

## WORK & WAGES series

*Our Work and Wages series looks at how work can become a route out of poverty. In this article John Leigh from the Greater Manchester Living Wage Campaign points out flaws with the National Insurance system, in particular how it incentivises a culture of low-paid and temporary part-time work.*

### The Pension Time Bomb - Its going off now!



#### National Insurance Thresholds

The UK Old Age Pension is a strange affair. Firstly, people pay into a fund called National Insurance while they are working. Secondly, they get that money back, in the form of a pension, later. One would expect that in a rational country those payments would be invested, to pay for the pensions when people reach retirement age.

That's not what happens.

Over the years that a retiree worked and paid contributions, the government spent them on the needs of the day: policing, schools, defence etc. So today's pensions are not paid out of yesterday's savings; they are paid out of today's taxes. Now we have two problems: people are living longer (and needing pensions for more years); and tax collections are falling. Result? Government concludes that pensions are no longer "affordable".

Now let's see this from a pensioner's point of view.

A person works for 40 years, paying NI every week. They've been promised a pension at 65 if male and 60 if female. Some of them have paid for their pension several times over. If they'd invested all that money in a stock market index tracker, they'd be living pretty well in their old age. Instead they are told to wait an extra year – or for women six years – before they get a pension. If that's not breach of contract, it's hard to imagine what is. On top of that, those who qualify later for pensions are being threatened with less. Where did it all go wrong?

There are many factors involved. But one major one is that NI contributions are falling and will continue to do so. Here's a quote from the UK Government website about NI:

"You pay National Insurance if you're:

- 16 or over
- an employee earning above £155 a week
- self-employed and making a profit of £5,965 or more a year"

Employers start to pay NI at the same level. So, if employees earn the government's Minimum Wage, then how many hours can they work before they, or their employer, pays NI? See the table below:

Category of worker	Hourly rate (Minimum Wage)	Hours worked before NI due
Aged 25 and above ("National Living Wage" Rate)	£7.20	21.7
Aged 21 to 24 inclusive	£6.70	23.3
Aged 18 to 20 inclusive	£5.30	29.4
Aged under 18 (but above compulsory school leaving age)	£3.87	40.3
Apprentices aged under 19	£3.30	47.3
Apprentices aged 19 and over, but in the first year of their apprenticeship	£3.30	47.3

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## The Pension Time Bomb cont.

### Perverse Incentives

If you are an employer and you have 45 hours of work per week to be done, you could hire one person over 25. You'd pay zero NI on their first £155 of earnings and 13.8% on earnings over £156. In this case, the employer would pay no NI on the first 21.53 hours, and 13.8% on the remaining 23.47 hours.

But if the employer hires 3 people, each on a 15-hour contract, nobody pays NI. If one person is off they have two people who can cover. Alternatively, the employer could hire one apprentice at £3.30 an hour who can work up to 47 hours without NI becoming due.

This culture of unskilled, low-paid temporary workers is ruining UK companies. Staff morale is low, staff turnover is high, and quality is low. Customer satisfaction is low, customers are disloyal, staff turnover is high. So why do the NI thresholds incentivise this?

### Action for Employers

Hiring staff as full time employees, and paying them the Real Living Wage, (currently £8.45 per hour), will help to improve these problems by acquiring, retaining and motivating excellent people.

### Action for Policy Makers

Greater Manchester councils should follow Salford's lead and become accredited Living Wage employers, and then work together to make GM a Living Wage Zone, wherein all public procurement is Living Wage mandated. This would improve the NI problem, reduce poverty in GM and make the county a magnet for talented people.



John Leigh

The pension time bomb is going off. Time to call the Bomb Squad.

## Looking for Garment workers in Greater Manchester



Photo courtesy of  
Homeworkers Worldwide

GMMA members may have seen the recent Channel 4 Dispatches programmes, revealing shocking employment conditions in garment factories in Leicester, with workers being paid around £3 an hour, packing clothes for high street and on-line brands including River Island, New Look, Boohoo and Misguided. Even worse, in one factory the manager was smoking on the factory floor, a very serious fire risk given that the fluff generated by sewing is highly flammable, and with the problem further exacerbated by the piles of material that were blocking the fire exits.

Of course, exposes of this kind always focus on the worst examples; Greater Manchester's Alliance Project is much more optimistic about the potential of garment manufacturing to generate up to 20,000 new jobs in the region, and thus make a valuable contribution to local regeneration. Their programme is keen to invest in the skills, equipment and production processes that could ensure that the UK garment industry could provide decent working condition for workers involved in these subcontracting chains.

Over the next six months, I'll be working with an international women's workers' organisation, Homeworkers' Worldwide, with experience of mapping the garment industry in countries as far away as India, Chile and China.

We want to find out more about the current challenges facing both employers and workers in the textile and garment industry in GM, to understand the workers' priorities and ensure that they have a voice in initiatives that are intended to help them.

**Can you help me with this project?** At this stage we're collecting any information about the production and distribution of textiles and garments in this region, for example, general information about broader trends, or anecdotal information about particular locations or communities that might be involved.

I'm also interested in any information about people working in the industry, for example, machinists or workers involved in finishing and distribution.

All information will be kept strictly confidential, and although we will be producing a report, we will not name any individuals or companies that we have spoken to during the research.

If you can help at all - or if you could suggest people or organisations that might be interested - please contact me, Lucy Brill at [lucybrill3@gmail.com](mailto:lucybrill3@gmail.com) or call 0781 399 8322. Thanks.

## Profile: Bolton Community Transport and Furniture Services



Bolton Community Transport and Furniture Services, or BCTFS, offers furniture, white goods (cookers, washer-dryers, fridge freezers), and community transport for people across Bolton. 10,000 furniture items were collected and delivered to homes across Bolton last year, with 80% of total sales to communities within the top 15% of the most deprived areas nationally. The big warehouse or 'showroom' is full of these items, neatly ordered in long rows, sitting in central Bolton just behind the town centre. Prices advertised are much less than the brand new DFS sofas, or a cooker from Currys. These are new, second hand and graded furniture in addition to new, graded and refurbished white goods. *"We'd like to provide an alternative to the high street retailers",* says Diane, the centre manager, *"affordable and ethical, and with a focus on our community"*.

*"A lot of the people we work with have actually fallen through the bottom of Bolton's safety net. They don't qualify for benefits anymore",* explains Diane, detailing the different referral agencies where many clients come from, women's refuges, prisons, drug and alcohol services, homeless charities. BCTFS supplies furniture to fill their flats and hand in hand with this service, runs community transport, trips for individuals who would otherwise see no one. *"It's such a valuable lifeline to a lot of people who would otherwise go week to week without seeing another person",* says Diane. Booking excursions as individuals but joining a larger group enables them to get out and make friends. BCTFS' 2017 Excursion Calendar is full of pub lunches, garden centre visits, trips to the Lakes or the beach, and evenings out. There's at least 2 events each week, and the service carried 16,000 people last year – an impressive figure.



BCTFS faces the same financial pressures as other community organisations. The Community Transport service doesn't cover costs, so the furniture sales need to make up for it to balance the books. Much of this depends on the quantity and quality of goods that BCTFS can put on the warehouse floor: it's an organisational model depending on the necessity to accept unwanted furniture. The majority is donated, but new goods are also bought and then sold at cost (including the costs of collection and repairs) in the warehouse. *"Business is business",* says Diane, *"and we shouldn't*

*apologise for that. Anyway, it's only by selling things to people, that we can pay for the service to support the vulnerable."* But ensuring a full flow of furniture is not straightforward. In 2008, when the recession hit, furniture sales halved. *"The impact hit us overnight, I had to make 8 people redundant within a few months over 2008-09. It was a very difficult time",* explains Diane.

White goods donations fell when new regulations placed responsibility on retailers to collect the old appliance when supplying a new item. *"It's a different environment to 10 years ago",* says Diane. *"Today people are less willing to donate their old furniture, and instead try to sell it first on Ebay or Gumtree. Some donors view us as a dumping ground for furniture that's no good anymore. When the Council introduced a charge for collecting bulky waste – for example, old furniture, we were flooded with requests. There was sometimes an attitude that "if you're homeless and poor, you should be grateful for any furniture". We're promised items in 'pristine condition', but often they are not",* Diane explains.



BCTFS provides a lifeline for those who struggle in Bolton, either to be mobile outside their own homes and meet up with friends, or for those who need furniture and electrical items to make a house a home. It's an innovative model and a vital part of the social safety net.

Visit their [Facebook](#) page.

For other providers of similar services in Greater Manchester visit the Furniture Re-use Network's [website](#) map

## Job Opportunity (MEAM - North)



With Homeless Link. Partnerships Manager, Full-time, permanent, NW home based. Salary £29,902 - £32,367 Application deadline 9am March 6th

Do you have knowledge of homelessness within the context of multiple needs? Do you have experience of developing and influencing partnerships? The Making Every Adult Matter coalition are seeking an experienced manager to support its work in the North of England. [Further information](#)

## Forthcoming Events:

### Early years and poverty workshop

Monday March 6th 2 - 4.30pm at the Friends Meeting House, Mount Street, Manchester M2 5NS  
Free to attend



The Family and Childcare Trust and GMPA host a workshop, supported by the Joseph Rowntree Foundation, to discuss the role of the early years in reducing poverty. Recommendations from JRF's strategy to solve poverty in the UK will be presented and participants will discuss local and national challenges and priorities for early years services and the opportunities created by devolution in Manchester. The workshop will be a chance to identify shared priorities and network with like minded people in the region.

Just a few places left . Please email [Chris](#) if you would like to attend.

### The Greater Manchester Mayor and the VCSE Sector – a hustings

Tuesday March 7th 2017 from 9.30am - 12 noon at St Thomas Centre, Ardwick Green North, Manchester M12 6FZ

The newly elected Mayor of Greater Manchester will be a significant figure, with decision-making powers in their own right over transport, housing and planning, fire and police services and also considerable 'soft power' within the GMCA. They could have a big effect on the future of all VCSE organisations.

**Please turn out in strength! This is our chance to put questions and requests to the candidates in advance of the election.**

All candidates for election as the Mayor of Greater Manchester have been sent a copy of the 'Manifesto for a new relationship with the VCSE sector' and have been invited to attend this meeting.

[Please register to attend](#) A copy of the Manifesto is available [here](#)

### Connecting Communities Together

Sunday March 19th from 12.30 - 5pm at The Mechanics Institute, 103 Princess Road, Manchester M1 6DD

This event brings together people who wouldn't normally meet, to celebrate our differences, as well as all we have in common and build relationships across our wonderfully diverse city. Throughout the afternoon we will be asking 4 big questions that are affecting us all:

Things I get asked a lot: confronting damaging stereotypes

Things I'm scared of: how to make our Manchester safer

Things I wish I'd been taught: valuable lessons you've learned

Things that help make me feel like I belong: what connects you to Manchester and your communities.

[More information and to book by March 15th](#)

Join in the conversation on [Facebook](#)



## Why GM Poverty Action?

In the Recommendations Report of the Greater Manchester Poverty Commission, 2.4 *Maintaining Momentum on Poverty* called for the formation of a Poverty Action Group to help take forward the work of the Commission.

A small number of public, private and civic sector individuals came together to form GMPA. This group has since grown to over 700 individuals from more than 200 organisations plus Local Authorities and MPs and an increasing number of members of the public.

GMPA is based upon principles of cooperation between organisations.

## For more information about Greater Manchester Poverty Action

please visit our [website](#), follow us on [Twitter](#) or visit our [Facebook](#) page. You can also visit our YouTube channel [Community Voices](#)

All these platforms are there to share news and opinion from our readers, from GM Poverty Action and from the community.

We want to celebrate our successes, find new ways of working together and provide a voice for the people living in poverty in our region. But we can only do this with your help and support.

For more information or to share your news please contact [Chris](#) or [Peter](#).

Copies of previous newsletters are available on our [website](#)

If you would like to contact us or submit an article for inclusion in a newsletter please get in touch in one of the following ways:

Post: c/o 5th Floor Church House, 90 Deansgate, Manchester M3 2GH

Or contact our Communications Manager: Chris Bagley  
T: 07419 774537 [Email](#)  
and we will reply as soon as possible.

**NB** GMPA does not have full-time dedicated administrative support so please do not expect an immediate response.

