

ALL WORK AND LOW PAY?

THE THIRD SECTOR AND THE REAL
LIVING WAGE: SUMMARY

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1 INTRODUCTION & KEY FINDINGS

This is a summary of the Living Wage Foundation's 'Low pay in the third sector report'. The findings are based on quantitative analysis of the Annual Survey of Hours and Earnings and the Labour Force Survey, Omnibus polling of 2,156 UK adults (18+) online from 22-24 April 2022, and qualitative interviews with third sector employees and third sector employers. The full report will be coming out in June and can be accessed on our website at :

www.livingwage.org.uk/publications.

KEY FINDINGS:

- 14.1 per cent of jobs in the third sector are paid less than the real Living Wage, which compares to 5.5 per cent in the public sector and 22.1 per cent in the private sector.
 - Low pay in the third sector exacerbates existing inequalities, for example jobs held by women are more likely to be low paid than jobs held by men (16.6 per cent compared to 10.3 per cent).
 - Certain racialised groups face a heightened risk of low pay, in particular those from Pakistani and Bangladeshi, Black African, Black Caribbean, Black British backgrounds and workers from 'Other' ethnic groups.
 - Disabled workers are more likely to be low paid than those without a disability (16.5 per cent compared to 13.1 per cent).
 - Part time jobs are around three times as likely to be low paid than full time jobs. 25.7 per cent of part time jobs in the third sector are paid less than the Living Wage, compared to 8.2 per cent of full-time jobs.
- According to our polling, there is an overwhelming public support for paying the Living Wage as 78 per cent of participants agree that staff working in the third sector (directly employed and third-party) should receive the real Living Wage.

2 WHY THE REAL LIVING WAGE MATTERS?

Our qualitative interviews with third sector employers and employees showcased the tangible difference that the real Living Wage can make, both for businesses and those they hire. The following are some of the areas which saw the biggest impact as a result of the Living Wage.

THE IMPACT OF BEING ON LOW PAY:

- Interviewed workers cited not being able to meet cost of living challenges, and thus being unable to plan ahead or think about their future.
- Many reported a negative impact on their physical and mental health due to the stress of living from one pay packet to the next.
- Several were frustrated by the insecurity of zero-hour contracts which meant sacrificing a healthy work-life balance.
- Workers felt undervalued and unappreciated in their workplace as wages did not reflect their skillset, experience and dedication.
- A culture of overworking often pushed people below the minimum wage threshold.
- Some considered exiting the sector for better-paid opportunities.

BENEFITS OF BEING PAID THE REAL LIVING WAGE – FOR WORKERS:

- Employees had money for basic necessities and social activities.
- Interviewed workers mentioned being able to build savings for emergencies and future plans.
- Workers reported being paid the Living Wage positively impacted on their mental and physical health.
- Employees also reported that receiving the real Living Wage also made them feel more valued by their employer.
- Some participants shared how the lack of constant financial worry allowed them to focus on performing better in their jobs.
- Overall, there was a noted improvement in the quality of life.

BENEFITS TO PAYING THE REAL LIVING WAGE – FOR EMPLOYERS:

- 68 per cent of Living Wage accredited third sector organisations said paying the real Living Wage enhanced their general reputation as an employer.

- 42 per cent of employers noted that recruitment intake increased for jobs covered by the Living Wage.
- 40 per cent of employers said becoming accredited Living Wage employers improved retention of employees receiving the real Living Wage.
- 24 per cent of employers highlighted that accrediting helped secure funding or investment for their organisation.
- Organisations reported paying the Living Wage resulted in an overall improvement in employees' physical and mental health as they were working fewer hours, eating better and had financial security.
- Our previous research, 'The Local Living Wage Dividend' found that paying the real Living Wage to just 25 per cent of those on low income would boost the UK economy by £1.5bn.

CALL TO ACTION:

Organisations who are not yet accredited – get in touch with us and accredit as a Living Wage Employer.

Living Wage Employers – champion the Living Wage through your comms channels, stay engaged with the movement by participating in Living Wage Week, joining relevant Living Wage Places groups, accredit as a Living Hours employer, and encourage other employers in your local and professional network to accredit as Living Wage Employers.

Funders – Offer multi-year (three years or longer preferably) and unrestricted core support where possible, so that organisations can concentrate on strengthening their own infrastructure and workforce development, including cost of pay and conditions including the real Living Wage and Living Hours.

Local authorities/commissioners – ensure that you are favouring Living Wage bids in your commissions to third sector organisations and providing funding that covers the Living Wage; proactively promote and share learning with other local authorities on the benefits of the Living Wage.

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