



LIVING WAGE
FOUNDATION
**LIFE ON
LOW PAY**

LIFE ON LOW PAY

In 2001 community organisers from Citizens UK brought together people from local institutions in East London to talk about the problems affecting their lives. Many of them were working in two or three minimum wage jobs and still struggling to make ends meet.

Since then, the campaign for a real Living Wage has led to a pay rise for over 150,000 UK workers and put over £600 million back into their pockets. In 2016, the government introduced a higher minimum wage for over 25 year olds inspired by the campaign, even calling it a 'national living wage'.

However, one in five, or over 5.5 million, people in the UK are still earning below the real Living Wage, independently-calculated year-on-year based on what people need to get by.^[1] A worker on the real Living Wage earns nearly £1,800 more a year than someone on the government minimum^[2] – equivalent to more than six months' food and drink bills, over a year's average gas and electricity bills or almost three months' average rent.^{[3][4][5]} In London the gap is even bigger, with a full time worker earning over £4,500 less on the government's 'national living wage' than they would on the real Living Wage.

This briefing sets out the findings from our polling with parents working full time but still not earning a wage they can live on. It highlights the difficult choices faced by workers earning little more than the government minimum across all areas of their lives.

Many are struggling to afford the basics and stuck in jobs that require them to work long, anti-social hours away from their children. Weak wage growth and rising inflation are squeezing household finances and forcing more people to rely on unsecured credit – with consequences for their relationships, happiness and health.

The research highlights the need for more employers to join the movement of businesses, organisations and individuals that believe a fair day's work deserves a fair day's pay.

KEY FINDINGS

Polling conducted by Survation of 1,016 UK parents working full time and earning less than the real Living Wage found that over a third have regularly skipped meals due to a lack of money, and almost half have fallen behind on household bills, Of those polled:

HEALTH

37% said they had skipped meals regularly for financial reasons

71% said they worried so much it affected their day to day life

FINANCIAL INSECURITY

43% said they had fallen behind on household bills

22% had taken out a payday loan to cover essential purchases

30% had walked to work as they couldn't afford the travel fare

FAMILY LIFE AND RELATIONSHIPS

24% believed low pay had negatively affected their relationship with their children

32% feel their pay negatively affects the quality of their relationship with their partner

55% had to decline a social invitation due to lack of cash

HEALTH AND HAPPINESS

Low pay significantly impacts the health and happiness of workers. A survey carried out by the Food Standards Agency in 2017^[6] found that one in four low-income households struggles to eat regularly or healthily because of a lack of money. A separate study by The University of Manchester found that people employed in low-paying jobs may not actually enjoy better health than those who remain unemployed.^[7]

Our polling of UK parents working full-time and earning less than the Living Wage highlights the devastating effect low pay is having on workers' physical and mental health. Of those polled:



"Working in the dementia unit and in end of life care is a hugely demanding job. I leave home at 7am and get back at 7pm, there is no respite, as I am also studying and looking after my daughter. I really worry for the patients when staff are so stretched as we want to give them good care but are so often exhausted and overworked."

"My colleagues and I are often hurt or physically exhausted due to difficult behaviour from patients. I am completely shocked that care homes like mine think it is acceptable to work people to the bone in very demanding jobs looking after vulnerable patients for such low pay, when patients and their families are paying so much money."

Martina^[8], employed as a care worker in West London on less than £8/hour

FINANCIAL INSECURITY

Financial insecurity is a daily reality for millions of workers paid less than the real Living Wage. The 2017 Living Wage Report^[9], produced by KPMG on behalf of the Living Wage Foundation, found that a tighter squeeze on household finances amid rising living costs coincided in a stronger demand for unsecured credit for those earning below the Living Wage. Around 14% of people earning less than the Living Wage signalled a greater need for unsecured credit, and household debt held by those earning below the Living Wage increased during October 2017, this was the first time an increase had been seen since 2015.

Our polling of UK parents earning less than the real Living Wage found:



FAMILY LIFE AND RELATIONSHIPS

The corrosive effects of low pay on family life are also prominent in our polling, showing that many parents are working long, anti-social hours away from their children. Of the respondents:

24%

Believe low pay has negatively affected their relationship with their children

32%

Feel their pay negatively affects the quality of their relationship with their partner

24%

Believe low pay has negatively affected their relationship with their close friends and family

55%

Had to decline a social invitation due to lack of cash

"It can be a real struggle some weeks, I have to be in work at dawn to start at 6am every day so I always miss taking my children to school. I can't afford to get the tube to work so I take buses and walk between work and University so travel time is a lot longer.

"Some colleagues are struggling even more, I've worked with people who will do back to back night and morning shifts because £8 an hour isn't enough for them to pay the rent, food bills and other essentials without the extra hours. With food prices rising it is getting even harder.

"Gym membership where I work costs £100 a month, and they have tens of thousands of members, so surely they can afford to pay the staff who keep the business running a bit more so we have a good family life. A real Living Wage would mean about £40 a week to me and that would help me keep on top of bills, take the occasional morning off to take my children to school and avoid getting into debt around times like the school holidays or Christmas when there are more expenses."

Helen^[10], employed as a cleaner at a London gym on £8.05/hour

THE SOLUTION

The only way to close the gap with the government minimum is for more businesses and organisations to join the movement of 4,000 employers that pay the real Living Wage to their employees and sub-contracted staff.

Our polling found strong support for the real Living Wage, with many stating that being paid a wage they could live on would improve their physical and mental wellbeing. Of those polled:

84%

Said it would improve their overall happiness

81%

Said it would improve family life

78%

Said it would improve their mental health

71%

Said it would improve their physical health

When employers choose to take a stand by ensuring workers and their families earn the real Living Wage, employees say it is the difference between struggling to make ends meet and being able to cover the basics like healthy food and a warm home, spend quality time with family, cover a birthday treat for their children, or save a little money for a rainy day. This report makes the case for more businesses to step up, do the right thing, and pay their workers a decent wage that is enough to live on.

"For the first time in many years I now have the ability to support my children the way in which I have always wanted. Not only financially but with the support and time to do so. Being part of the Combat team has enabled me to see a prosperous future, our vision motivates me every day and the fact I get paid a good salary is testament to the values we all share."

Chris, ex-Royal Marine & Senior Technician at Combat Pest Control, an accredited Living Wage Employer

"I enjoy my job because I enjoy being around the people that are at work here and a lot of them are my friends because I've been there a very long time.

"My family means everything to me. My family consists of my husband and my granddaughter whom we have had since she was a baby. Having a granddaughter who suddenly became our daughter hasn't always been easy. At times it's been very difficult because we did have to take it through the court system. It cost us a lot of money and we never had any maintenance. Financially it was very difficult so you lived from hand to mouth. It made a difference where when Aaliyah would say "Can I go to McDonalds nanny?" I would then turn around and say "Well no, we can't".

"The Living Wage was introduced in 2014. That meant quite a lot to me. It meant that there was money to be left at the end of each month rather than just put all the money into bills. It also meant that I was able to actually give up some part-time work which meant that I was home more and not feeling so tired. I was able to buy Aaliyah a laptop for homework because she is now going to be taking GCSE's.

"The Living Wage makes me very proud to be working here. It gives you higher self-esteem. It gives you more confidence. You can hold your head up high. It makes me feel quite emotional to think about it and it's made me want to stay there. I wouldn't want to go anywhere else."

Lynne, Cleaner at Aviva Norwich
an accredited Living Wage Employer

Sources

- [1] <https://home.kpmg.com/uk/en/home/insights/2017/11/kpmg-living-wage-research-2017.html>
- [2] These calculations are based on working for 37.5 hours a week, for 52 weeks. $\text{£}8.75 \times 37.5 \times 52 = \text{£}17,062.50$ for someone earning the real Living Wage, compared to $\text{£}15,269$ for a full time worker, over the age of 25 (and therefore eligible for the National Living Wage), earning the government's new National Living Wage rate of $\text{£}7.83$ - <https://www.livingwage.org.uk/news/news-living-wage-foundation-welcomes-pay-rise-uk's-poorest-workers-urges-employers-go-further>
- [3] Average weekly household food and drink bill is $\text{£}58.00 \times 52 \text{ weeks} = \text{annual food and drink bill of } \text{£}3,016$. Half of this is $\text{£}1,508$ - <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/detailedhouseholdexpenditurebydisposableincomeandecilegroupuktable31>
- [4] Combined prepayment average gas and electricity bill = $\text{£}1,250$. (DECC Quarterly energy prices, 2017 - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/672802/QEP_Q317.pdf)
- [5] In 2016-17, the average private rent outside London was $\text{£}158$ per week. Eleven weeks (nearly 3 months) private rent is therefore $\text{£}1,738$ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/675942/2016-17_EHS_Headline_Report.pdf
- [6] <https://www.food.gov.uk/science/research-reports/ssresearch/foodandyou>
- [7] <http://www.manchester.ac.uk/discover/news/having-a-bad-job/>
- [8] Martina's name has been changed for anonymity
- [9] <https://home.kpmg.com/uk/en/home/insights/2017/11/kpmg-living-wage-research-2017.html>
- [10] Helen's name has been changed for anonymity.



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