

Findings from LW survey of JRF's Social Investment Portfolio

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Survey background and aims

- Cost of living crisis focused our attention on social enterprises' role as employers
- Surveyed our portfolio in October 2022 to better understand barriers to accreditation and support needed
- High response rate from direct and fund investments provided meaningful insights

Direct investments



- 11 of our 14 direct investments responded
- Of the 3 which did not respond, 2 are accredited

Fund investments



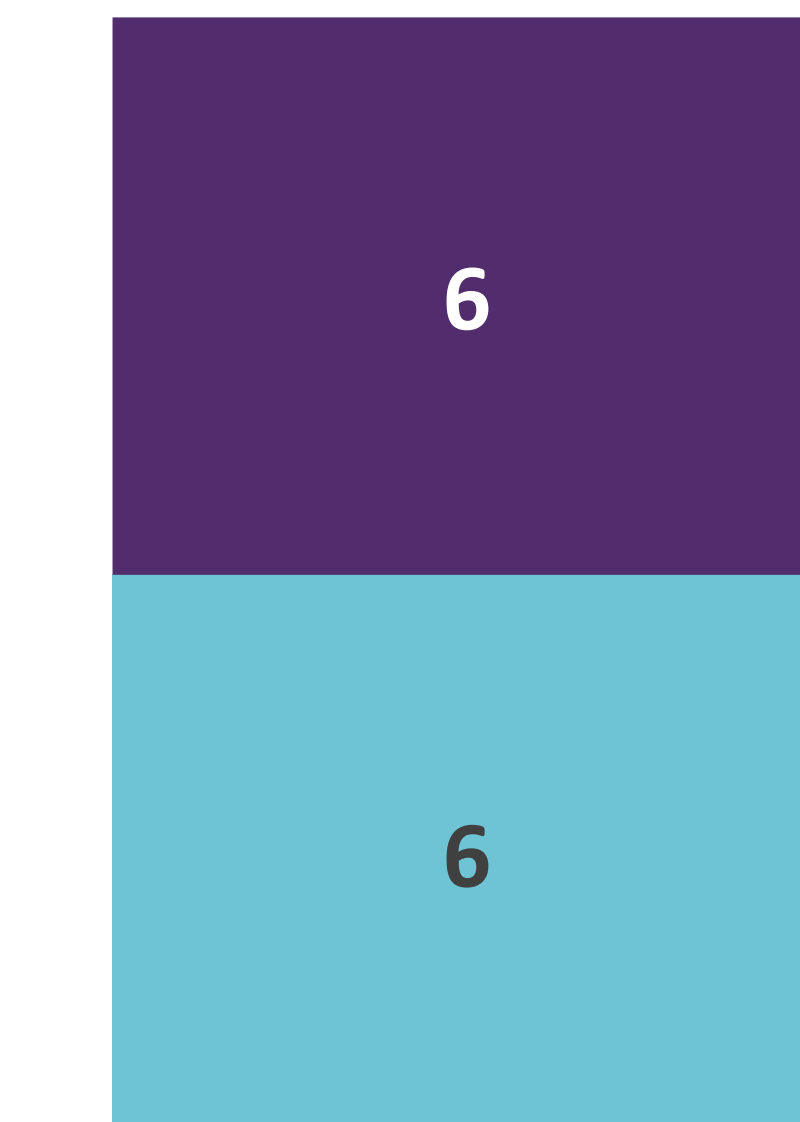
- Of our 10 fund managers, 9 responded to our survey

Full awareness of LW and high percentage paying it

Does your organisation at least pay all directly employed staff the real Living Wage?

- All our enterprise investees are aware of the real Living Wage
- Half of our enterprise investees are accredited
- Over 75% already pay at least real LW to directly employed staff

Number of enterprise investees



LW Accredited Employer



Pay Real LW to direct staff

■ Yes ■ No

Of the 3 responding enterprises that do not currently pay LW...

High relative cost was a key reason and affected more than 6 staff for 2 orgs

If your organisation does not at least pay all directly employed staff the real Living Wage, what are the main reasons for this?

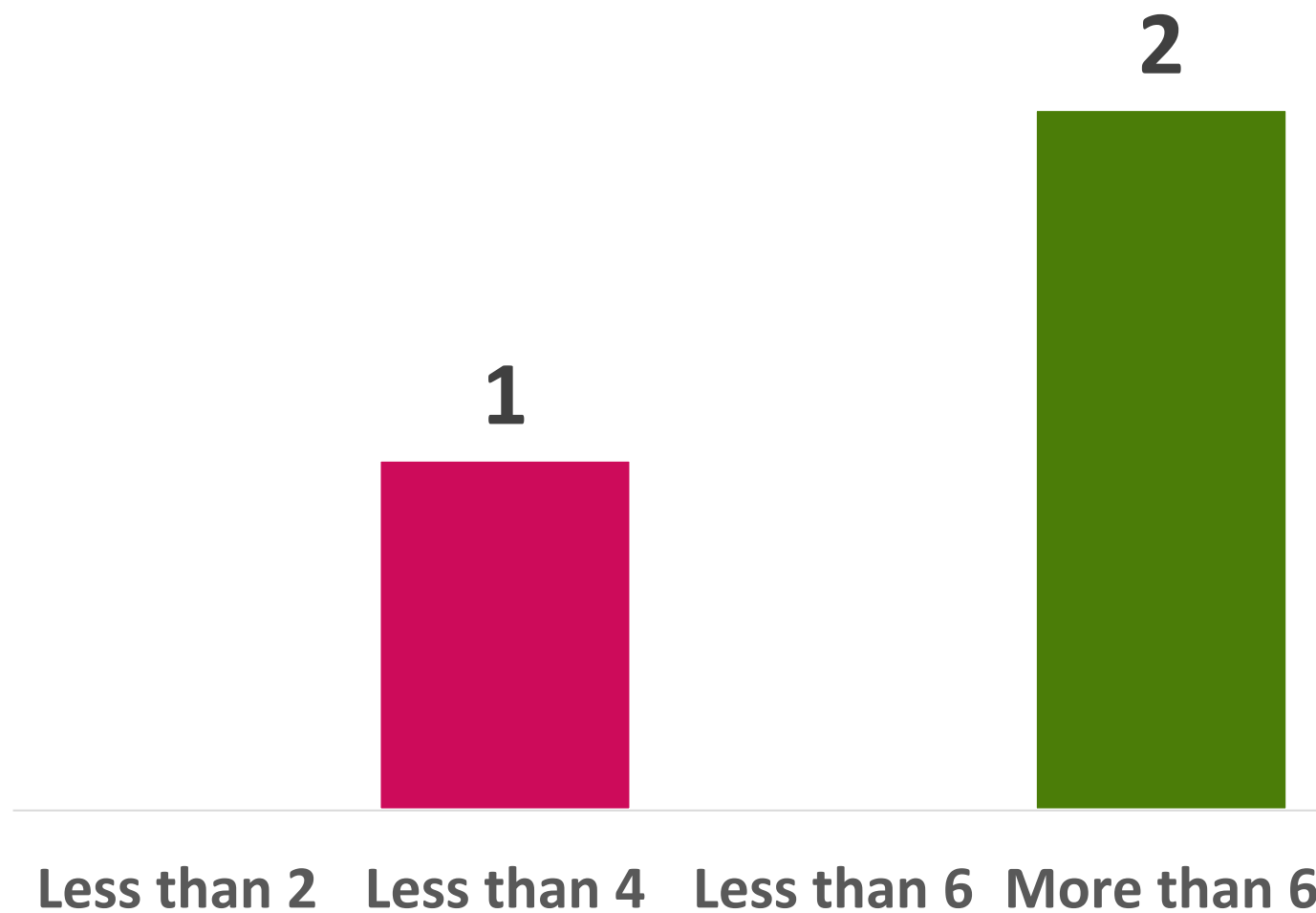
Two responded that:

“The cost of paying the real Living Wage is **too high relative to our revenue.**”

And **one** enterprise responded that:

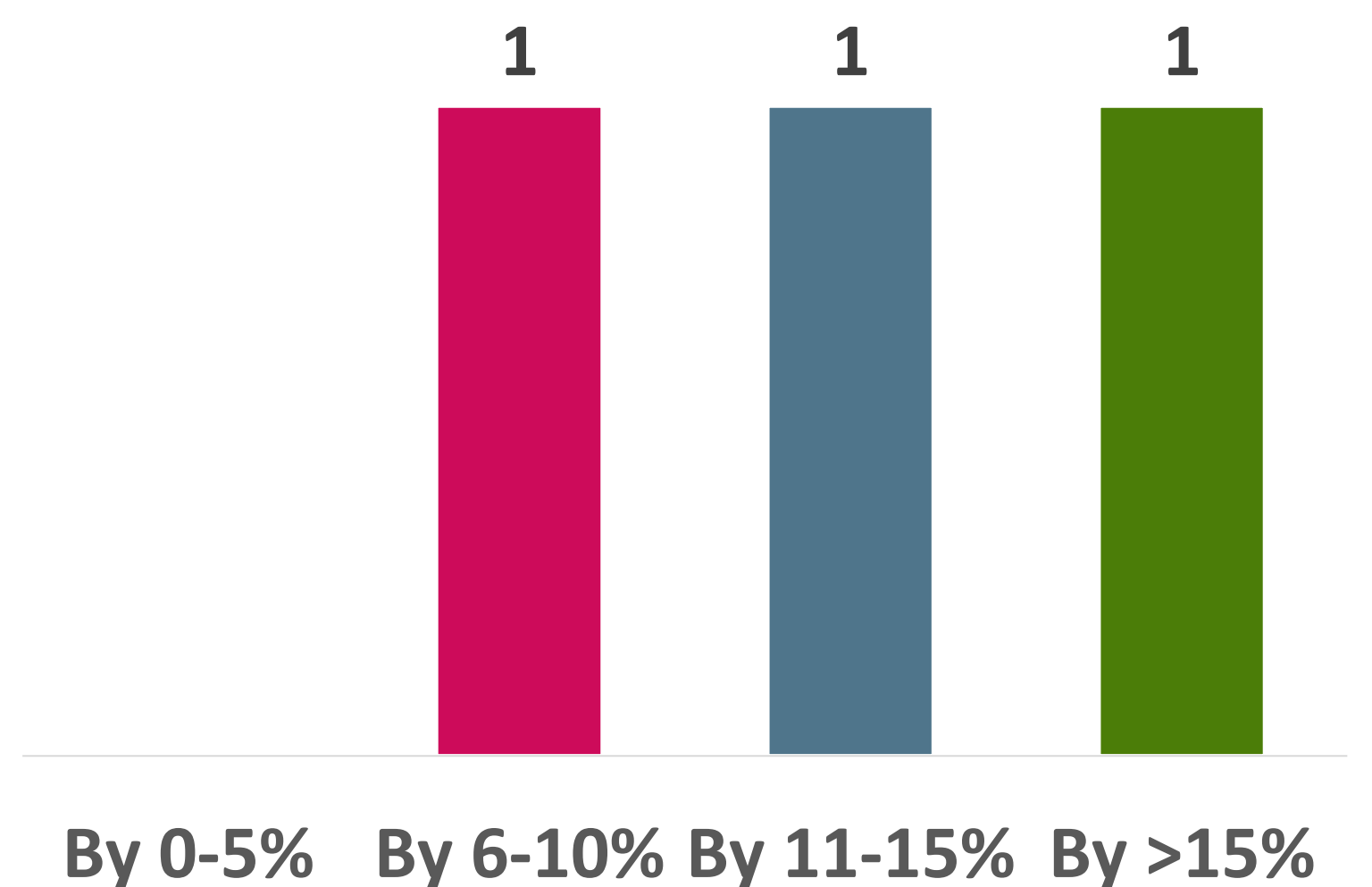
“We pay some staff real living wage; but we cannot pay our home care staff this level as the **hourly rate** we received from the **local authority commissioning body** doesn't enable this.”

If your organisation does not at least pay all directly employed staff the real Living Wage, how many roles in your organisation are currently paid below this level?



If paid, costs would rise between 6-15%

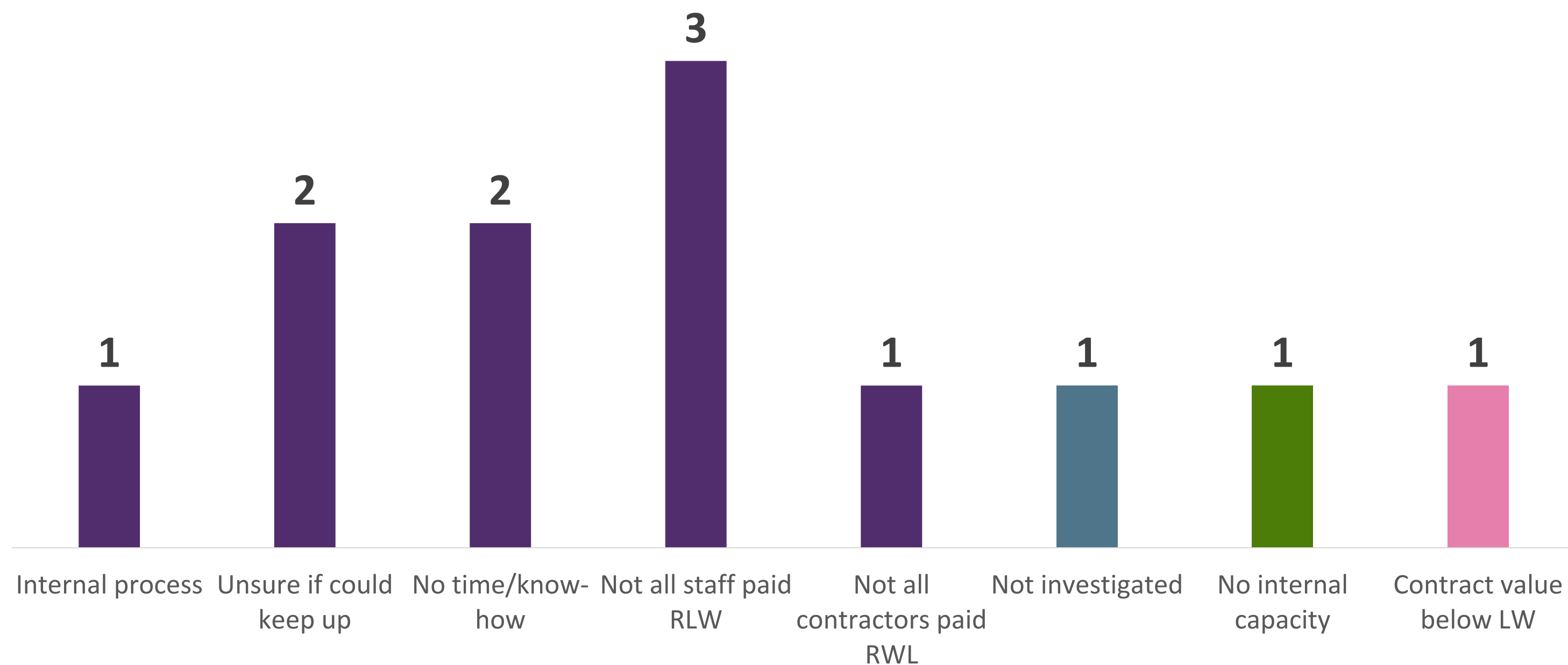
If you do not at least pay all directly employed staff the real Living Wage, by how much would your total costs rise if you did so?



For the 6 enterprises not accredited, a range of barriers exist

Various issues need to be addressed before accreditation

If your organisation is not an accredited Living Wage Employer but you are interested, what are the most significant barriers to becoming accredited?
Select all options which apply. If you select other, please elaborate.



Full text of response options

- We would like to be Living Wage accredited but there are various **internal processes** that need to be completed before we can achieve this.
- We would like to be Living Wage accredited but are **unsure if we could keep up** with Living Wage increases in the future.
- We do **not have time or know-how** required to go through the accreditation process.
- Not all of our staff** are paid the real Living Wage of £11.95 in London or £10.90 elsewhere in the UK.
- Not all of our contractors** are paying their staff the real Living Wage of £11.95 in London or £10.90 elsewhere in the UK.
- We have **many contractors** and it is too difficult/time-consuming to engage with them to ensure sub-contracted staff are paid the real Living Wage.
- Other – three responses:

“We have not investigated the process.”

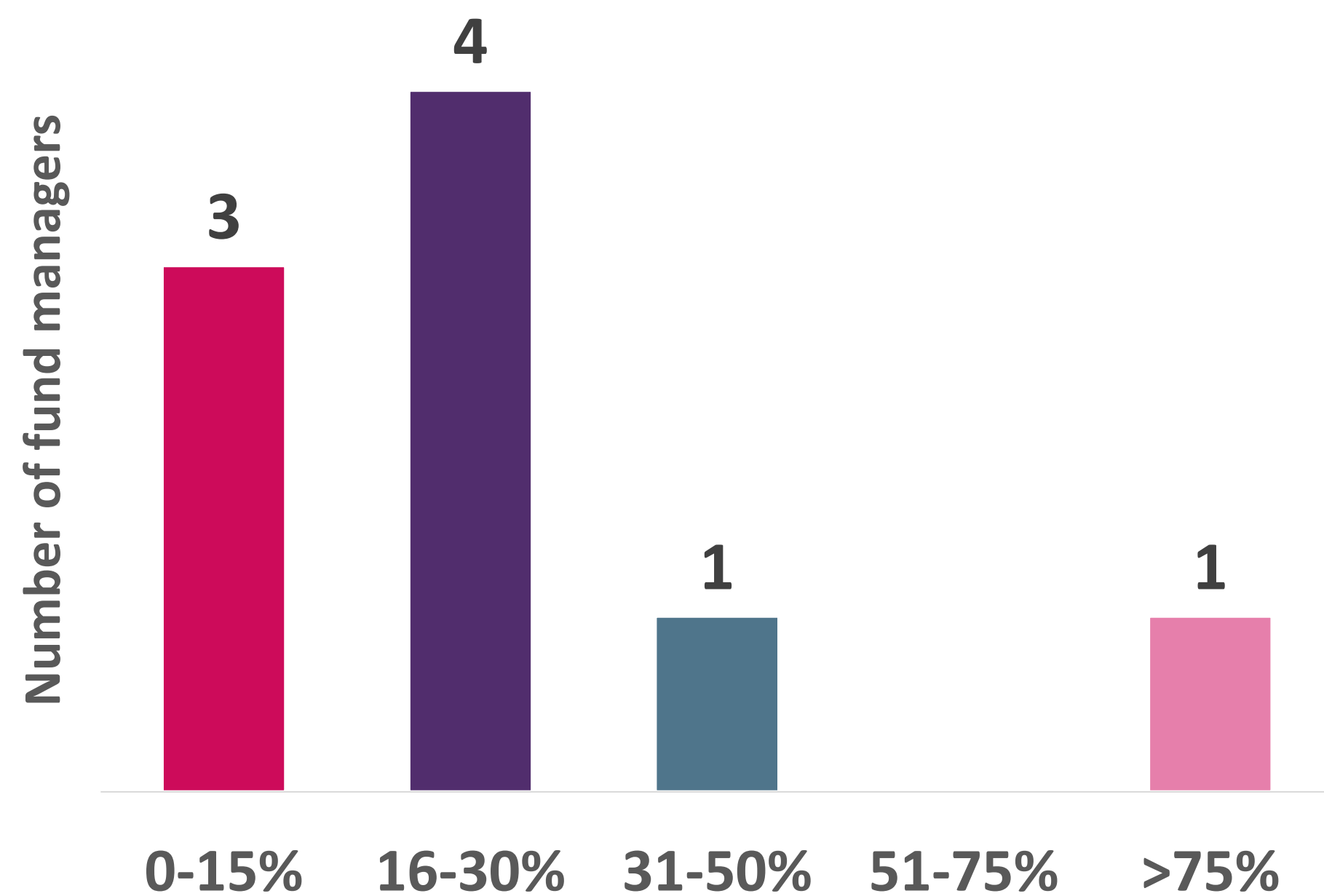
“This is not something we have had capacity to think about, despite being a key partner with Citizen's UK. We would be interested to know more about the process.”

“We believe home care staff should be paid the Real Living Wage; it is c.£1.50 more than we receive and would increase our costs by c.£300k per year; it's a service that doesn't make any profit.”

Across our manager portfolios, accreditation is generally low

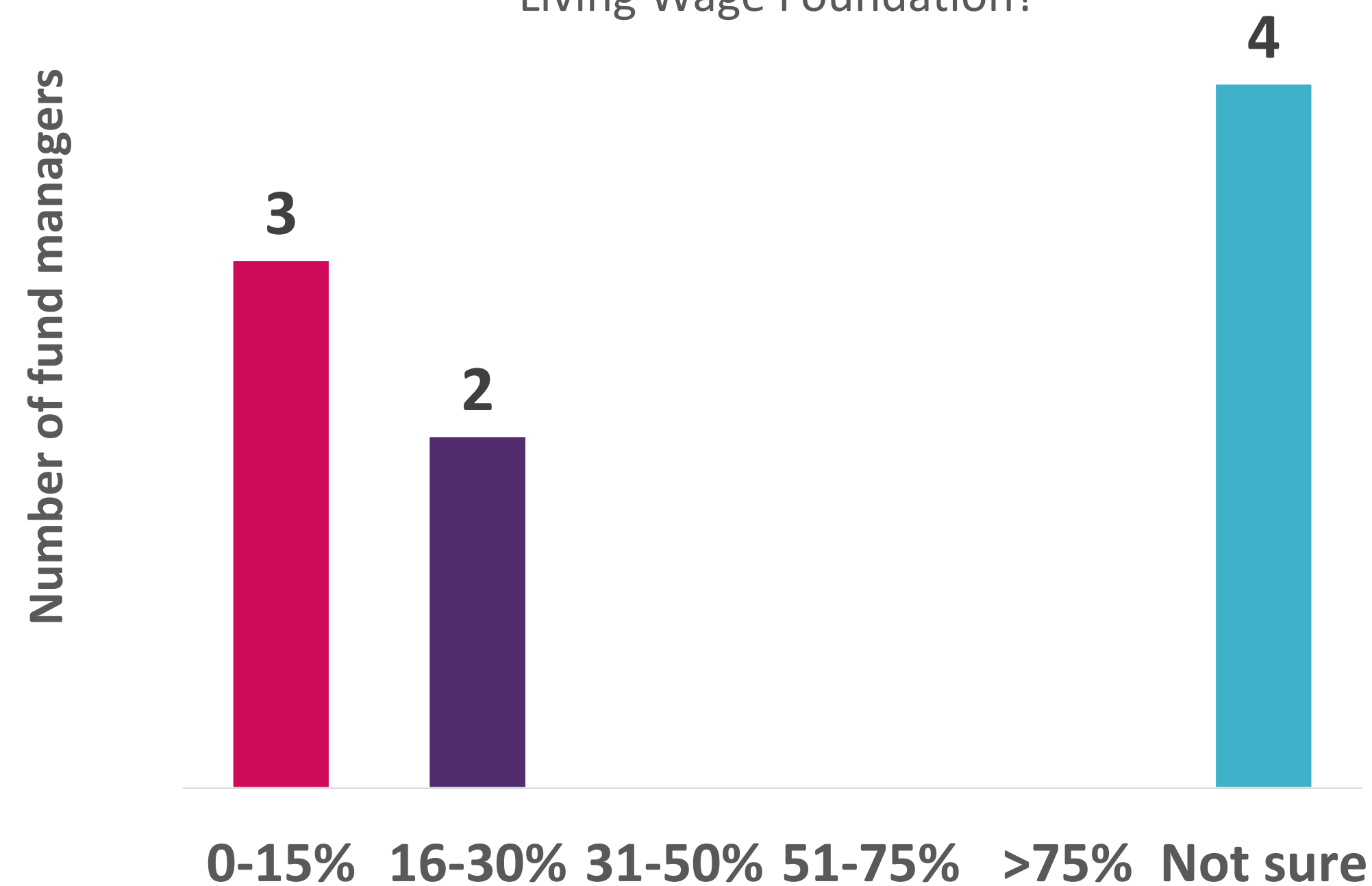
Most said <30% of JRF's holdings with them are LWE accredited

For funds where JRF has holdings: what percentage of organisations to which your managed funds currently have active investment commitments are accredited as Living Wage Employers by the Living Wage Foundation?



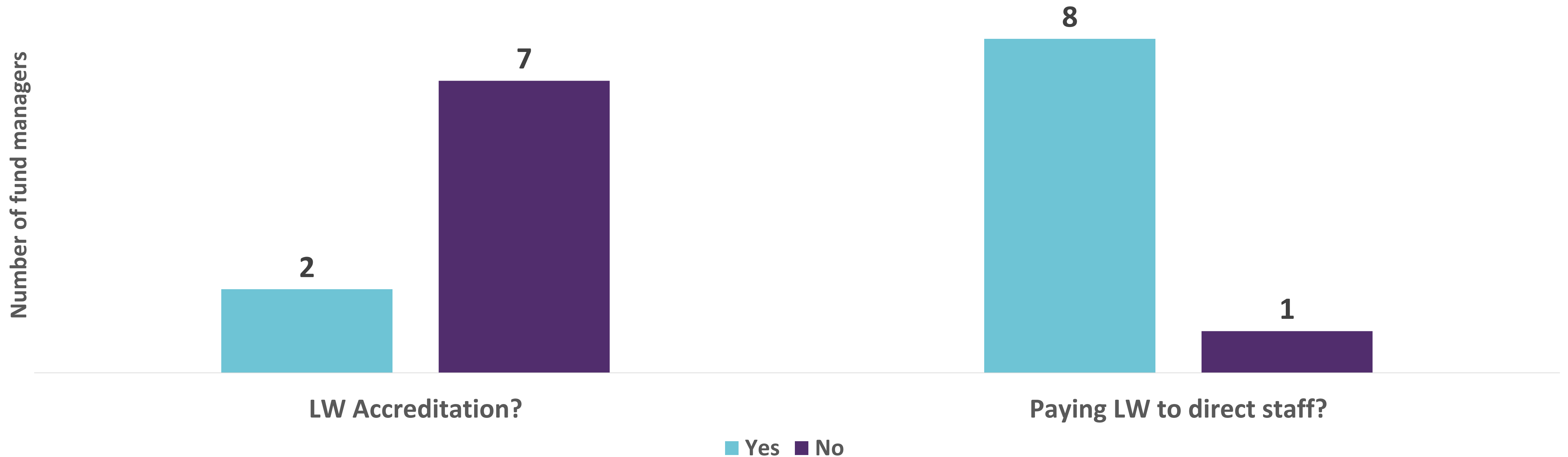
Low percentage and low awareness of accreditation in wider portfolios

For your all your funds: what percentage of organisations to which your managed funds currently have active investment commitments are accredited as Living Wage Employers by the Living Wage Foundation?



Accreditation is not always assessed, but payment of RLW is

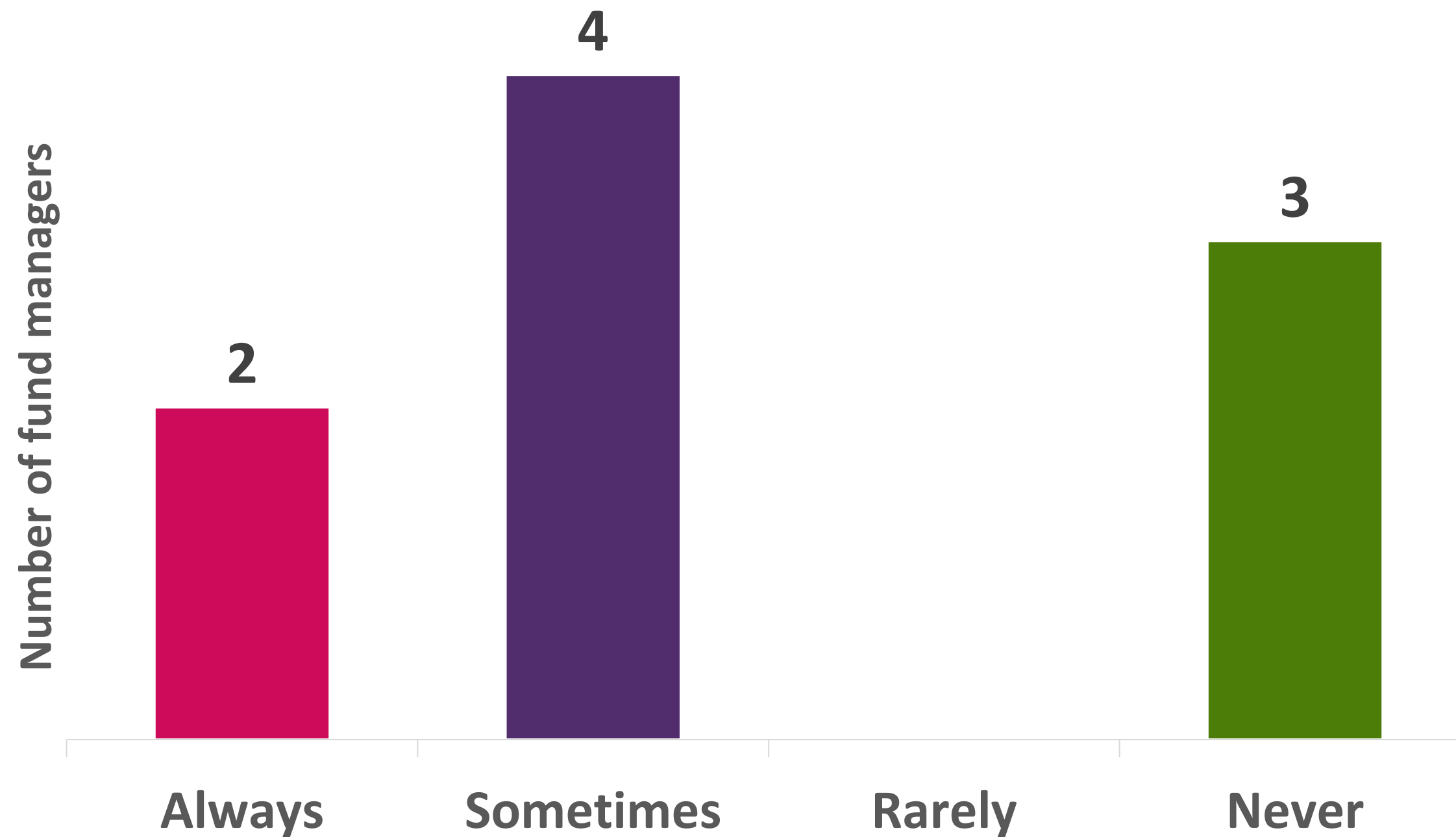
Do impact fund managers include questions in their application process about LW accreditation and about payment of real LW to directly employed staff?



A mixed approach to guiding applicants about LW accreditation

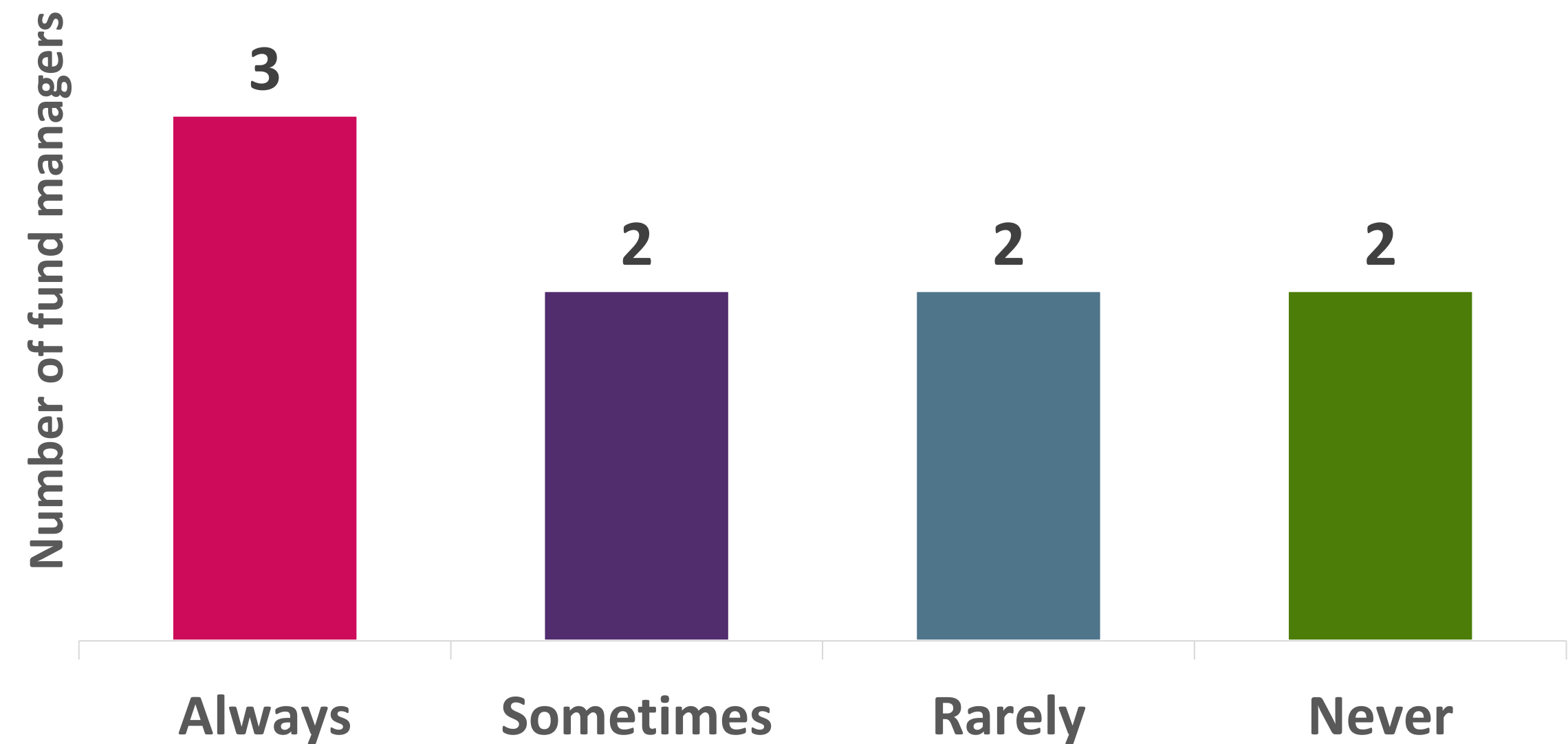
A mixed approach to asking for LW calculations

If applicant organisations do not at least pay all directly employed staff the real Living Wage, does your assessment ask them to calculate the cost of doing so?



About half rarely or never engage investees on LWA

Do you actively encourage or support organisations in which your funds invest to become accredited Living Wage Employers?



For the four who rarely or never engage applicants on LWA...

...the main reasons included LW accreditation being unachievable in reality and lack of time or knowledge

If you never or rarely encourage or support investee organisations to become accredited Living Wage Employers, what is **the main reason** for not doing so?

“We think it is better to understand the reality of their funding situation rather than require them to do something that is unachievable in reality.”

“We do not have time or know-how required to support others in the accreditation process.”

“We haven't looked into this type of support yet, but **we're planning to.**”

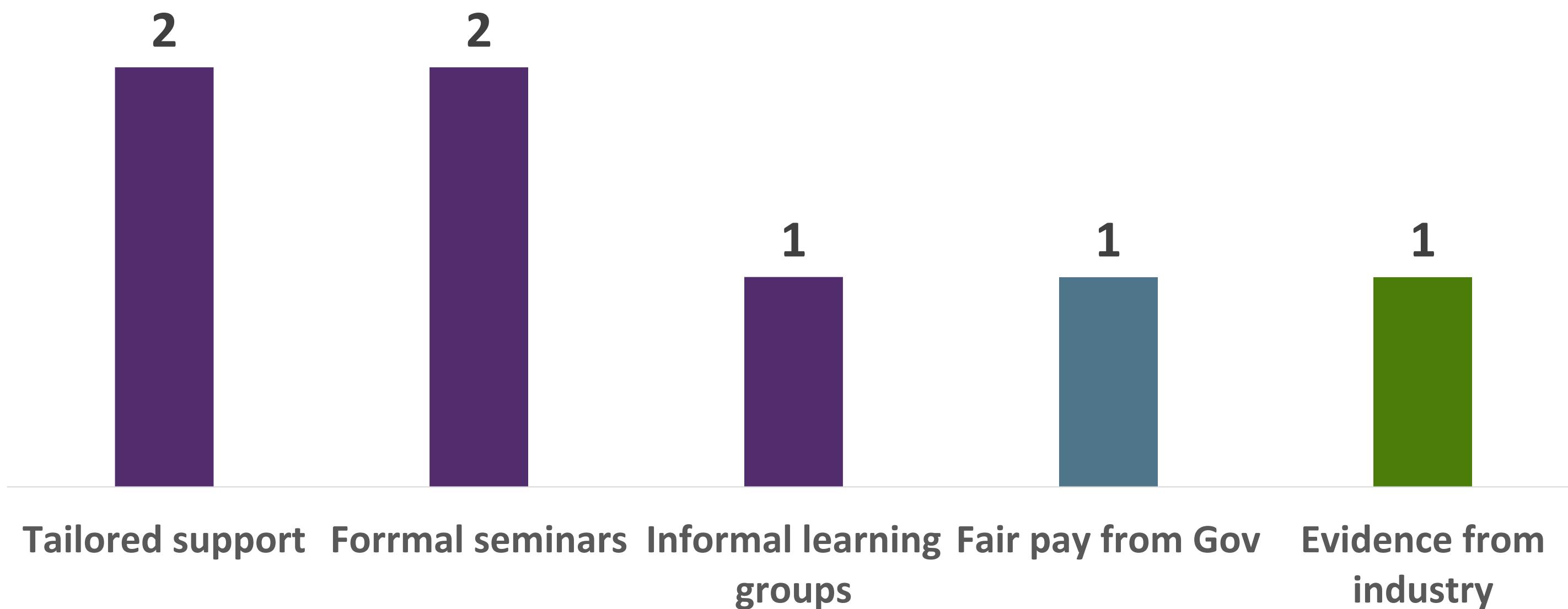
“We have not previously considered using this accreditation within the assessment of potential counterparties, but **will evaluate its potential for inclusion** in selection processes going forwards.”

“We have completed the survey, albeit you will note that we are not (yet) accredited by the Living Wage Foundation and haven't previously considered using it as an assessment criteria for counterparties. **This survey has brought the standard to our attention and it is now on radar for consideration** (both for signing up internally and for the assessment of third-party engagements).”

The four who rarely or never engage applicants on LWA...

...would most appreciate tailored support or formal intro seminars

What type of resources and support would you require to help you actively encourage or support investees to become accredited Living Wage Employers?
Select all options which apply. If you select other, please elaborate.



Full text of response options

- Tailored support from the Living Wage Foundation.
- Formal group seminars introducing LW and processes.
- Informal learning groups with industry peers.
- Other – two responses:

“Government to pay fairly through contracts.”

“Sector-relevant listings of participating organisations to use as evidence and encouragement for counterparties to sign up to the accreditation.”

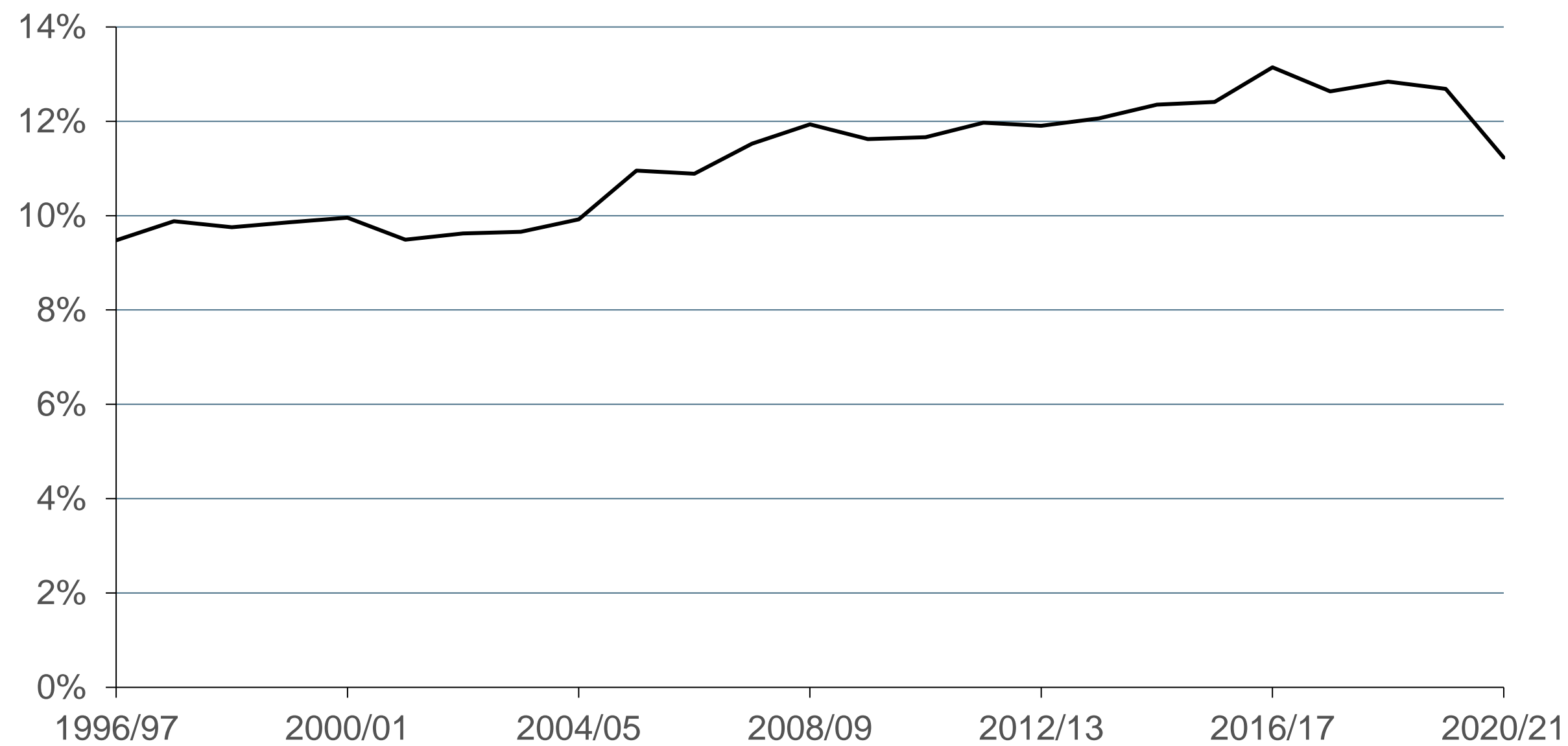
Recommendations

- **Embed Living Wage (LW) considerations in your investment decision making:**
 - Always look at applicants' accreditation status, and at the number of their staff being paid the real LW.
 - For non-LW payers always ask for reasons, and a calculation of what the cost to them would be if they started paying it.
 - Become a Living Wage Funder (LWF) to join a movement of funders, social impact investors and entrepreneurs championing the real Living Wage.
- **Support investees and applicants to become Living Wage accredited by:**
 - Signposting to Living Wage Foundation resources and tailored help available to all prospective applicants.
 - Providing concessionary funding or sponsoring advice and training.
- **Support enterprises which have innovative delivery models that mitigate the trade-off between serving disadvantaged groups and paying staff the real Living Wage.**

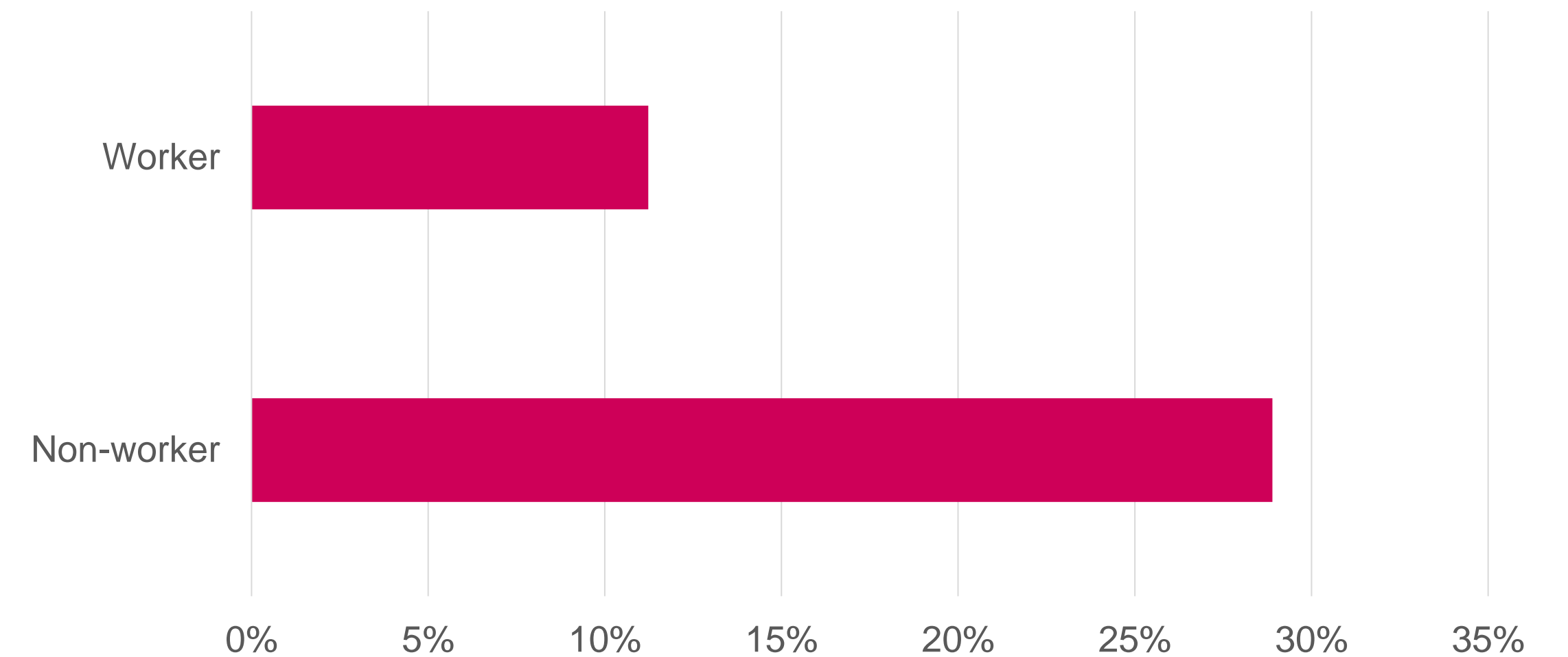
In-work poverty has been on the rise



In-work poverty has increased over the last 20 years



Poverty Rates by work status (2020/21)



Sectors of work matter

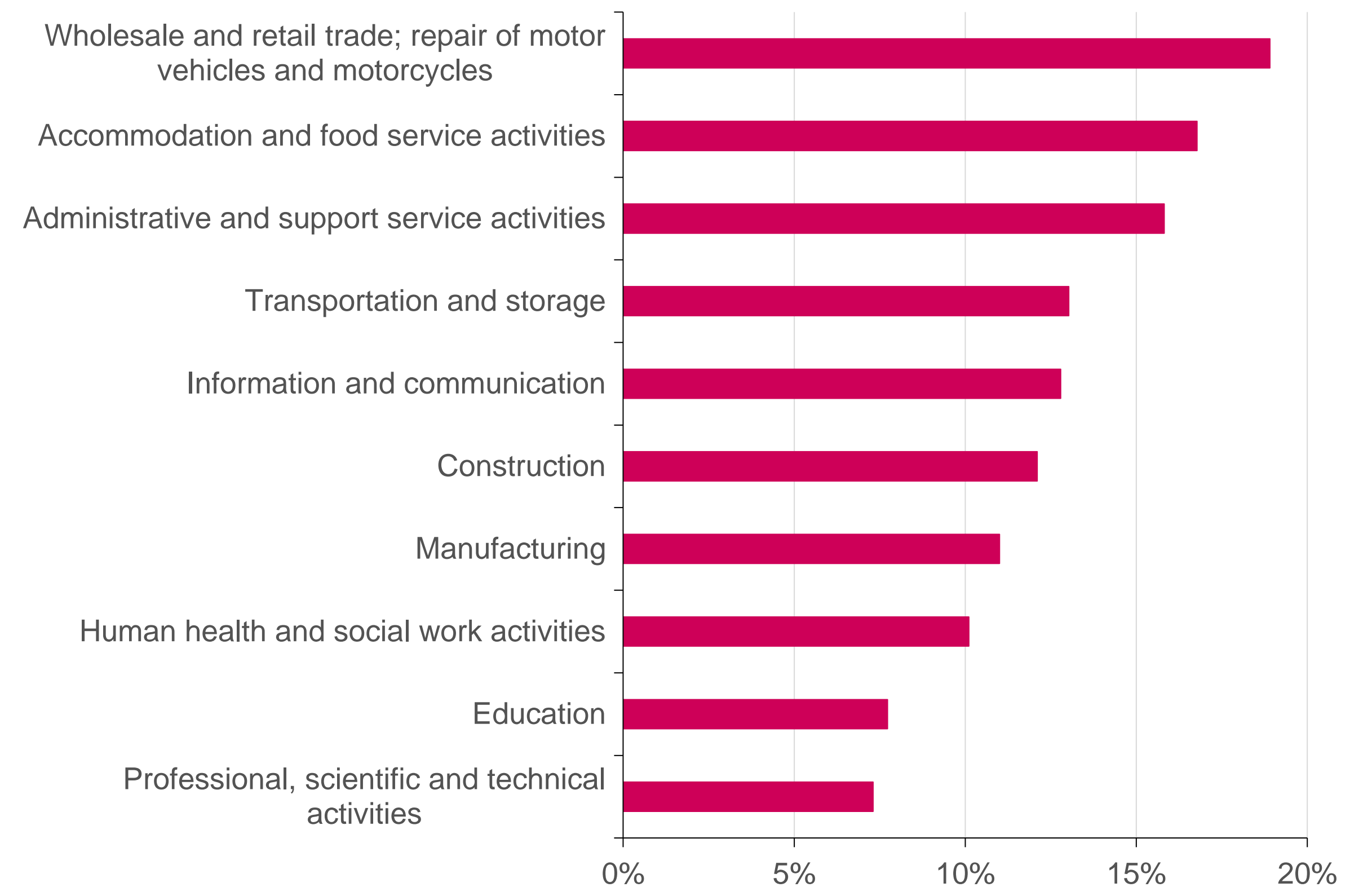


Workers in certain sectors

The charts on the right show the varying levels of in-work poverty rate by some key sectors in the UK economy.

Accommodation and food services has the highest in-work poverty rate, with nearly one in four workers in that sector experiencing poverty.

Poverty rate by sector of work



Working with employers taking action on the cost of living

[Employers and the cost of living: Taking action to support your employees | JRF](#)





Living Wage: tackling in-work poverty in the third sector

Marina Ageyeva, Programme Manager
Living Wage Foundation

£10.90
UK LIVING
WAGE



FOR THE COST

OF LIVING

£11.95
LONDON
LIVING
WAGE

A SNAPSHOT OF LOW PAY IN THE THIRD SECTOR

OVERALL

14.1% jobs in the sector are paid less than the real Living Wage

GENDER

16.6% women in the sector are paid below the Living Wage, compared to **10.3%** men

ETHNICITY

Racialised groups face a heightened risk of low pay as compared to white workers

AGE

58.4% of those aged 16-19 are low paid; **34.9%** of those aged 20-24

DISABILITY

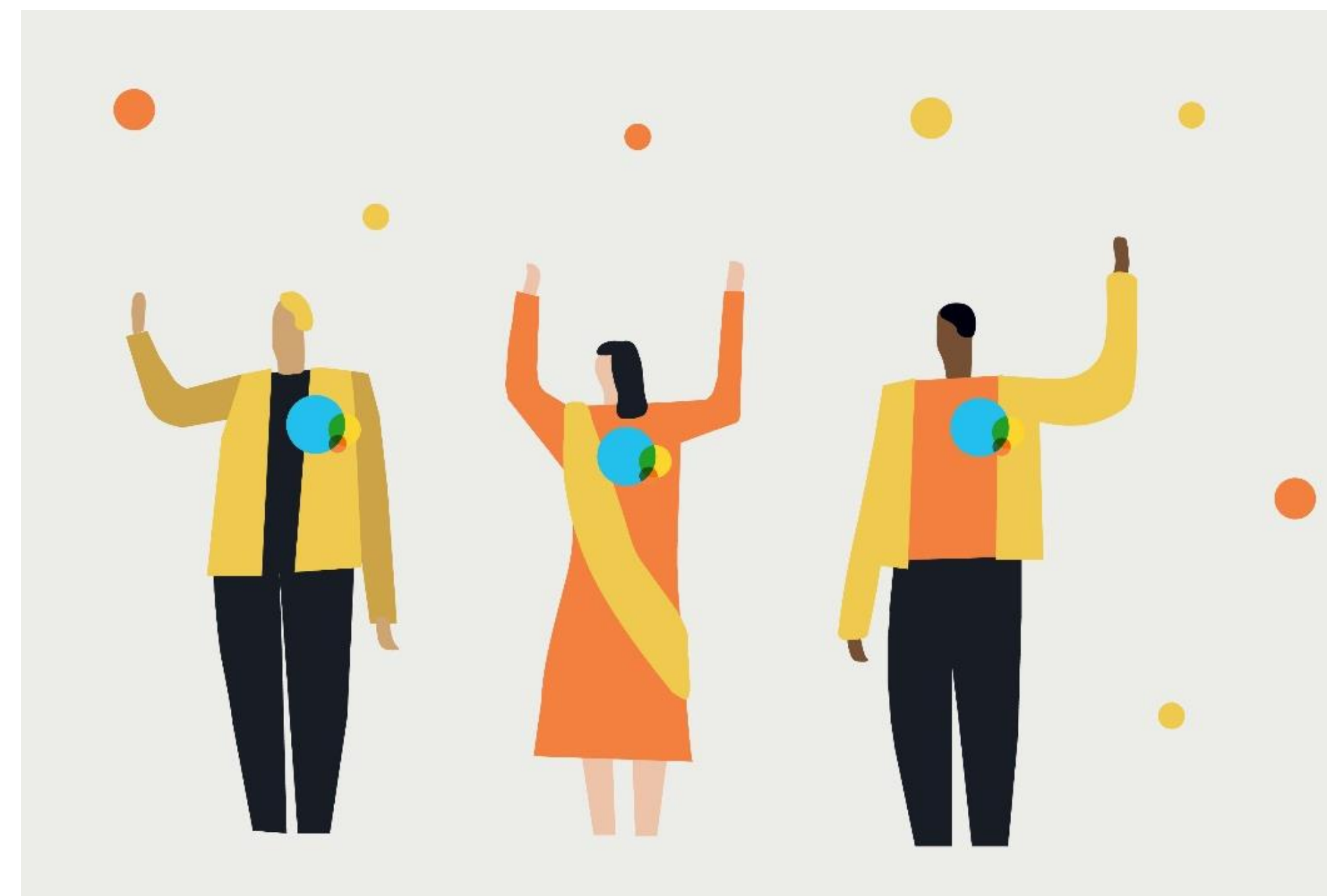
16.5% of disabled workers earned less than the Living Wage

WORKING PATTERN

Part-time workers at greater risk of low pay (**25.7%** compared to **8.2%** full-time)

Our movement has...

- Put **£2bn back** into the pockets of low paid workers
- Lifted nearly **400,000 workers** onto the real Living Wage
- Has over **12,000** accredited Living Wage Employers
- Over **3,000** third sector organisations
- Over **50,000** low paid workers in the sector getting a pay rise as a result



HOW DO I BECOME A LIVING WAGE EMPLOYER?

PAY THE REAL
LIVING WAGE
TO ALL YOUR
DIRECTLY
EMPLOYED
STAFF

HAVE A PLAN
TO PAY YOUR
CONTRACTORS
A LIVING WAGE

COMPLETE THE
APPLICATION
FORM ONLINE

www.livingwage.org.uk/become-a-living-wage-employer



Living Wage Funders

- Living Wage Funders support charities and social enterprises to pay the Living Wage through their grant-making and investments.
- There are currently **71 Living Wage Funders**, with grant-making capacity of over **£1.9 billion per year**, giving out **~37,000** grants a year:
 - Living Wage Funders enable and encourage their grantees and investees to cost up salaries at the real Living Wage
 - Commit to funding grant-funded posts and similar at the real Living Wage and, when relevant, sign-post them to Living Wage Foundation resources
 - They capitalise on the power of their networks to influence change among their investees, other funders, social impact investors and councils
 - Putting a spotlight on the importance of the real Living Wage
- Accreditation benefits include the Living Wage Funder Mark, website visibility and directory and press coverage

HOW DO I BECOME A LIVING WAGE FUNDER?

