ReWAGE

Evidence Paper

What next for a fair minimum wage?

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ReWAGE Evidence Paper

Argument

Building on the UK's successful minimum wage policy to date, this ReWAGE Evidence Paper makes eight new recommendations for a fair minimum wage designed to improve its effectiveness and strengthen its role in underpinning a fair labour market that works for everyone.

Rationale

The UK's national minimum wage is one of the major contemporary success stories of public policy. Fixed each year by the independent Low Pay Commission, it is remarkable for several reasons. It has been backed consistently since its introduction in 1999 by governments of both main political parties in power. It is one of only two tripartite institutions (along with ACAS), bringing together views from government, employers and trade unions. Its regular and consistent upratings have contributed positively to both labour market performance and to wage equality. And it has served as a positive policy role model for other countries, including Germany where a national minimum wage was introduced in 2015.[1]

Minimum wage policy in the UK was redirected in 2015 when the government asked the Low Pay Commission to chart a path for the minimum wage to reach 60 percent of median hourly earnings (the middle point of the wage distribution) by 2020 and 66 percent by 2024. This is why the minimum wage has enjoyed relatively generous uplifts in recent years – including a seven percent rise in April 2022 and 10 percent in April 2023, both of which significantly exceed growth in average earnings and more or less keep pace with high inflation.

Come 2024, the minimum wage is expected to reach two thirds of median earnings as planned. This is a significant achievement and represents a major success for pay equity, including for gender pay equity since it is women who account for the majority of minimum wage earners.[2] The question today is how to build on this major public policy achievement? What is the role of the UK's minimum wage in promoting a socially just labour market? And how can we instrumentalise widely held norms of fair pay to shape minimum wage policy post-2024?

Context

2024 marks a quarter century of successful minimum wage policy in the UK. The bulk of economic evidence suggests that it has supported wage, jobs and productivity growth, contributing to greater labour market efficiency, without fuelling high inflation and unemployment.[3] It is important that this positive economic assessment continues. In addition, we believe it is appropriate to reflect on how social norms of fairness shape experiences of wage justice and whether or not the minimum wage fits with social norms about what is fair.

[1] Germany established a new tripartite commission to oversee minimum wage fixing (Mindestlohn Kommission).

[2] Moreover, the higher minimum wage has already improved the UK's standing in international league tables. As of 2021, the OECD estimates that only France, Slovenia and Portugal had a higher minimum wage relative to median wages.

[3] Riley, R., & Bondibene, C. R. (2017) Raising the standard: Minimum wages and firm productivity. *Labour Economics*, *44*, 27-50.

This is not a trivial concern. Nor is it independent from economic matters. The labour market is as much a social as an economic institution.[4] For example, many of the major wage improvements in British society (and therefore living standards) have come about not as the result of shifting labour demand and supply curves, but thanks to strongly held, collective views about what is a fair wage, supported by powerful protests and mobilisation. Trade unions have historically campaigned for 'a fair day's work for a fair day's pay'. Women have won important wage gains by demanding 'equal pay for work of equal value'. And the Living Wage Foundation has argued for a fair wage on the basis of what enables a family to meet everyday needs. Fairness clearly has multiple dimensions, reflecting our diverse experiences relative to other workforce groups – defined by labour market status or by social divisions (e.g., gender) – and varied ideas about fair pay for level of skill, effort, living costs, and so on. These complex and varied fairness norms are nevertheless fundamental forces shaping ideas and experiences about what constitutes a socially just labour market.

Fairness norms also interact with changing intellectual ideas and politics. With respect to minimum wages, the 1990s witnessed a fracturing of consensus in neoclassical economics about the employment effects of minimum wages and the development of a 'new economics' to underpin minimum wage policy.[5] Norms among the electorate also changed; the minimum wage became increasingly popular and this arguably generated competition between political parties to present an attractive policy offer to citizens.

As such, when the UK national minimum wage was introduced in 1999, the then Labour government soon established a political consensus that it was needed to prevent exploitative wages and force rogue employers either to upgrade or go out of business. Since 2015, under successive Conservative governments, the rationale has been that the minimum wage ought to be a standard for pay equity, so that adult workers earn no less than two thirds of median earnings by 2024.[6]

Overall, the point is that minimum wage policy, like all wage-fixing practices, does not operate in a social vacuum. As well as reflecting the economic price of labour (both the cost to business and a market signal about which skills are in demand), wages are also a social practice.[7] This means that wages reflect all sorts of different fairness norms. Some are progressive, equality-enhancing norms like gender equality. Others are regressive, discriminatory norms that impose wage penalties on working mothers, youth, people with disabilities and migrant workers, among others.

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[4] This follows the argument of the Nobel prize-winning economist, Robert Solow (Solow, R. M. (1990) *The labor market as a social institution*. Blackwell).

[5] Card, D. and Krueger, A. (1995) *Myth and Measurement: the New Economics of the Minimum Wage*, Princeton University Press.

[6] There are other political dimensions to the 2015 change in minimum wage policy. On the one hand, the then Conservative-led coalition government sought to 'capture' the debate around fairness by rebranding the adult minimum wage as the 'national living wage' in 2015. As we discuss below this is not actually calibrated to protect living standards and so is distinctive to the 'real' living wage promoted by the Living Wage Foundation. On the other hand, the decision to uprate the minimum wage relative to median earnings was also motivated by the policy goal of reducing the cost of in-work benefits to workers from low-income households.

[7] Rubery, J., Johnson, M., & Grimshaw, D. (2021). Minimum wages and the multiple functions of wages. In *Minimum Wage Regimes* (pp. 17-36). Routledge. This chapter argues that the different functions of wages overlap and may be complementary or contradictory. Whether the economic ('price') function of wages or the fairness ('social practice') function dominates our conversation about the minimum wage may also reflect competing vested interests reflecting those who benefit from a low-wage economy versus those who benefit from earning a decent and more equitable living.

Four Fairness Norms and Eight Recommendations for a Fair Minimum Wage

To address whether or not the minimum wage reflects progressive norms of fairness this ReWAGE Paper identifies four types of fairness related to wage justice. For each type, we set out the rationale, assess the performance of the minimum wage and put forward eight specific recommendations for minimum wage policy.[8]

Fairness norm 1. The minimum wage should keep up with higher earnings

A sense of one's relative income position is fundamental to norms of fairness. The UK is characterised by a very high level of inequality of incomes between rich and poor, both within organisations and across wider society, and, to some extent, we may all be conditioned to this (or used to putting up with it). However, the current cost of living crisis has changed perceptions.

Today there is a palpable sense of unfairness about the huge salaries and bonuses paid to individuals working in banking, finance and other high paying sectors and the prioritisation of paying out dividends to shareholders over reinvesting to keep utility bills down. At the extreme top end, the average UK CEO earns the equivalent of the annual median salary within just three working days. Also, while many workers' living standards are being squeezed, there is understandable disbelief about record sales of luxury goods, including second homes, yachts and champagne.

In setting the minimum wage target of two thirds of median earnings (by 2024), the government is sending a powerful signal about what it considers to be a fair level for minimum wage earners relative to middle earners. But does it go far enough? And is the measure correctly specified? Here are three reasons that suggest the minimum wage post-2024 could do a better job keeping up with higher earnings.

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[8] Social norms of fairness are also concerned with issues of process in the way the minimum wage is fixed – for example concerning whether or not all the relevant voices are heard when fixing the minimum wage. We do not address issues of procedural fairness in this paper.

Firstly, why two thirds of median earnings rather than say 70 or 75 percent? The two-thirds threshold is the international definition of low wage work, which gives the threshold a certain legitimacy.[9] But how do we know this threshold fits with a perceived sense of justice in the UK? Surveys in the UK have shown that a majority favour a higher minimum wage.[10] In most of Europe, people's perceptions of fairness are channelled and legitimated by trade unions who are in a stronger position to negotiate wages for low-paid workers well above the statutory minimum wage. But in the UK unions are hardly present in low-paying sectors and therefore unable to undertake supplementary fair pay bargaining. With weak trade union support for low-paid workers, the UK arguably needs to raise its minimum wage to a higher relative level than countries such as France or Germany since the minimum wage plays a more important role in shoring up a sense of fairness.

Secondly, instead of benchmarking the minimum wage against median earnings why not attend to a point higher up the wage distribution that reflects the experience of higher earners? This is especially vital for the UK both because it has a polarised labour market (with high inequality between rich and poor) and because the redistributive effects of the minimum wage are largely confined to the lower half of the wage distribution. The high share of low-paid workers in the UK pulls down the mid-point of the wage distribution, so higher points of the wage distribution arguably provide a better guide to whether or not the minimum wage is fair in this respect. Average earnings are inflated by what happens to the very highest wages, typically in banking and finance, but other points of the wage distribution can be used to complement the median as benchmark.

Figure 1 plots the minimum wage as a percentage of wages at different points of the wage distribution. Monitoring these different relative positions of the minimum wage would go some way towards addressing perceived fairness about whether the minimum is keeping up with higher wages.

Thirdly, while the OECD's measure of the relative value of the minimum wage refers to a standard of full-time employees, the Low Pay Commission references all employees. This is especially pertinent because the UK has a high share of low paid part-time jobs, which depresses earnings for all employees compared to earnings for full-time employees. Indeed, one could go further and argue that a more suitable benchmark would be male full-time employee earnings, since this would also avoid problems associated with the widely acknowledged undervaluation of women's work. Figure 2 shows that while the minimum wage has improved a great deal relative to all three alternative benchmarks, it registers a significantly lower relative level against full-time earnings (58 percent, the OECD benchmark) and male full-time earnings (56 percent), compared to all employee earnings (65 percent, the LPC benchmark) in 2022.

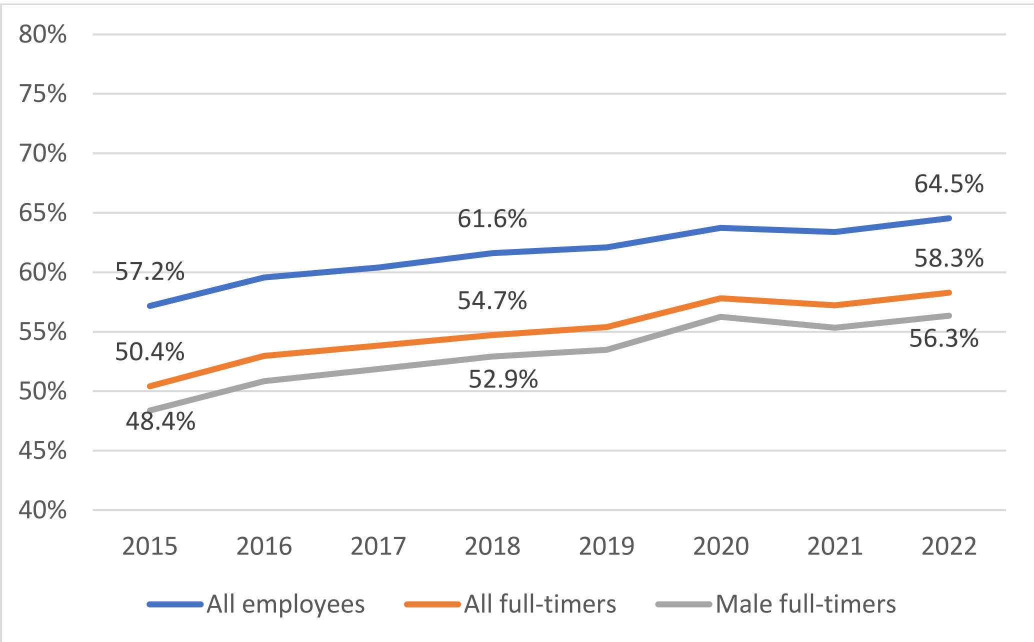
[9] Grimshaw, D. (2011). *What do we know about low wage work and low wage workers?: Analysing the definitions, patterns, causes and consequences in international perspective*. Geneva: ILO.

[10] Schaitberger, T, (2023). Minimum or Living Wage? Framing Effects on Wage Floor Preferences and Expectations. Available at SSRN: https://ssrn.com/abstract=4334482 or http://dx.doi.org/10.2139/ssrn.4334482

Figure 1. The minimum wage relative to alternative benchmark points of the wage distribution

Source: ONS Annual Survey of Hours and Earnings Table 1.6a (2022): gross hourly earnings excluding overtime, all employees.

Figure 2. The minimum wage relative to median earnings for all, full-time and male full-time employees



Source: ONS Annual Survey of Hours and Earnings Table 1.6a (various years): gross hourly earnings excluding overtime.

Recommendations:

i) With the aim of sustaining the minimum wage at a value that keeps up with higher earnings, the Low Pay Commission should redefine its target value in line with the OECD's benchmark wage indicator: 66 percent of full-time employees median wage;

ii) The Low Pay Commission should also monitor the minimum wage value against complementary benchmark wage indicators: full-time employees 75th percentile; and full-time employees 90th percentile.

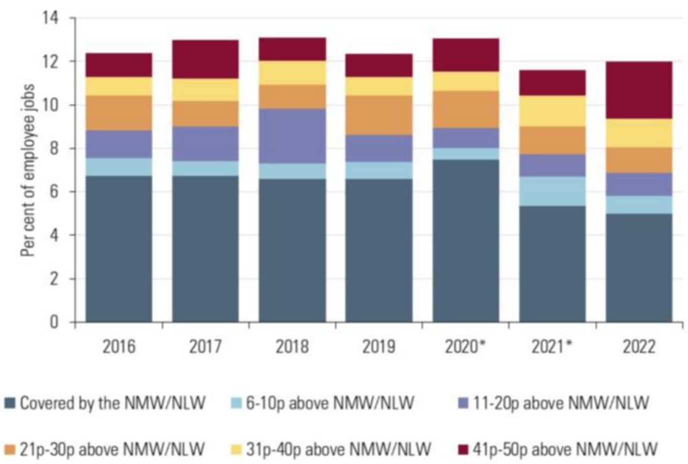
Fairness norm 2. The minimum wage should reward valuable work

There are growing concerns that low-paid workers, whether caring for the elderly and disabled or working in difficult physical conditions in construction or food manufacturing, are not rewarded appropriately for the value of their work – that somehow the economic price is not an adequate reflection or signal of the real social value of the work.

This perception has been reinforced by our experience of the Covid-19 pandemic. We applauded a wide range of people doing 'essential work'[11] but were perhaps surprised to learn that many were only paid the minimum wage, suggesting that this clashed with our sense of wage justice. We also learned that many essential workers were not even legally protected by the minimum wage. Those working in the gig economy, which expanded hugely during the pandemic, may have welcomed the chance to earn casual income, but were mostly classified as self-employed and therefore excluded from minimum wage protection.

The problem is that most people working in essential jobs – judged to be of significant value to society (in social care, hairdressing or food manufacturing, for example) – do not have the power to negotiate a better wage with their employer and therefore rely on the minimum wage to fix a decent standard. The UK stands out compared to European countries with a very large share, around one in eight workers, who are paid the minimum wage or only a little bit more. Figure 3 shows that while fewer people are now paid the minimum wage (down from 1.6 million to 1.35 million, 2019-22), the share of workers paid within a 50 pence band above the minimum wage has remained stable – around 12 to 13 percent of the workforce since 2016.

Figure 3. Share of employee jobs in the 'minimum wage contour', 2016-22



Note: Refers only to adult workers eligible for the National Living Wage.
Source: Copied from Low Pay Commission Summary of Findings 2022 (published 17 November 2022); adapted title.

[11] In the UK, 'essential work' during the Covid-19 pandemic included social care, NHS, transport, border control, childcare, education, food and drink production and distribution, local and national government, public safety and national security.

This observed stability points to the important role in the UK labour market of the 'minimum wage contour'. Just like the contour lines on a detailed map of hiking trails up a mountain, we can trace contours around key wage points in the overall distribution of wages.[12] The minimum wage is one of the most significant 'key wage points' in the UK context. This is because of the near absence of other wage-fixing institutions such as collective bargaining and an unwillingness or inability of employers to pay significantly above minimum wage rates.

The result is that for the one in eight workers who are paid within this minimum wage contour (the minimum wage plus 50 pence), the dominant factor influencing how much their pay changes each year is the minimum wage. Some workers in minimum wage contour jobs may receive pay increments that reflect diversity of work, skill, responsibility, experience and/or productivity. However, research suggests such pay differentials are small and that they are often diminished when employers cut wage costs in response to a rising minimum wage.[13] The persistent scale and significance of the UK's minimum wage contour therefore limits the much-needed uprating of wages for essential work, in keeping with this second norm of fairness which changed so much during the pandemic.

So how should minimum wage policy respond to this issue? On the one hand, a higher minimum wage would better reflect a fairness norm that couples the reward for work with its value to society. Low-paid workers in the UK are for the most part not members of trade unions and therefore do not have the collective power to negotiate better pay with their employer. Moreover, research on pay practices in low wage sectors shows that employers are unwilling and/or unable to raise pay to match the value of the work and the skills of the worker.[14] The lesson therefore is that a higher minimum wage is a necessary institutional intervention.

On the other hand, attempting to align the minimum wage with this fairness norm may be asking too much of one specific institution when in fact the problem is the absence of other wage-fixing institutions. Employers in the UK have become used to not having to explain or justify their pay policies and practices. In countries with widespread wage bargaining at workplace, firm and sector levels there are forums for discussing fairness of pay differentials between groups of workers and in relation to national wage norms. In the UK, Scotland and Wales have taken welcome initiatives to kickstart greater discussion of fair pay through the Fair Work Convention in Scotland and the Fair Work Commission in Wales.[15] However, their scope for independent action is limited.

One route to encouraging employers to establish pay setting principles could be via measures that require them to explain how their pay systems comply with the principles of equal pay for work of equal value. In Iceland employers have to demonstrate compliance with equal value

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[12] The idea derives from the work of the institutional economist John Dunlop (see Dunlop, J. T. 1957 The task of contemporary wage theory, in G. W. Taylor and F. C. Pierson (eds.) *New Concepts in Wage Determination,* New York: McGraw-Hill.

[13] Grimshaw, D., Bosch, G., & Rubery, J. (2014). Minimum wages and collective bargaining: what types of pay bargaining can foster positive pay equity outcomes? *British Journal of Industrial Relations*, *52*(3), 470-498.

[14] Lloyd, C., Mason, G., & Mayhew, K. (Eds.). (2008). *Low-wage work in the United Kingdom*. Russell Sage Foundation; Grimshaw, D., Rubery, J., & Ugarte, S. M. (2015). Does better quality contracting improve pay and HR practices? Evidence from for-profit and voluntary sector providers of adult care services in England. *Journal of Industrial Relations*, *57*(4), 502-525.

[15] The Fair Work Convention was established in 2015 to act as an independent advisory body to Scottish Ministers. The Convention's vision is that: 'by 2025, people in Scotland will have a world-leading working life where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society'. https://www.fairworkconvention.scot A Fair Work Commission for Wales made 48 recommendations to government as to how to promote fair work in Wales. A 2023 progress report found that six priority recommendations had been accepted and implemented and progress had also been made on the other 42 https://www.gov.wales/fair-work-commission.

principles or face fines[16] and the 2023 pay transparency directive from the EU requires organisations (initially only those with over 250 employees) reporting gender pay gaps above 5% to investigate the reasons for these gaps with worker representatives if they cannot be explained by gender neutral factors.[17]

In the absence of appropriate wage bargaining institutions, it may be necessary to consider applying a wage premium above the minimum wage for specific occupational groups, whether to compensate for particularly demanding work, poor working conditions or to recognise the skills and experience required (and therefore the costs of not retaining these workers due to low pay). Some countries have used a skilled minimum wage alongside a basic minimum wage (for example Hungary[18]) and in the UK wages councils used to set minimum pay for workers differentiated by skills. So expanding the scope of the minimum wage to encompass variations within the workforce by factors other than age is one possibility. Minimum wage premiums of say 20% for entry level essential occupations such as social care workers could provide some respite of the current acute labour shortage in social care.

Recommendations:

iii) Short-term: the Low Pay Commission should consider establishing a set of minimum wage premia for entry-level essential occupations;

iv) Medium-term: the Low Pay Commission should consider supporting the development of collective bargaining at workplace and/or sector levels for essential occupations and/or expand minimum wage setting to include premiums for skill and/or experience or working conditions (building for example on the highly innovative legislative reforms for new multi-level bargaining currently being implemented in Australia[19]).

Fairness norm 3. The minimum wage should keep up with the cost of living

One of the founding fairness norms underpinning minimum wage legislation in countries around the world is that it should secure a minimum level of subsistence for all who work to meet basic needs and live with dignity. But while many countries and the International Labour Organisation (ILO) make reference to an ‘adequate minimum wage’ this often stops short of a real living wage. In the UK context, this raises two questions: should the minimum wage be more responsive to inflation; and should it be fixed in line with detailed measures of living expenses (in other words, the real living wage)?

At present the Low Pay Commission is attentive to inflation but does not have the authority to consider changing the minimum wage if inflation rises during the year. The 10 percent rise announced in November 2022 was welcomed by low wage workers but they had to wait almost

[16] https://www.gov.scot/publications/international-mechanisms-revalue-womens-work-research-exploring-evaluating-international-mechanisms-aim-revalue-result-revaluation-womens-work/pages/13/ Ines Wagner, Equal Pay for Work of Equal Value? Iceland and the Equal Pay Standard, *Social Politics: International Studies in Gender, State & Society*, Volume 29, Issue 2, Summer 2022.

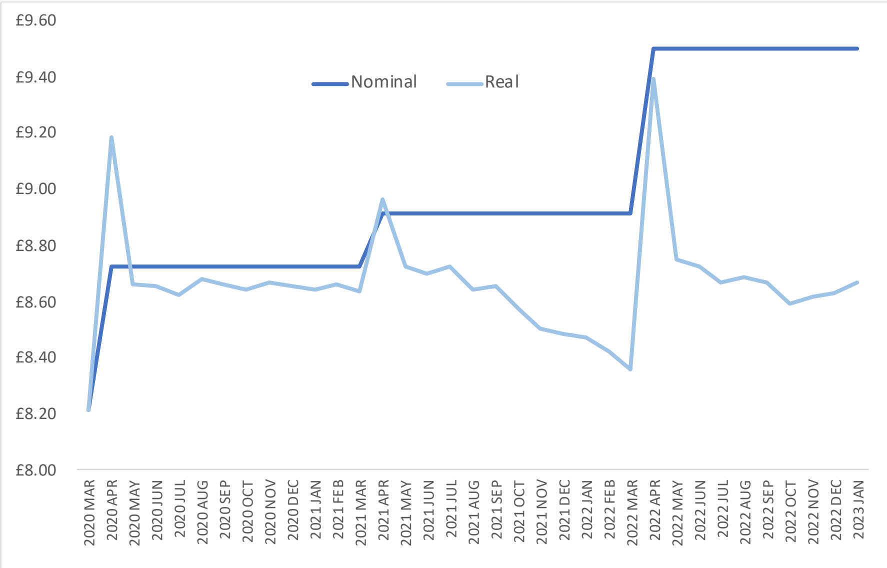
[17] https://ec.europa.eu/commission/presscorner/detail/en/ip_22_7739.

[18] https://www.reuters.com/markets/europe/hungary-government-employers-agree-16-minimum-wage-hike-2023-2022-12-15/; Grimshaw, D. ed. 2013 Minimum Wages, Pay Equity, and Comparative Industrial Relations New York Routledge.

[19] https://www.dewr.gov.au/secure-jobs-better-pay/bargaining-and-workplace-relations; see, also, https://theconversation.com/employers-say-labors-new-industrial-relations-bill-threatens-the-economy-denmark-tells-a-different-story-193311.

half a year for it to be implemented (April 2023). As we already saw in 2022, by the time the nominal rise comes through, high inflation had further eroded workers' living standards (see figure 4). The result of this delayed annual catch-up process is a month-by-month struggle to keep up with rising prices, leading to rising indebtedness and in-work poverty.

Figure 4. Monthly change in the nominal and real minimum wage, March 2020 to Jan 2023



Source: authors' calculation using minimum wage and monthly CPI data (ONS).

Other countries have a more agile minimum wage. In France the minimum wage is adjusted on a quarterly basis if inflation exceeds 2 percent – there have been two supplementary rises in 2022 (in May and August).[20] Belgium and Luxembourg and several other EU countries also make adjustments several times if necessary during the year.[21] The forthcoming EU Minimum Wage Directive will require member states to use clear criteria regarding the purchasing power of the minimum wage to maintain living standards. Lessons need to be learned from the cost-of-living turbulence experienced in 2022.[22]

A related issue is whether or not the minimum wage ought to be fixed as an absolute value in line with measures of the income required to secure a basic and dignified standard of living. This is the explicit aim of the UK's Living Wage Foundation which has had considerable success in registering employers to commit to paying no less than a living wage – around 12,000 employers covering over 400,000 workers.

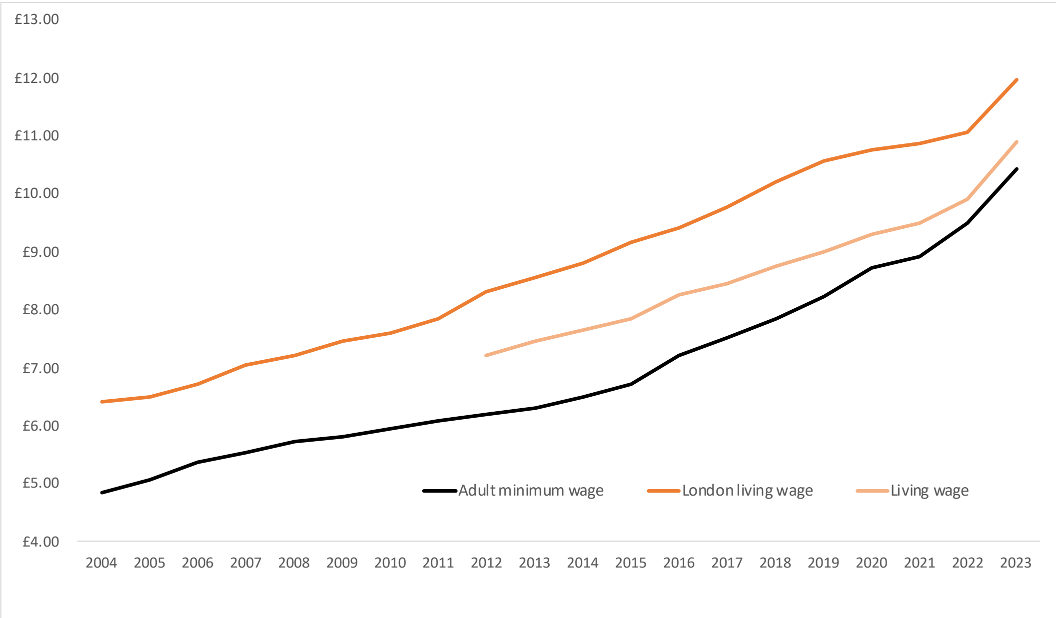
The 'real living wage' for the UK is calculated to ensure a household earns enough to reach a 'minimum acceptable living standard', as defined by the public.[23] Each year, it is uprated to account for changes in prices (including childcare, rent, travel among others), changes in the tax and benefit rules and changes in what items are included in the 'minimum income standard' basket of goods and services. It produces estimates of the hourly wage requirement for some 17 different household types (single/ couple, with/without children, age/number of children)

[20] Moreover, the formula in France for fixing the minimum wage accounts for the price rises experienced by the poorest households.
[21] See country details in Vacas-Soriano and Aumayr-Pintar (2022) *Minimum Wages in 2022: Annual Review*, Eurofound.
[22] The United States is the main counter-example where the lack of an uprating mechanism (not even a Minimum Wage Commission) means the federal minimum wage has considerably in real value since the last rise in 2009.
[23] Hirsch, D. (2017) Contemporary UK wage floors and the calculation of a living wage. *Employee Relations*, *39*(6), 815-824.

and recommends a weighted average for the living wage, with a second estimate for London to reflect the higher living costs.[24]

The wage gap between the minimum wage and the real living wage has closed in recent years (figure 5). Nevertheless, the question remains as to whether there ought to be alignment to meet this important fairness norm.

Figure 5. Trends in the minimum wage and the real living wage



Source: authors' figure using minimum wage and living wage data.

The third inter-related issue concerns the dependency of minimum wage earners on top-up benefits. Two decades ago, writing a couple of years after its introduction, Holly Sutherland cautioned about the risks of relying on a combination of minimum wages and in-work, top-up benefits to address poverty: *'The effect of these [in-work top-up] benefits is not all positive: they disadvantage potential second earners in couples and can trap the workers that they cover in subsidised low-waged jobs.'*[25] These are good reasons to deploy the minimum wage as a mechanism to avoid in-work poverty rather than rely heavily on top-up benefits. Nevertheless, the scale of the problem is enormous. The Joseph Rowntree Foundation warned recently about the slow upwards creep of workers who live in households in poverty, up to 13% in 2021. In their words, 'work is becoming less effective at warding off poverty'.[26] Given the current government's goal of eroding welfare benefits, there is a real danger that minimum wage rises for workers in poor households are being offset by falling benefits from Universal Credit. This issue deserves further detailed investigation, especially to examine its gender dynamics.

[24] Cominetti, N. (2021) *Calculating the Real Living Wage for London and the rest of the UK: 2021*, Resolution Foundation Briefing.

[25] Sutherland, H. (2004). The National Minimum Wage and In-work Poverty.

[26] UK Poverty 2022, Joseph Rowntree Foundation file:///C:/Users/k2030395/Downloads/uk_poverty_2022.pdf.

Recommendations:

v) The Low Pay Commission should consider quarterly adjustment to the minimum wage in response to inflation exceeding 2 percent;

vi) The Low Pay Commission should benchmark the minimum wage against the real living wage and seek convergence;

vii) The Low Pay Commission should undertake regular detailed examination of the net income effects of changes to the minimum wage rises and Universal Credit for workers living in poor households.

Fairness norm 4. The minimum wage should provide income security

A minimum wage set as an hourly rate cannot provide security of income without complementary protections.[27] Income security requires regular and sufficient working hours and, above all, attention to daily, weekly and monthly earnings.[28]

The UK has a large share of workers in part-time work, most of whom are women. Many part-time jobs provide relatively well paid and/or stable earnings, but the majority do not. A high concentration of part-time work is found among the lowest paid, including minimum wage earners: 12 percent of part-time workers are paid the minimum wage compared to 3 percent of full-time workers; and the minimum wage reaches 82 percent of median earnings for part-timers compared to 57 percent of full-time earnings (LPC 2021 report). Moreover, working hours are often irregular, typified by the growth of zero hours contracts in the UK (more than 1 million now and still rising[29]) and gig economy workers.

One in three working-age individuals in households reliant only on part-time work face an especially high risk of poverty.[30] The high risk of poverty among people in part-time work is not only a question of a poor hourly rate of pay. It is also caused by both insufficient volume of paid working hours and irregularity of working hours.

Other large European countries do things differently. France for example legislates for minimum weekly working hours (24 per week) and Germany provides varied minimum guarantees via sectoral collective agreements. UK workers are not protected by rules that guarantee a minimum number of working hours (per shift or per week) or require a notice period for schedule changes.[31] To conform with this fairness norm, therefore, minimum wage policy in the UK needs to be complemented with new protections for minimum working hours.

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[27] See the related ReWAGE paper 'Beyond the National Living Wage', https://warwick.ac.uk/fac/soc/ier/rewage/publications/beyond_the_national_living_wage__further_proposals_for_addressing_low_final.pdf.

[28] In many European countries minimum wages are calculated on a full-time monthly basis first and then adjusted pro-rata to arrive at an hourly wage. This establishes a more encompassing set of wage norms that take into account both the rate of pay and the sufficiency of hours.

[29] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts.

[30] 35 percent according to the Joseph Rowntree Foundation (2022) *UK Poverty 2022* file:///C:/Users/k2030395/Downloads/uk_poverty_2022.pdf.

[31] Rubery, J., Grimshaw, D., Méhaut, P., & Weinkopf, C. (2022). Dualisation and part-time work in France, Germany and the UK: Accounting for within and between country differences in precarious work. *European Journal of Industrial Relations*, 09596801221120468.

Recommendations:

viii) Government should enact legislation for a new minimum hours guarantee with provisions for minimum notice periods for schedule changes.

About the Authors

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This paper represents the views of the authors based on the available research. It is not intended to represent the views of all ReWAGE members.

About ReWAGE

ReWAGE is an independent expert advisory group modelled on SAGE that is co-chaired by the Universities of Warwick and Leeds. It analyses the latest work and employment research to advise the government on addressing the challenges facing the UK's productivity and prosperity, such as Covid-19, the cost-of-living crisis and labour shortages.

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