not the employer. So, in some respects you wouldn't expect the employer to be aware of it, but I think unless we get that awareness of it as well, we're not going to see those interventions happen where perhaps they could do. So, yes, there's definitely more work to do there.

[299] **Jenny Rathbone:** Great. Thank you.

[300] **Ms Walbey:** And, from a boots-on-the-ground perspective, I went to a local DWP event in Aberdare. It wasn't very well promoted, so they didn't have the attendance that they were hoping for. The process to be able to apply for Access to Work is actually very long—unnecessarily so. It's rather more complicated than it needs to be, and the problem that you have as an employer is, 'I would like to take this person into my business. I need those adjustments in place to take that person on, but it takes me potentially six months to be able to get the process agreed before I can—'. Well, of course, it's not going to be practical for the person who desperately wants to come and work for me, and needs support then, to go through such a long process. We need to look at how we can speed this up and potentially simplify it, because there are lots of small businesses who have no issues whatsoever making adjustments, because we tend to be very flexible just because of the way that we work.

[301] So, I think it's absolutely superb. I think, exactly as Josh said, we need to raise awareness of it and we need to simplify the process of actually accessing it.

[302] **Jenny Rathbone:** Thank you.

[303] **John Griffiths:** Okay. If we move on to business regulation, the FSB's written evidence talks about the importance of Welsh Government regulation in low-paying sectors such as childcare and social care in shaping the business models within those sectors. Are there any particular changes that

you would like Welsh Government to make that would have a positive impact on low-paid workers?

[304] **Mr Miles:** So, I think the first thing we need to do is ensure that foundational sectors are present in the new economic development strategy, and that it's well articulated what we mean by that. We then need to think about what programmes of work can fall out of that. I think a good starting point would be perhaps to do some research with businesses in the social care and childcare sectors, for example, and just try and work out what are the barriers to you engaging in this issue of job quality, what are the regulatory and financial pressures you are under, and how do we best resolve those. Because what we find is that most of the business models in those sectors are driven by the type of financing that's available for things like childcare and social care, and the quite strict—and rightly so—regulatory environment that they're in. So, I think, if we can understand that, if we can recognise that that is part of the economic development agenda, then we can start to work out exactly what interventions need to be undertaken there.

[305] If I can give you a practical example, I was chatting to a childcare provider fairly recently, and when I asked, 'What is the main thing that could be done to help your business to employ more people, to become more sustainable?', it was that we get the childcare offer on a long-term footing so that we know what it is, and we recognise that it's expensive because there are reasons why it's expensive. So, yes, I think there needs to be a discussion in that area and we need to see that as part of economic development, not just as childcare and social care in isolation.

[306] **John Griffiths:** Okay. Jenny.

[307] **Jenny Rathbone:** Well, childcare is rather different to many other sectors in that it's really important we have people who are well qualified in the needs of children.

[308] **Mr Miles:** Absolutely.

[309] **Jenny Rathbone:** So, what work do you see is happening to train up people to become qualified childcare workers, or early years educators, to ensure that we've got the workforce that we need to expand our childcare?

11:45

[310] **Mr Miles:** Again, it comes back to the apprenticeship offer, doesn't it? The member I was speaking to in this sector is very well engaged in the apprenticeship system, goes into local schools, and has tried to attract young boys into the sector as well, because there's an issue around gender equality in the other sense there. They're engaged with a training provider who's also an FSB member on the apprenticeship agenda, and uses that as the progression route through, so that where they've had people who started at the beginning of the company, they've now become an area manager. So, there is a kind of progression route there, but, again, it's just about accepting that apprenticeships aren't just for innovative sectors—they're for the whole economy. These parts of the economy that we sometimes forget are part of economic development need to be front and centre, I think.

[311] **Jenny Rathbone:** This is, undoubtedly, a growth area in the foundational economy, so, in your view, is the Government doing enough to ensure that those skills are being developed, so that we can open all of this new childcare?

[312] **Mr Miles:** I think the Welsh Government's apprenticeship offer is pretty good, on the whole—feedback from our members is really good on it. I think where we perhaps need to improve is, if you look at economic development policy historically, these kinds of sectors just haven't been considered as part of that mix. It looks like that's changing, with the foundational sectors coming into the new strategy, but, for us, if we can get that in there and try to work out what this means in practice, and how we improve the value of those sectors to the people of Wales, hopefully we can make further strides.

[313] **Ms Walbey:** I think things around aspects like postgraduate loans that you can now access—that you wouldn't, perhaps, have been able to consider taking a Master's if you really wanted to progress your career before, but now you can. I think that's a really welcome addition, because a lot of people are looking at retraining halfway through a career, and that now provides people with that flexibility where they can do that.

[314] **Mr Miles:** If I was to give one criticism, perhaps, of the apprenticeship offer, it's that where the higher level qualifications are being developed, they tend to be driven by quite large firms—so, you get the likes of Airbus or Tata driving level 4 qualifications. What, perhaps, we haven't cracked in the infrastructure around apprenticeships is how we create level 4 or level 5 qualifications that are in sectors predominantly with SMEs. Because there isn't the capacity for one SME to stand up and say, 'This is the qualification

we'd like', we need to create a framework whereby we can bring those together and work out what the needs are. So, I think there might be a further discussion to be had there.

[315] **Jenny Rathbone:** Definitely. If we can't get our childcare offer right, we're all doomed.

[316] **Mr Miles:** Absolutely.

[317] **John Griffiths:** Okay, could I ask on business regulation? Your FSB evidence points to the adverse impact of business regulation—non-devolved and devolved. Are you able to provide any detail of what you would consider the likely future impact to be in terms of impact on employment and then, by extension, ability to provide quality work?

[318] **Mr Miles:** Yes.

[319] **John Griffiths:** Are there any figures that you have, particularly, obviously, for us, in terms of what the Welsh Government has done and is doing?

[320] **Mr Miles:** We're carrying out a survey. While I submitted this evidence, we were actually in the field on a survey on responses to increases in the national living wage. I think some of the answers to that might be useful in terms of ascertaining what the responses here could be. When we asked firms about what the biggest increase in cost is, at the moment the answer tends to be labour. What's driving that is non-devolved regulation around things like auto-enrolment in pensions, increases to the national living wage and those kinds of issues. So, that's pushing up the cost of labour at the moment.

[321] Interestingly, when we asked firms about how they respond to that, it is interesting how you ask the question. So, if you ask, 'How do you think you're going to respond?', most people will say that they will raise their prices, stop hiring staff or cut the number of hours of work, which isn't particularly a good story, is it? It's the bit we don't want to happen as a result of this process. What we thought we'd do is ask, after it happened, 'What did you actually do?' The responses are quite different, actually, so I think that's really important to understand in this policy mix. The first response was, 'Absorb the cost or take lower profits', the second one was, 'Raise prices', and the third one was, 'Cancel investment plans'. So, you can see that there's

a mix of things going on here in responding to these kinds of increases in regulation, so we just need to understand that they might be the impact of increasing costs in certain areas.

[322] From a Welsh Government perspective, I wrote a report in 2014 around the Welsh Government's approach to better regulation—so, ignoring the content of regulation, just the process of how we assess cumulative impact of regulation and how we make sure we're delivering it in a better way. One of the things that we discovered was that the Welsh Government doesn't really have an agenda in this area. So, in Scotland, for example, they had a better regulation Act that set out the aspirations of Scottish Government in terms of how it wants to implement regulation to ensure that they were targeting those who were the worst performers, whilst being fairly light touch on the good performers. We don't have that agenda in Wales at the moment. There's quite a scattergun approach.

[323] So, I think, in the new economic development strategy, if we could perhaps articulate some of those principles, I think that would be really beneficial. So, we could say, 'This is the, perhaps, cumulative impact of the measures we're introducing. Here is how we are going to resource regulatory enforcement issues to make sure we have that level playing field' because, if I may just finish on this point, the statistic that stood out to me most in that process was that local government regulatory enforcement agencies had cut their budgets by 60 per cent over the last Assembly term. They've been asked to deliver more and more regulation with a lot less resource, and that stops them doing it in a smart way or stops them enforcing it properly. What we want to see is a level playing field in that respect. So, there's definitely more that can be done in that area, I think.

[324] **John Griffiths:** Okay. Thanks for that. I think we need to move on to employability. Gareth.

[325] **Gareth Bennett:** Thanks, Chair. The Welsh Government is developing its employability plan at the moment. How do you think this plan should be tailored to secure the greatest benefit for those on low incomes?

[326] **Mr Miles:** I think it needs to reflect the economic development strategy, so it needs to fit in with our overall economic ambitions. I think one of the things that has struck me most is around employability schemes. If you think of Jobs Growth Wales and you think of GO Wales, the experiences of most of our members have been really, really positive. So, to give you an

example, I was chatting to a member last week who had taken on his first employee through Jobs Growth Wales. Seven years later—I think, seven years; six or seven years—they now employ 30 people and that person is a director in the company. So, for us, there's a double benefit to this. One, it adds capacity to the firms, so it allows them to take on their first employee and to grow their business, but also it allows a progression route for the individual involved. For us, if we can reflect some of those and capture some of those principles in the new strategy, I think that would be really beneficial, and if we can make sure we introduce things like job quality at the beginning of that process, then hopefully that'll be sustainable throughout.

[327] **Gareth Bennett:** Did you have anything to add to that?

[328] **Ms Walbey:** One of the particularly good things about Jobs Growth Wales, from an SME perspective, is how easy it is to access, engage and utilise. I know there's been some criticism that a number of those jobs would have been created anyway, without the programme, but I think that it adds a disproportionate amount of value. Recruitment, from an SME perspective, can be really challenging, and a lot of people are, maybe, experts at running their business, but they certainly are not experts in the HR process. Being able to access a service like Jobs Growth Wales is very, very beneficial, and I echo the value that Josh says that it adds.

[329] **Mr Miles:** I think the example I had, I was mentioning, the gentleman said his business grew perhaps three years quicker than it would have previously, and this was in Powys, in an area where there isn't a huge number of big employers, so, yes, it's really beneficial.

[330] **Gareth Bennett:** Do you think, from what you know of the employability plan that's been revealed so far, that these kinds of elements are going to be incorporated into it? Are you hopeful?

[331] **Mr Miles:** Again, we're waiting for the detail, so once we have the detail we can perhaps give a fuller response, but early indications are that perhaps we're taking some of the best bits of Jobs Growth Wales and making them all-age. I think if we do that, that would be a really good way forward.

[332] **Gareth Bennett:** Okay, good. Thanks. How can the Welsh Government create pathways for in-work progression in low-paid sectors such as childcare and social care?

[333] **Mr Miles:** I think we mentioned this earlier in response to Jenny's question. It's about making sure with the apprenticeship offer that there's a proper route there, and we need to develop the higher level qualifications to do that. It's about continuing to finance those. I think Welsh Government's response to the apprenticeship levy's been pretty good. Small firms still get their apprenticeships funded at the moment. So, I think we need to just continue doing that and make sure that no other barriers are erected to that kind of progress, really.

[334] **Ms Walbey:** I think the further and higher education institutions have a role to play as well, and there appears to be a lot of support available for in-work training. So, CollegesWales, we actually had them come and visit us yesterday, because they sent us a flyer saying that we could have 70 per cent of our in-work training funded, which we weren't aware of, which sounded absolutely great. So, we're now looking at putting four of our six staff through some work-based training that I wouldn't, probably, have engaged with, had somebody not been proactive and said, 'There's all this help out here.' So, I've now got a very motivated team because they're all looking at going back to college in September. So, I think the colleges are doing some really good work around that. And, again, it's around raising awareness within SMEs about what's available and how they can access it.

[335] **John Griffiths:** Could I just ask, before you go on, Gareth? In terms of that progression in work, I think FSB mentioned a possible route from childcare into teaching, for example. What do you perceive as the practical barriers preventing that sort of progression at the moment that need to be removed?

[336] **Mr Miles:** I suppose it's the way we articulate progression. We're quite disjointed in lots of parts of the economy, so we don't see social care, necessarily, as leading directly into nursing and those kinds of issues. Maybe it's just a case of going back and articulating to lots of individuals that are on the start of that journey that this could end up somewhere quite different, and our skills often need to be flexible enough to allow those individuals to go through that process. From an SME perspective, they might not retain that staff member forever, because they're only in social care, but I think by and large the benefit they'll get from that individual being on that journey will add to the business. I don't know if you have any experience of people training up and moving on and those kinds of issues.

[337] **Ms Walbey:** We do traineeships and apprenticeships and placements.

So, we do work experience placements for children at school, but we do traineeships and apprenticeships as well. We took a rather troubled 17-year-old and he went through an apprenticeship with us, stayed for a year at the end of it, and is now a manager in a big building firm, still in the community, still riding a bike, which is absolutely great. And we took a very, very troubled 17-year-old who went through a traineeship, and he's doing—. He's not with us anymore. He stayed for a year at the end of his traineeship. He didn't want to go on to an apprenticeship; he felt he wouldn't be able to cope with the level of reading and writing involved in that, and he's now working full time outside our business and he's doing really well. So, there's real value in those transferable skills that he's gained from it. He may not be working as a mechanic, but those transferable skills are adding value to another business, and I think that sometimes we forget about the value that those skills have, rather than just the direct qualification that somebody gains.

[338] **John Griffiths:** Okay. Gareth.

[339] **Gareth Bennett:** Thanks. Now, Helen, I know earlier you mentioned the Small Business Administration in the USA. The next question is to do with that. I don't think it's what you've touched on yet. It's had a role in developing women's training centres to boost female self-employment and career progression.

[340] **Ms Walbey:** Yes, it has. Yes, it has.

[341] **Gareth Bennett:** Can we do anything like that in Wales?

[342] **Ms Walbey:** I would be the happiest small business owner ever if you could. So, they have 110 small business centres now in America and the territories. Something that they do that is quite innovative is that they're open at evenings and weekends as well, so if you are in full-time work and you have a fantastic idea on how to be able to start a business, you can access these services outside of your normal hours. If you have childcare or elder care responsibilities during the day, you can access these services in the evening. They're also multilingual, which is fantastic. That is with the service that is delivered and also the literature that is provided.

[343] A prime example of that down here: I have a very dear friend in the Somali community. She's got a great idea for a business, so I said, 'Go and engage with Business Wales', and she said, 'I can't do that.' I said, 'Well, why

on earth not?' She said, 'Well, if I go to a business start-up course, it's likely to be run by a man and there's likely to be a lot of men there that I don't know. I can't do that. I would like to be able to engage with a woman,' and we don't have—. It's really simple. I've talked to Ellie at Business Wales about how we can do this and said, 'Can we just run a course in English and Somali for Somali women around business start-up?' We're going to do it now, which is great, but there wasn't a mechanism to be able to think about if we wanted to engage those women who perhaps are a long way from employment, how we could do it.

[344] The same goes within the Bengali community. There are lots of women there who are economically inactive who would like to be active, but for all sorts of cultural reasons find it really difficult to engage with their mainstream services. So, things around running business courses after hours, at weekends, in different languages. And also, most of the small business centres are not based in Government buildings. They're based in things like community centres, in third sector organisations, so you don't feel like you are going to an official Government organisation when you're engaging with the service, and also you may already be accessing services within that third sector organisation anyway. So, there's real, real value in that.

12:00

[345] The other thing is, although they're small business centres for women, they're actually open to everybody. So, the argument around women being disproportionately well-treated in that field completely disappears, because they're branded up as women's business centres, but they're not; they're open for everyone. They also have been quite innovative with the funding. So, the majority of the funding comes through central Government, but they also work with third sector organisations and commercial organisations to provide additional funding and services, and, because they're run at a state level, there's a lot of flexibility around the additional bolt-ons that they have as well as the core services. I think they are a fantastic way to engage more women economically. We have 23 per cent here; they have 33 per cent there. We are missing out on a trick with it, and I think there's real value in looking at how we have small business centres particularly focused around women here.

[346] **Gareth Bennett:** Thanks, that was a very good answer in terms of you had a lot of information. Now, another thing that came out from an earlier

panel was this idea that women tend to be—if they're in college, they can tend to be channelled into traditionally female vocations like hairdressing, and health and beauty was mentioned earlier. Now, what could be done by the Welsh Government to better direct people to sectors where the economy has gaps and to upskill people to meet the needs of business?

[347] **Ms Walbey:** Okay, I'm going to give you a direct example and then I'll hand over to Josh. So, Becca, who works for me, her daughter is particularly good at geography and would really like to travel. When she came to choosing her options, because of the way that the options were structured, she wasn't able to take geography and leisure and tourism, which is what she wanted to do. So, she ended up taking leisure and tourism, which potentially restricted her university access route, and childcare—because of the way that the options were sectorised, she had to take childcare, which she absolutely despised from beginning to end, because she has three little brothers and sisters so has plenty of direct knowledge of childcare. There is a real opportunity around (1) increasing awareness—. So, the Big Ideas Role Model project, where you have role models going into schools, talking to young people, is superb—absolutely brilliant, I've been doing it for three years, and you talk to any of the role models, the engagement you get from young people is stupendous and it breaks down lots of gender barriers about what people can do, in either sector of the economy. But, also, it's around the options that are available to people at school, and there isn't enough flexibility in options for people to necessarily be able to take the things that they want that will get them out of that gendered career path. Josh.

[348] **Mr Miles:** I think we need to really work out who we're going to make responsible for trying to create this culture change. We put out reports last week around employability and business engagement with schools, and one of the things we found through that process was that Careers Wales is very under-resourced and not able to facilitate those links. I'm not saying that they're necessarily the answer or should be responsible for this, but we really need to work out whose job it is to lead the charge in terms of addressing these issues. It goes the other way—you know, construction, the numbers of female apprenticeships in construction are incredibly low. So, we need to work out who's responsible for that, and we need to try and push that through. Welsh Government has a lever here. It sets out the contracts for work-based learning. It could say as part of that—it does it around Welsh language figures; it says, 'We need a certain percentage of Welsh language apprenticeships'. So, there is room for influence there, but we haven't made as much progress as perhaps we should, I think.

[349] **Jenny Rathbone:** I'm just so frustrated that we're even having this conversation. I mean, on the one hand, we poach nurses from poorer countries than ourselves because we can't provide enough nurses, and, on the other hand, we know that we need all these jobs in the green economy and we continue to produce hairdressers. You know, there are more hairdressers than there are betting shops, even.

[350] **Ms Walbey:** I think this issue around schools is a really significant one. Another tiny example: we had a work experience placement—we had a young girl in Llanelli who wanted to become a motorcycle mechanic. She couldn't find a single placement in her area to do her week's work experience, so ended up contacting us, in Aberdare, to see if she could come up every single day. So, her nana was going to drive her up and spend the day in Aberdare; she was going to do the placement. The school said, 'We need to have a risk assessment of what she's going to be doing'. I was like, 'Great. It's about an A4 thick book, because we have risk assessments for everything. She's going to be using angle grinders, compressors, the whole lot.' And they said, 'Well, we can only have an A4 sheet.' I said, 'Well, you know, if you want the risk assessments—'. She said, 'Can you keep her in the office for the week, so that you can just send us a risk assessment for your office work?' Now, obviously, she ended up doing everything, and I sent them, via post, an A4 book of all my risk assessments. That attitude of somebody saying, 'The bureaucracy's going to be too difficult for me to deal with, so can you take this entire opportunity away from this young person, who's incredibly engaged' is utterly ridiculous. They felt that there was no flexibility in their policy for them to be able to have different options. We were able to do it. I just simply said 'no'. I think, within schools—and I echo what you said about the careers service, because I do lots of work supporting the careers service with going to schools—. They are really struggling, and I think they have an opportunity to engage much more with the business community and I don't think they know where to find a lot of small businesses. They find them by being directly in front of them. We are in all the communities; they just need to engage with us.

[351] **John Griffiths:** Okay, thank you for that. We have a final question on the living wage. Jenny.

[352] **Jenny Rathbone:** So, picking up on smarter regulation, how do you think this could be applied to the zero-hours contract employers who fail to even provide people with a wage slip as a way of even starting to change the

relationship between employees and employers?

[353] **Mr Miles:** So, do you mean in terms of the ethical code of practice? I mean—

[354] **Jenny Rathbone:** Well, yes, I'm sure it must be an obligation to provide people with a wage slip, but I've certainly come across constituents who have failed to get a wage slip, which they need for their benefits.

[355] **Mr Miles:** We wholeheartedly support the ambitions of that. I think what we need to do is, as you were saying earlier on, hold up best practice and say, 'This is what you need to aspire to and this is what we expect when you doing anything with the public sector.' We've got some statistics. Again, this has come from surveying in the field—so I couldn't include it in the response, but I'm happy to share it later on—around the number of businesses that pay different things, from an SME perspective.

[356] So, we asked a question of how many are paying the national living wage: 60 per cent of SMEs pay all their staff above that. There was, again, about a third—so, 33 per cent—that had a mix, and then there was about 7 per cent who paid all their staff on the national living wage. So, that specific element, when you break it down, tends to be in certain sectors. Again, this isn't surprising stuff: it's in retail, it's in tourism, it's in social care. So, again, I think, when we come to the economic development strategy, we need to try and understand why that's happening in those sectors, what are the barriers to increasing job quality in those areas, and try and address those, I think. One of the practical solutions we've seen in tourism, for example, is that the length of the season's an issue. So, we need to improve the tourism offer to allow the season to be extended so that businesses can take more people on for longer and try and address some of those issues. But it is quite a complex problem.

[357] **Jenny Rathbone:** Well, tourism is one area where—actually, we've been rather successful in increasing the amount of tourism. But, in terms of food security, how much are your members aware of innovations in technology like aquaponics, which extends the growing season for seasonal produce?

[358] **Mr Miles:** I'm not aware of that particular thing, but it sounds like the kind of thing we should be exploring.

[359] **Jenny Rathbone:** Clearly, agriculture jobs, you know—

[360] **Mr Miles:** Absolutely. And there is a spatial element to those jobs. That kind of stuff happens in parts of Wales that economic development strategy hasn't focused on in the past, and that's what we need to try and capture, I think, and have those discussions in those areas.

[361] **Ms Walbey:** There's also an issue that you can tack on to this. At the moment, we don't have a gender pay gap within our business, and we were paying above the national minimum wage until the last rise. I then offered all of the staff a pay rise. If I gave Becca a pay rise, she was going to be disproportionately impacted and actually earn less, because of the impact it would have on her benefits, than she would gain from the pay rise I gave. So, we sat down using the benefits calculator to work out how much I'd need to pay her so that she was then going to have a net gain from it. That was going to be £10.45 an hour, which, as a small business, I can't afford. So, I either have an obvious gender pay gap in that I pay my guys who are predominantly in my workshop more than her, whereas she's more skilled than them, or I keep everybody on the same level and don't give everybody an additional pay rise. And that is horrible as a small business owner, because I would like to provide that pay rise, they would all welcome having a pay rise, but Becca's actually going to be worse off by me paying her more.

[362] **Jenny Rathbone:** And then there's universal credit, and we're not clear as to whether that's going to improve the incentives to get better paid work.

[363] **Ms Walbey:** Yes. And, if I give her a pay rise and she changes her benefits claim, then she'll have to go onto universal credit and, at the moment, she isn't—because she'll be a new claim. So, we are almost in an impossible situation where we can't afford to pay what we would like to be able to. I can't afford to pay everybody's £10.45 an hour, and I don't want to pay my gents more than I'm paying her, and we're stuck.

[364] **John Griffiths:** Okay, I'm afraid we've run up against time constraints. Could I just ask a couple of very final questions? The Scottish campaign to bolster payment of the living wage—would you like to see Wales learn lessons and adopt any of those—?

[365] **Mr Miles:** If we're talking about best practice and highlighting what we think everyone should be aspiring to, then, yes, absolutely. You look at the numbers—I went to Cardiff uni and presented data on the Living Wage Foundation and the impact of it, and the numbers in Wales are something

like 3 per cent of total UK sign-ups. In Scotland, it was 23, 24 per cent. They've clearly made that a priority, they've clearly resourced it, so I think that's something we need to learn from, and, if we see that as a benefit, we need to go out and do it.

[366] **Ms Walbey:** And they've made a long-term commitment to it, which is fantastic, and I echo what Josh has said.

[367] **John Griffiths:** Okay. Helen, I know you've said before that many small businesses would like to pay the voluntary living wage, but there are barriers, and you've touched on this. Is there anything, in particular, the Welsh Government might do to address those barriers?

[368] **Ms Walbey:** I have no clear answer on that. It is such a complex issue. I think around highlighting best practice, I think around being able to support those businesses that are doing it into public procurement is an advantage—. The rest of it—the issues around benefits—is so complex I have no idea how you would try and address that.

[369] **John Griffiths:** No, that's fine. Okay, well, a final question—I guess more for you, Joshua—in terms of what they've done in some English local authorities or English areas, using business rate relief to incentivise payment of the voluntary living wage, obviously, the ramifications would have to be looked at by Welsh Government in terms of the resource involved and so on, but is that something you'd like to see in Wales?

[370] **Mr Miles:** So, I think this is interesting. It's worth exploration. I think one of the reasons they've used business rates is because, if you're a local authority in England, that's probably the main tool you have to influence these things. It seemed like there were two different types of schemes. So, one was subsidising the accreditation process with the Living Wage Foundation, so that's going to incentivise people to sign up to that, which is—if that's the aim, great. The other one was providing a blanket relief to those who already pay the living wage and then become accredited. I think we'd be a little bit cautious around that one, because you might have large businesses that are doing it already, and we're just going to give them money back, then, for just doing what they already do. So, we might do better to target that money at other areas where, perhaps, there's a more difficult conversation. What strikes me is, perhaps, if you look at Welsh Government's competency, things like the employment strategy—it's a lever that local authorities in England don't have. Perhaps we could look at how we

can use that resource in influencing some of those aspects instead, but, again, yes, happy to explore it, but I'm not sure if it's the exact answer for what we can do here in Wales.

[371] **John Griffiths:** Okay, well, that's very useful. Could I thank you both very much for coming along to give evidence to the committee today? It's been very useful and valuable. Thank you very much. You will be sent a transcript to check for factual accuracy.

[372] **Mr Miles:** Okay, thanks very much.

[373] **Ms Walbey:** That's lovely, thank you.

12:13

Papurau i'w Nodi Papers to Note

[374] **John Griffiths:** The next item for committee today is papers to note. We have paper 6, which is correspondence that we considered last week in terms of our inquiry into fire safety in high-rise blocks. We have a letter from the Llywydd in relation to the implementation of the Wales Act 2017, a letter from the Llywydd in relation to programming forthcoming legislation, a letter from the Minister for Lifelong Learning and Welsh Language in relation to Communities First and lessons to be learnt, and a letter from the Minister for Skills and Science in relation to Communities First, again on lessons to be learnt, then a letter from the Cabinet Secretary for Communities and Children, again on Communities First, lessons to be learnt, and, finally, a letter from the Chair of the Economy, Infrastructure and Skills Committee in relation to city deals and the regional economies of Wales. In terms of paper 7, we've been advised in terms of the legal aspects that there is nothing particularly significant for the committee to note in terms of the proposed principal appointed day on which the reserved-powers model will come into force. In terms of paper 8, I would like to make the committee aware that a response has been drafted to this letter, and that response will highlight the challenges this committee will face if all four Bills are referred to us. We will circulate that draft for Members to see when it has been finalised.

[375] Is committee content to note all those papers on that basis? Thank you very much.

12:15

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o
Weddill y Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Remainder of the Meeting**

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu that the committee resolves to
gwahardd y cyhoedd o weddill y exclude the public from the
cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in
17.42(vi).*

*accordance with Standing Order
17.42(vi).*

Cynigiwyd y cynnig.

Motion moved.

[376] **John Griffiths:** The next item, item 6, is a motion under Standing Order 17.42 to exclude the public from the remainder of the meeting. Is committee happy so to do? Okay. We will move into private session and I close the public meeting.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 12:15.

The public part of the meeting ended at 12:15.