In-work poverty.
A toolkit to support the recognition of in-work poverty.
Introduction.

Revo is looking at a number of issues that impact upon people that are homeless in the United Kingdom as part of this campaign. Homelessness has become more and more visible over the last decade, and the retail industry is uniquely placed within the issue at hand. Whether it is through recognising vulnerability in their own staff or providing opportunities for people currently struggling on the margins of society, this campaign is designed to provide real solutions and advice to businesses keen to make a difference for their employees and in their communities.

Homelessness, in-work poverty and precarious employment - employment that involves low hours and low pay - are heavily linked.

According to the Joseph Rowntree Foundation, one in eight workers – nearly 4 million people – are held back by in-work poverty in the UK. Employees working in four sectors are disproportionately affected by poverty; wholesale retail, food and accommodation services, facilities management and social care.

This toolkit provides advice for businesses to recognise in-work poverty and suggestions along with real-life examples of how to reduce it. The retail sector is the UK’s biggest employer in the private sector, and second largest employer overall by industry. So, we know that the retail and retail property sector already makes a huge, overall contribution to the UK. This toolkit seeks to shine a light on an issue where the sector can support and bring its expertise to bear.

Whilst working households comprised 37% of those below the official poverty line in 1994-95 this has increased to 57% in 2017-18. There are a number of reasons for this including, a lack of affordable housing, an overreliance on the gig economy and low pay.

We have released case studies and big ideas from both retail and other industries on how they are trying to help within the homelessness issue. Examples include a case study on Change Please, a social enterprise coffee start up, as well as on the Pret Foundation, amongst others. We have also produced a toolkit on supporting businesses and communities to alleviate the problem of rough sleeping.

Revo have been signposting to volunteering opportunities over the Christmas Period and will be continuing to do so into 2020. A key message is that homelessness is not a Christmas, or a winter issue, it is something that affects people all year round, and our advice and volunteering suggestions reflect this message.

While conducting research in order to create this toolkit Revo has consulted throughout with the Joseph Rowntree Foundation. We are hugely grateful to the JRF for their time and expertise in helping us pull together this toolkit. The recommendations in this toolkit centre around recognising in-work poverty and advising on ways to tackle it.

1 https://www.jrf.org.uk/report/uk-poverty-2018
2 Office for National Statistics: Broad Industry Group (SIC) - Business Register and Employment Survey (BRES): Table 1
What is in-work poverty?

In-work poverty describes the experience of households where at least one person is in work and the household’s income after housing costs is below 60% of the median UK household income. The ONS states that the UK’s median household income was £29,400 in 2019.

Working should provide a route out of poverty, yet a rising number of working families are caught up in a turbulent tide of high housing costs and low-paid, insecure jobs.

Many employers now pay the Living Wage, currently £9.30 outside London and £10.75 in London, however 19% (5.2 million) of all UK employee jobs still pay less than the Living Wage in 2019. It is important to note that low-pay is just one contributing factor to in-work poverty. There are a multitude of factors that contribute to in-work poverty, these include, but are not limited to:

- High housing costs
- Insecurity and lack of flexibility of hours
- Low pay and wage setting practices
- Cost of childcare
- An ineffective social security system

Recognising that these factors may be affecting employees is key for businesses to act upon them.

1 https://assets.kpmg/content/dam/kpmg/uk/pdf/2019/10/living-wage-research-for-kpmg-2019.pdf
How can employers help?

The continuing problem of in-work poverty can be explained by a combination of complex factors in the UK labour market and external factors such as housing and childcare costs, however, employers’ decisions and practices around pay and conditions play a central role.

Employers can support financial wellbeing among their employees by adopting a range of practices. Paying wages above the real Living Wage rate and providing security in working hours are some of the most important contributions they can make. However, it is not limited to these two solutions, employers can provide fringe benefit packages, in particular schemes that help to mitigate living costs, and they can also provide training and in-work progression strategies as a means of providing a route to better jobs for employees.

There is a powerful business case for individual employers and other stakeholders to act on low pay and in-work poverty, this includes improved recruitment and retention, increased productivity and reputational gains with customers. The UK retail sector employs 2.9 million workers, almost 9.5% of the UK’s workforce (Retail Economics), therefore it is in the interest of the industry to support employers to recognise the issue and to assist their employees.

As seen throughout Revo’s homelessness campaign, there are numerous social enterprises that have shown how supporting their employees from homelessness to social integration is both possible and positive to their business.

We recognise that there are substantial challenges facing employers that can limit progress on in-work poverty. However, there are concrete steps that employers can take to help tackle in-work poverty.

Initiatives to support employees.

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<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
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<tr>
<td>Rental deposit schemes</td>
<td>Initial payments for rent are often the most costly and can be a barrier towards an employee being able to move when a deposit can often be the same as a month’s pay cheque. One course of action is a rental deposit scheme. An example of an employer offering this perk is the Co-operative who offer an interest-loan worth up to 80% of the employees monthly salary. The employee then pays it back over the course of 10 paycheques.</td>
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<tr>
<td>Payment of the Living Wage</td>
<td>The benefits for both employer and employee can be seen in the BrewDog Case Study below.</td>
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<td>Offering genuinely flexible jobs</td>
<td>Timewise have stated that “by designing jobs at all levels with flexibility built in, and being prepared to advertise them as flexible or part time at the point of hire, employers can improve career progression options for people who need to work in this way.”</td>
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<td>Security of hours</td>
<td>Centrepoint asserted that zero-hour contracts are one of the main culprits for allowing young people to get into rent arrears, one of the main causes of homelessness. Giving employees set hours allows them to plan their rent and money, which in turn reduces stress and allows them to work to their fullest.</td>
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<tr>
<td>Providing quality career training and development</td>
<td>Benefits to upskilling employees include improved employee performance, addressing weaknesses in both employees and the business, and has been shown to reduce employee turnover as employees feel more valued and loyal to the business.</td>
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<tr>
<td>Recognising vulnerability and removing the stigma</td>
<td>Understanding the factors that can cause vulnerability to homelessness and in-work poverty is paramount to recognising it and removing the stigma.</td>
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Other stakeholders, such as business support services and business influencers can also support employers weigh the costs and benefits of taking action on low pay and can help business leaders ‘design in’ decent pay and conditions and true progression pathways at the early stages of their business’s development.
Case study: BrewDog

A company within the four sectors highlighted in the overview that has made significant steps to address and reduce in-work poverty among their staff is BrewDog. Founded in 2007 in Scotland as a craft brewery, BrewDog has expanded to 82 bars around the world as of December 2019, including 51 in the UK, 5 in the US and 26 in the rest of the world.

In 2014 BrewDog became Living Wage accredited saying that “half a decade later, we can look back on one of the best decisions we ever made”. Since they became a Living Wage Employer, BrewDog’s employee size has increased from 300 to over 1,500, as well as being listed on the Sunday Time’s Fast Track 100 every year since.

In their website article BrewDog and the Living Wage they have stated that whilst the cost implications and pricing pressures of paying the Living Wage may put some companies off, their experience of the last five years has shown that investing in “the talented, skilled people who bring their passion and enthusiasm to work” makes good business sense, as well as being ethical.

“Celebrating five years of being a Living Wage Employer is huge for us. No one in work should struggle to make ends meet, but without a real Living Wage, that can be the reality for many.”

BrewDog
The role of anchor institutions.

Anchor institutions that sit at the centre of the community, such as hospitals, local authorities, universities or large private sector organisations are often the biggest investors and employers in a city region or town, making a vital contribution to the local economy. Often retail places act as these anchor institutions.

The importance of retail places as anchor institutions cannot be underestimated. They link producers and consumers, provide employment, pay local wages and contribute to a community’s economy. Intu have stated in their 2018 Economic impact report that in their Watford centre their tenants provided 12% of all jobs in their area whilst intu Lakeside and intu Metrocentre account for at least 10% of all existing jobs in the local labour market.

Homelessness.

In-work poverty, homelessness and precarious employment that involves no guaranteed hours or low pay are heavily linked. Low pay and temporary rather than permanent contracts are key factor, and those with family responsibilities or the sole providers are more at risk of in-work poverty. Precarious employment is also a large driver of homelessness (Centrepoint and the Institute of Employment Studies, 2019).

Many families who are homeless have members of the house who are currently in employment. According to Shelter, 55% of families trapped in temporary accommodation are in work. This amounts to nearly 33,000 families, a 73% increase from 2013. This suggests that far more needs to be done to recognise the precarious position that many of the UK’s workforce are currently experiencing.

According to the JRF (2018), almost 3 million children were locked in poverty despite living in a working family. The JRF stated that the number of people living in poverty by 2017/18 rose by 2 million in the preceding three years. Many jobs are also low paid and insecure, otherwise known as precarious employment, which often only offer a ‘dead-end and not a stepping-stone’ to a better job (JRF, 2018).

Business in the Community (BITC) produced a toolkit entitled Designing Out Homelessness: Practical Steps For Businesses in 2019, highlighting various ways employers could both recognise and take actions to prevent homelessness within their businesses. In the toolkit they divided potential actions into three sections; Prevent, Help and Create Pathways.

Prevent includes:

- Providing good work for all
- Offering mental health support
- Supporting employees through relationship breakdowns, bereavement and trauma
- Talking about homelessness in the workplace, raising awareness to combat stigma around poverty, debt and financial exclusion

Help includes:

- Equip your employees with the knowledge and resource to understand homelessness and know how best to respond
- Encourage employees to fundraise, donate and support alternative giving schemes, support charities tackling homelessness and its causes by giving financially
- Consider what products or services your business may be able to give in kind to directly support homeless people or to provide resources to charities

Create Pathways includes:

- Remove barriers in your recruitment process, such as asking about criminal convictions in the first stage of the process and requiring unnecessary qualifications
- Partner with charities to support their efforts to get people ready for work
- Provide a chance for jobseekers to see inside you workplace to hear from staff members about the jobs they do
- Offer work placements or work experience to give people direct experience in the workplace
- Ensure you provide job security, certainty of hours and flexibility to enable employees to plan and fit in their other commitments
Further resources.

Take inspiration from current schemes – e.g. The Scottish Government’s Business Pledge and the Welsh Government’s Prosperity for All strategy

Good work guides for employers
Greater Manchester Good Employment Charter
Liverpool City Region Fair Employment Charter
Business In The Community (BITC) Good Work Plan
Influencing employers so more people break free from poverty through work

Inclusive Growth/ Placemaking
Living Wage Places, Living Wage Foundation
Maximising the impact of Anchor Institutions, Joseph Rowntree Foundation

Homelessness
Designing Out Homelessness: Practical Steps for Business
About Revo
Revo is the organisation that supports all businesses in the retail property and placemaking sector. Our unique community includes private and publicly listed retailers, investors, developers and owners of retail property, as well as local councils, and advisors and consultants of all sizes who provide services to our industry. We represent over 350 corporate members and 2,200+ individuals and are key economic and social value creators for the UK economy.

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