



**YOUNG  
WOMEN'S  
TRUST**



**PAID LESS  
WORTH LESS?**

**Achieving equal pay for under-25s**

**July 2018**



# FOREWORD

## **We should be paid the same for the same work because we are worth the same**

When I started work, I was working in a café and because I was under 25 I was paid a lower minimum wage. It was exactly the same job and exactly the same number of hours as the older people I worked with, but at the end of the day I was taking home less money.

This report highlights the discrimination young people are facing when it comes to pay and benefits. It also shows how treating young people as equals can transform our lives – helping us not just to make ends meet, but giving us independence, freedom and the sense that we are worth the same.

Paying young people less doesn't make a huge amount of sense. Just because you're under the age of 25, it doesn't mean your outgoings are any different to someone over the age of 25.

If you're paying someone based on their age, you're not actually paying them based on experience. Say you're 24 years-old, you might have been in an industry for four years already. Being under 25 doesn't necessarily mean you have less experience. It doesn't mean you don't work as hard. And I didn't suddenly gain a lot more experience on my 25th birthday!

Fair pay doesn't just benefit young people. It boosts businesses' productivity too.

Being younger does not mean we are worth less. We are working hard and contributing fresh ideas to our workplaces. It's time that was recognised.

Working together, we can achieve fair pay and improve the lives of more than a million young people across the UK who are stuck on low pay and who – like I was – are really struggling. This report is just the start of that and I hope you will join me and Young Women's Trust in the fight for fairer pay.

The truth is, we should be paid the same for the same work because we are worth the same.

Nia, 26, Young Women's Trust advisory panel member

## ABOUT YWT

**Young Women's Trust supports and represents women aged 16-30 struggling to live on low or no pay in England and Wales and who are at risk of being trapped in poverty.**

**Young Women's Trust offers free coaching and personalised advice on job applications, conducts research, runs campaigns and works with young women to build confidence and advocate for fair financial futures.**

[www.youngwomenstrust.org](http://www.youngwomenstrust.org)



# INTRODUCTION

## Young people should get the same pay for the same jobs because they have the same costs

We all need a basic amount of money to get by, no matter how old we are. Our bus to work costs the same, whether we're 24 or 26. Our gas and electricity cost the same, regardless of our age. Our landlords don't charge us any less rent in our early 20s.

We all have the same costs but young people are not legally entitled to get the same pay. The 'National Living Wage', which means workers legally must be paid £7.83 an hour, does not apply to under-25s. 16 and 17 year-olds can be paid as little as £4.20 an hour for the same jobs – less than the average price of a bus ticket.

Young Women's Trust believes everyone should be given the same pay for the same jobs, regardless of age. Age should not determine worth and paying a fair wage benefits businesses as well as employees. We are calling on the Government to, as a minimum, extend the National Living Wage to 21 year-olds and significantly increase the apprentice minimum wage.

The Equality Act 2010 outlaws discrimination against people with 'protected characteristics'. These characteristics include age, along with sex, race, disability, sexual orientation, religion or belief, gender reassignment, pregnancy and maternity, and marriage and civil partnership. It is illegal to pay someone less because they are a woman, because they have had a baby or because they are from an ethnic minority.

Age is a protected characteristic but employers can legally pay someone less for the same work because they are young. This is out-of-keeping with the Equality Act's principles of opposing age discrimination and of equal pay for equal work.

This anomaly is often justified with the argument that lower pay incentivises employers to hire young people and reduces youth unemployment. Yet the law prohibits employers from hiring young people on the basis that it will cost them less. So it remains unclear as to how this "incentive" could work in practice without breaking the law. Holly Lynch MP stated in a recent House of Commons debate on the topic that "The House of Commons Library has confirmed that to recruit workers on the basis of their age would constitute direct age discrimination."<sup>1</sup> If the purpose of the youth rate is, in fact, unlawful, we should question why it exists.

Young people might be paid less but they are not worth less. Employers recognise that young people are working hard and contributing a huge amount to their organisations.

Doing the same work should mean getting the same wage – no matter your age.

## SAME JOB, SAME COSTS, SAME WORTH, SAME PAY.

1 Hansard, 8 June 2016

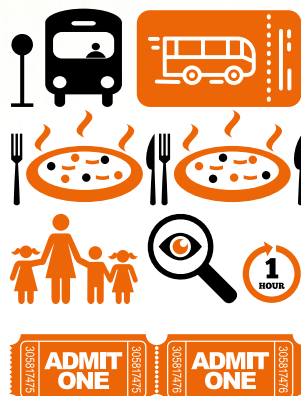
## THINGS THAT COST MORE THAN AN HOUR'S WAGE:

**AVERAGE COST OF TAKING A BUS TO WORK: £4.92**  
(TAS NATIONAL BUS FARES SURVEY, 2017)

**SCHOOL DINNERS FOR TWO CHILDREN: £4.60**  
(DEPARTMENT FOR EDUCATION, 2016)

**AN HOUR'S CHILDCARE: £4.90**  
(FAMILY & CHILDCARE TRUST, 2018)

**AVERAGE COST OF A CINEMA TICKET: £7.30**  
(BFI STATISTICAL YEARBOOK, 2017)



## YOUNG WOMEN'S TRUST RECOMMENDS:

1. Significantly increasing the apprentice national minimum wage, so more people can afford to undertake apprenticeships.
2. That the Low Pay Commission plans how it can effectively roll out the National Living Wage for all young people, and the Government commits to doing so as soon as possible.
3. Bringing the youth rate of Jobseeker's Allowance and Universal Credit in line with the over-25 rate and extending the same eligibility for a Jobcentre Plus Travel Discount Card to young people.
4. That employers pay the Living Wage, as set by the Living Wage Foundation, to all workers and contracted-out staff.



	Hourly minimum wage	Daily minimum wage <sup>2</sup>	Weekly minimum wage	Monthly minimum wage	Annual minimum wage	How much they miss out on each year by not earning the National Living Wage
<b>Apprentice</b>	£3.70	£25.90	£129.50	£561.17	£6,734	£7,516.60
<b>16-17</b>	£4.20	£29.40	£147	£637	£7,644	£6,606.60
<b>18-20</b>	£5.90	£41.30	£206.50	£894.83	£10,738	£3,512.60
<b>21-24</b>	£7.38	£51.66	£258.30	£1,119.30	£13,431.60	£819
<b>25+</b>	£7.83	£54.81	£274.05	£1,187.55	£14,250.60	–

## BENEFITS

Young people who are not in work also get treated differently because of their age. They are entitled to less financial support if they find themselves out of work, despite often having the same costs. Under-25s get £66 less Universal Credit each month, or £15 less Jobseeker's Allowance each week, than those older than them when looking for work. As well as having the same everyday living costs in many cases, young people face many of the same challenges in finding work as older people.

Under-25s have to travel to the job centre, interviews and training courses like anyone else but they are entitled to the Jobcentre Plus Travel Discount Card for three months less than 25 year-olds. They are also less likely to have savings to fall back on.

In addition, many private renters under the age of 35 are only entitled to claim the shared accommodation rate of housing benefit, which is less than the usual rate, yet rent is no cheaper for young people.

<sup>2</sup> Daily minimum wage based on a seven-hour day. Weekly minimum wage based on a 35-hour week. Annual minimum wage based on 52 weeks working 35 hours a week. Monthly minimum wage is the annual wage divided by 12.

Benefit	18-24	25+
<b>Jobseeker's Allowance (weekly)</b>	£57.90	£73.10
<b>Universal Credit (monthly basic allowance)</b>	£251.77	£317.82
<b>Jobcentre Plus Travel Discount Card</b>	Eligible if you have been unemployed for 3-9 months	Eligible if you have been unemployed for 3-12 months



# THE IMPACT OF UNDER-PAYING YOUNG PEOPLE

**1.07 million people under-25 earn less than the National Living Wage. That means more than a third of the under-25s who are in work are earning less than the Government thinks is needed to live on. 558,000 of these – or just over half – are women<sup>3</sup>. As the GMB trade union has found, “Since the recession peak in 2009 the wages of young workers have fallen by 25%, with young people under 25 now being paid on average 42% less than other workers.”<sup>4</sup> Paying an equal wage, regardless of age, is only fair.**

## A fair wage means independence

Apprentices can legally be paid less than half the National Living Wage. This means they can get more than £4 an hour less than other workers. 16 and 17 year-old workers on the minimum wage get £6,607 less than 25 year-olds.

As a result of low wages, young people are struggling to make ends meet. They are frequently unable to move out of their family homes and are falling into debt. For young parents, childcare often costs more than wages. Skipping meals to feed children is common and more than a quarter of young mothers are turning to food banks. Young people are working hard, but they are not currently able to achieve financial independence.

As the cost of food and everyday goods has risen faster than wages for most of the past year, the situation has only become harder for young people<sup>5</sup> – unless we act now.

Paying young people a fair wage will not just help to make ends meet, but will give young people financial independence.

## SAME JOB, SAME COSTS, SAME PAY

***“Pay shouldn’t be based on age. It should be based on how much you put in and your experience.”*** Female, 21

## A fair wage means higher self-worth

There is a lot of pressure on young people to be earning well and achieving. Being paid less for the same work can leave young people feeling like they’ve failed. Tia, 20, said, “Earning less makes me feel like I’m worth less. It’s knocked my confidence. But I know that I am doing the same work as people who are older than me and putting in the same hours and effort.”

As one 20 year-old man who was interviewed for our research put it: “as a young person, you get kind of used to the fact that you are at the bottom of the hierarchy. Employers know that we are keen to get work experience, so I guess that’s why we are paid less.”

This, combined with a weekly struggle to break even, is damaging young people’s mental health. 58% of young women and 42% of young men surveyed by Young Women’s Trust said that they lack self-confidence. 37% of young people said that their current financial situation caused them anxiety<sup>6</sup>. As more people turn to mental health services for help, the cost of this falls on the taxpayer.

Paying young people a fair wage will not just ease the financial strain many young people face but help them to feel as valued as their colleagues – and save the taxpayer money.

## SAME JOB, SAME WORTH, SAME PAY

### A fair wage boosts businesses

When workplace morale is low and workers feel undervalued, turnover is high and productivity drops. Businesses that pay all workers a living wage have been shown to reap the benefits of a happier, more productive workforce.

In a YouGov survey of HR decision-makers for Young Women’s Trust, the vast majority agreed that young people should be paid the same wages for the same jobs<sup>7</sup>.

Paying young people a fair wage will benefit businesses too.

## SAME JOB, BETTER BUSINESS, SAME PAY

3 ONS ‘Distribution of low paid jobs by 10p bands’ data, October 2017

4 ‘Wages Not Based on Ages’, GMB, 2017

5 ‘Inflation and price indices’, Office for National Statistics, 2017

6 ‘Worrying Times’ report, Young Women’s Trust, 2017

7 Young Women’s Trust/YouGov survey of HR decision-makers, 2017



# YOUNG PEOPLE AGREE IT'S TIME FOR FAIR PAY

Young Women's Trust asked more than 4,000 young people what policies they most supported to help people their age. Increasing the apprentice minimum wage came out top (83% agreed) and extending the National Living Wage to under-25s came second (79%). There was strong agreement on this among 25-30 year-olds as well as 16-24 year-olds. Other, less highly-ranked, options included abolishing university tuition fees (59%) and banning zero hours contracts (53%).<sup>8</sup>

One in five (22%) said that paying under-25s the National Living Wage would help them more than any other policy and 55% ranked it in the top three most beneficial policies<sup>9</sup>.

<sup>8</sup> 'Worrying Times' report, Young Women's Trust, September 2017  
<sup>9</sup> 'Worrying Times' report, Young Women's Trust, September 2017

## 83%

OF YOUNG PEOPLE  
THINK THE APPRENTICE  
MINIMUM WAGE  
SHOULD BE RAISED



## 79%

THINK THE NATIONAL  
LIVING WAGE  
SHOULD BE EXTENDED  
TO UNDER 25s



*"It doesn't sound like a huge amount but we all have bills to pay."*

*"I used to work in a bakery when I was about 16 or 17 years old. I would have done a 10 hour day and I got about £17 for it – less than the minimum wage. I was really taken advantage of."*

*"It's easy to discard young people and think they don't have the same living costs. But your living costs are dependent on your own personal circumstances, not your age. You don't know that young person's story."*

*"It doesn't sound like a huge amount, but when you think about your general living costs, everyone has a phone they have to pay for, bills – we all need to make sure we have enough. We might not have people to ask to borrow the money. We want to stand on our own two feet, that's what we want to do really. We want to be able to feel independent and not like we've got to rely on someone at the end of the day."*

*"Everyone should have a fair chance of achieving their goals, no matter how old they are. You do need money to get by, otherwise you're lacking and that knocks you back a bit with your own confidence."* Eveé, 28, Gorleston



*"You can be under the age of 25 and living on your own, like me, and you get less pay than someone in the same situation as you but who is older. Age is the only difference."*

*"I'm a care-leaver and I have lived independently since I was 17, so that makes my costs exactly the same as maybe like a 30 year-old who is living in a private rented flat. You have bills to pay like any other adult. Everyone gets hungry. Everyone has to pay for gas, electrics, toiletries, clothes and food. It still adds up the same. So I don't see why there should be a pay difference."*

*"We're just asking for equal pay for people who are doing exactly the same jobs. That encourages people to work and work hard. It shows them that they're equal and valued and can get the same money as anyone else for doing the same job, so they can be more independent."* Tia, 20, Manchester

**4 IN 5**  
EMPLOYERS SAY  
YOUNG PEOPLE MAKE A  
**BIGGER**  
OR THE SAME  
CONTRIBUTION  
AS OLDER WORKERS



*"Younger people should be paid the same minimum wage as a 25 year-old because they have the same jobs as 25 year-olds. It doesn't matter what their age is; if they are capable and they have the experience and skills to do that job they should be paid the same. It's wrong that a 24 year-old gets paid less than a 25 year-old for the exact same work."*

*"Young people may have the same responsibilities and outgoings. You have young people who are living by themselves and don't have a choice in that. You have young mothers who have to take care of their children. They have the same outgoings as everyone else."*

*"The minimum wage should be equal for all."*  
Nancy, 29, London

**37%**  
OF YOUNG PEOPLE  
SAY THEIR FINANCIAL  
SITUATION  
CAUSES THEM  
**ANXIETY**



*"In my experience, I find that sometimes we as young people can be put into a box. We are defined by our age not our experience and ability and that means we get held back, rather than being able to reach our potential. The problem that I faced when I entered employment was that if I wanted to go for promotion or apply for different roles in an organisation, I was told, 'you're young, you'll have loads of time, why do you need to do that now?' And that really bothered me because I was young but I had the experience and qualifications. The mentality of my previous bosses at that time really stunted my growth."*

*"You need to look at the person and what their experience is and what the job spec wants, and you need to take age out of it. Some people think young people are fine but this is becoming harder."*

*"A 25 year-old who is starting their first job and just entering the workplace would have the same experience as a 16 year-old who is also just starting out. If companies want to pay based on experience, then that should be reflected in what they choose to pay people. But that's different to paying us on our age."*

*"Don't think of young people based on our age, think of what we do and what we can do."*  
Shanae, 24, London

# EMPLOYERS AGREE IT'S TIME FOR FAIR PAY

**It's not just young people who think it's time to pay under-25s the same wages for the same jobs. Employers agree.**

**Four in five employers (79%) in a YouGov survey for Young Women's Trust said that young people should be paid the same as older people for the same work.** This includes 77% of small- and medium-sized organisations<sup>10</sup>.

When asked what would most benefit workers under-25 in the UK, employers' top answer was "being entitled to the National Living Wage on the same basis as 25 year-olds". One in five (21%) said this was the single most important thing for young workers and 44% said it was a top priority.

Despite this, one in eight employers say they are aware of young people in their workplace being paid less than older workers for the same job.

## **Employers say young people contribute just as much**

Four in five (80%) say that young people make a bigger or the same contribution as older workers. Nine in ten (89%) say that under-25s are as or more likely to contribute fresh ideas to their organisation as older workers. Most employers when asked said they would not cut back on hiring young people if the National Living Wage were extended to under-25s.<sup>11</sup> Indeed, the New Policy Institute, in a report commissioned by UNISON on the topic, found that historically raising wages for people under the age of 21 in the UK has not harmed their employment outcomes.<sup>12</sup>

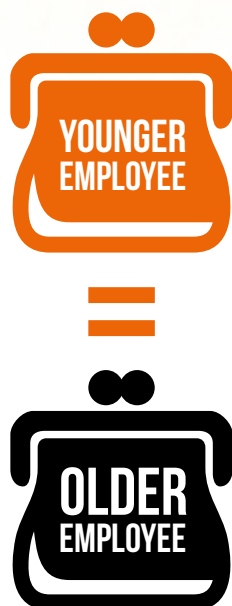
<sup>10</sup> Young Women's Trust/YouGov survey of HR decision-makers, 2017

<sup>11</sup> Young Women's Trust/YouGov survey of HR decision-makers, 2017

<sup>12</sup> Young adults and the minimum wage: The case for lowering age eligibility, New Policy Institute, June 2017



**4 IN 5  
EMPLOYERS SAY  
YOUNG PEOPLE SHOULD  
BE PAID THE SAME  
AS OLDER PEOPLE  
FOR THE SAME  
WORK**



*"I think age discrimination in the workplace undervalues the person, clearly showing that the person who is discriminating has not looked into their skills and how valuable they may be to the team/job. Basing someone's ability on their age shows a lack of understanding from the employer."*

Tanya, 19





## APPRENTICE PAY

**Apprentices can legally be paid as little as £3.70 an hour. That barely covers the cost of travel, let alone childcare or rent.**

Employers say apprentices should be paid more. Three quarters of employers in the Young Women's Trust / YouGov survey (75%) say the National Minimum Wage for apprentices is too little to live on. 72% of small- and medium-sized employers agree<sup>13</sup>.

Employers do not have to pay national insurance contributions for apprentices under the age of 25, or anyone under the age of 21, meaning they already make a saving on taking on young people. This leaves little excuse to not pay them enough to live on.

*"I was a customer service apprentice in a small shop (only me, another apprentice and my manager worked there). I had to do a lot – serve customers on the till, clean the store, display the products, update the online store, pack and post online orders, and more!"*

*"I was paid £2.73 per hour which then went up to £3.30. I got paid on a Friday at the end of the month. The next week I was skint. I remember one day I had 40p for dinner, so I got one doughnut from M&S! My manager noticed and offered to buy me a McDonald's. I felt so stupid. A quarter of my monthly income was spent on bus fare getting to and from work. It was a struggle."*

*"I don't think it was fair. Me and the other apprentice were the only workers and we were doing everything! We at least deserved the normal pay for our age group."*

Katie, 19, Newcastle

13 Young Women's Trust/YouGov survey of HR decision-makers, 2017

## FEDERATION OF SMALL BUSINESSES

**"FSB believes a higher Apprentice Minimum Wage (AMW) will help to boost the attractiveness of apprenticeships as a career option among young people and their parents. Increasing the AMW would help to achieve parity of esteem, so that apprenticeships are understood to be as viable a career option as the more traditional academic route into work, and improve access to all young people, regardless of personal circumstances. The Government should look to steadily close the gap between the AMW and the under 18 Minimum Wage. The path to close the gap should be set by the independent Low Pay Commission, to ensure that it takes account of the views of businesses, trade unions, and other experts and reflects the wider changes to wages and apprenticeship funding."**



## TAKE ACTION

Young people are paid less, but they are not worth less. Now is the time for action.

**WHAT WE ARE ASKING FOR: SAME JOB, SAME PAY.**

**We recommend that the Government:**

1. significantly increases the apprentice national minimum wage, so more people can afford to undertake apprenticeships;
2. asks the Low Pay Commission to investigate how to effectively roll out the National Living Wage for all young people, and commits to doing so as soon as possible;
3. brings the youth rate of Jobseeker's Allowance and Universal Credit in line with the adult rate; and
4. gives under-25s the right to a Jobcentre Plus Travel Discount Card on the same basis as over-25s.

**Action employers can take:**

1. pay wages not based on ages; and
2. aim to pay the Living Wage, as determined by the Living Wage Foundation, to all workers and contracted-out staff.

*"Age shouldn't determine the reward of your work. If somebody younger is working at the same level as somebody older why should they be paid less? I subscribe to the doctrine of 'credit where credit is due'. You can't decide your age but you can decide your work."* Liam, 20



*"Part of being a good employer and leader is being able to help and encourage colleagues – to recognise someone's potential and enable them to reach their targets. By discriminating because of age some employers are not doing that. Instead they have a closed-minded approach..."* Claire, 19

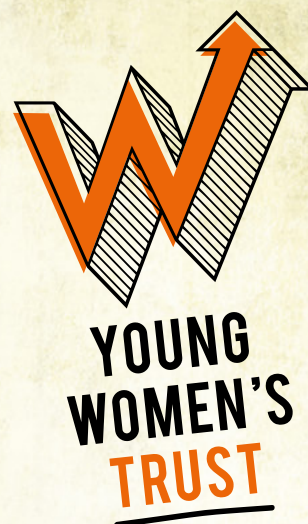


## HOW YOU CAN HELP:

**Sign our petition, share your story and learn more about the campaign by going to our website: [www.youngwomenstrust.org/paid-less-worth-less](http://www.youngwomenstrust.org/paid-less-worth-less)**

**Young Women's Trust is a charity supporting women aged 16 to 30 on low or no pay.**





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