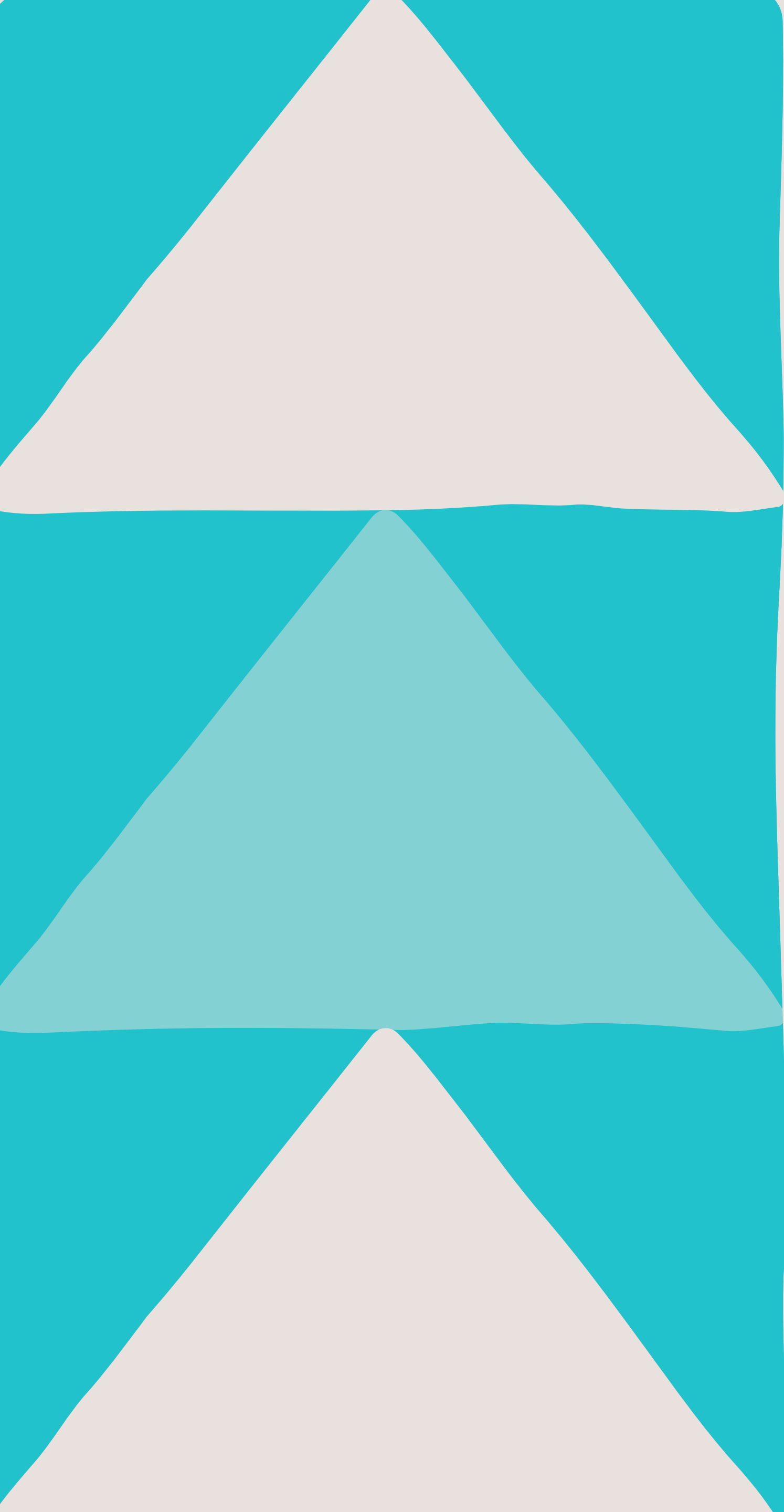


LIFE ON LOW PAY 2022

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Living Wage Foundation

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Our polling of below Living Wage employees also demonstrates the potential benefits of the real Living Wage to both workers and the businesses they work for. When asked what they thought would happen if they were to move onto the Living Wage:

67% said this would improve their overall happiness.

66% said they would be likely to stay with their employer for longer.

63% said it would improve their family life.

63% said it would improve their mental health.

56% said they would work harder, more efficiently or more productively.



2 INTRODUCTION

The real Living Wage – currently £9.90 across the UK and £11.05 in London – is the only UK wage rate based on what it costs to live. It was born 20 years ago in 2001, when 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 pay rises for over 250,000 UK workers and put over £1.7 billion back into their pockets.¹

However, with families having just endured a Christmas at which Consumer Price Inflation (CPI)

increased to its highest point since 1992,² the Living Wage – rooted in the cost of living – is arguably more important now than it has ever been. Even so, 4.8m million employee jobs in the UK (one sixth of all jobs) are still paid below the Living Wage.³ This briefing explores the experiences of below Living Wage employees, building on our previous ‘Life on Low Pay’ report from 2020, and the Life on low pay during the pandemic in 2021.⁴ Drawing on polling of 1,702 adults conducted by Survation in January 2022,⁵ we explore the impact of being on low pay on the Christmas break, and the broader implications for health, finances and family life.

THE IMPACT OF LOW PAY ON CHRISTMAS



The Christmas season is one of few periods in the calendar whereby most workers get a specific period of time off to spend at home with their families. For those with the financial buffer to afford the increased outgoings associated with this period (presents, food, decorations etc), this time can be used to rest and recuperate from the stresses of everyday life. However, for those on low income, things can be quite different. Previous research has found that the added expenses of the Christmas season erode the mental and financial wellbeing of low income households, and that this is augmented by poorer households having to do much more shopping around to find the best possible deal.⁶

Our data showed the stark financial implications of the Christmas season for those earning below the Living Wage:

49% said the level of pay they received did not allow them to afford what they needed over the Christmas holidays without falling into debt, rising to:

55%
of women

56% of those who work in **Health and social work** (Human health and social work activities)

54% of those in **Scotland and Wales** respectively

Consequently, **83%** had to cut back during the Christmas break due to financial constraints, for instance:

45%

reduced or avoided spending on **presents for extended family**

28%

reduced or avoided spending on **Christmas dinner**

45%

reduced or avoided spending on **presents for friends**

24%

reduced or avoided spending on **presents for their partner** (if applicable)

24%

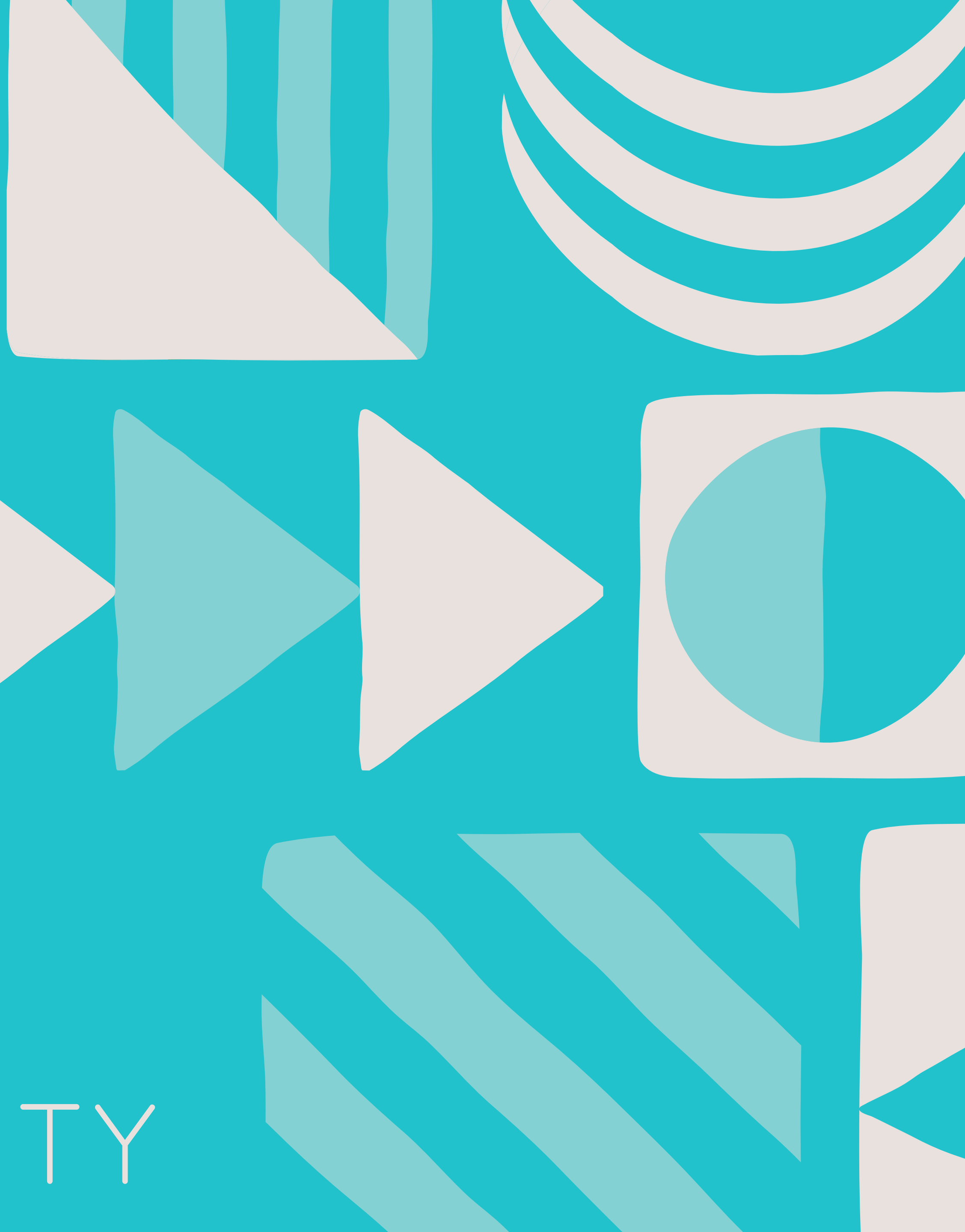
reduced or avoided spending on a **Christmas tree**

19%

reduced or avoided spending on **presents for children**

3. The impact of low pay on Christmas

THE IMPACT OF
LOW PAY ON
FINANCIAL INSECURITY





Financial insecurity is a fact of life for many employees paid less than the real Living Wage – and this is a trend which shows no sign of slowing. In fact, historically high levels of inflation appear to have exacerbated the issue, with working typically showing higher levels of financial insecurity than in previous iterations of the Life on Low Pay Polling, including during the periods of national lockdowns.

4. The impact of low pay on financial insecurity

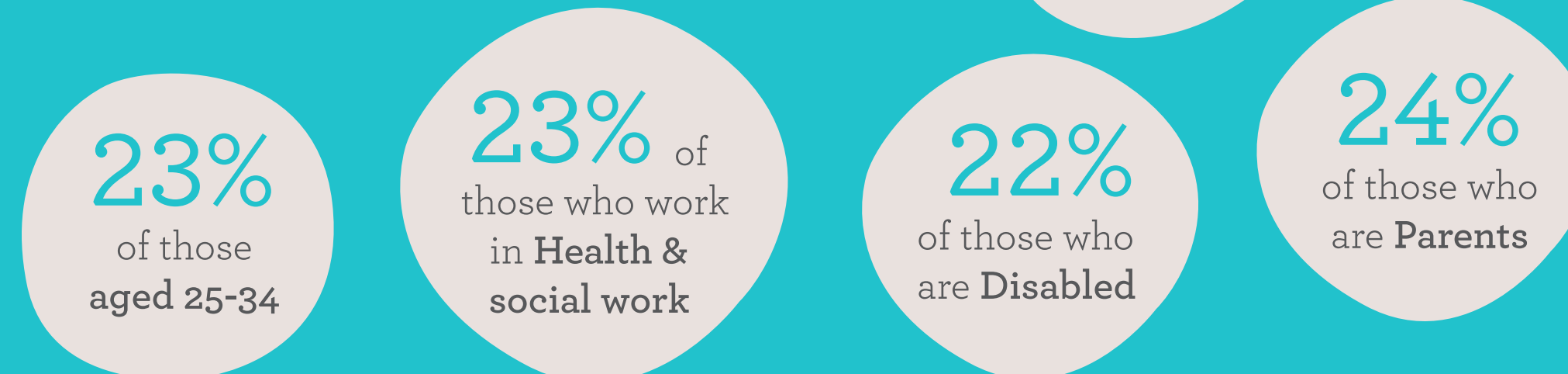
32% said they had **skipped meals** regularly for financial reasons, up from **27%** in December 2020, rising to:



38% said they had **fallen behind with household bills** in the past year, up from **29%** in December 2020, rising to:



17% said they had **taken out a pay-day loan to cover essentials** in the past year, up from **14%** in December 2020 rising to:



23% said they had fallen behind with their rent or mortgage in the past year, up from **20%** in December 2020, rising to:

28% of those who are **Parents**

28% of those in **London**

34% of those who work in **Health & social work**

28% of those who work in **Hospitality**

29% of those who are **Disabled**

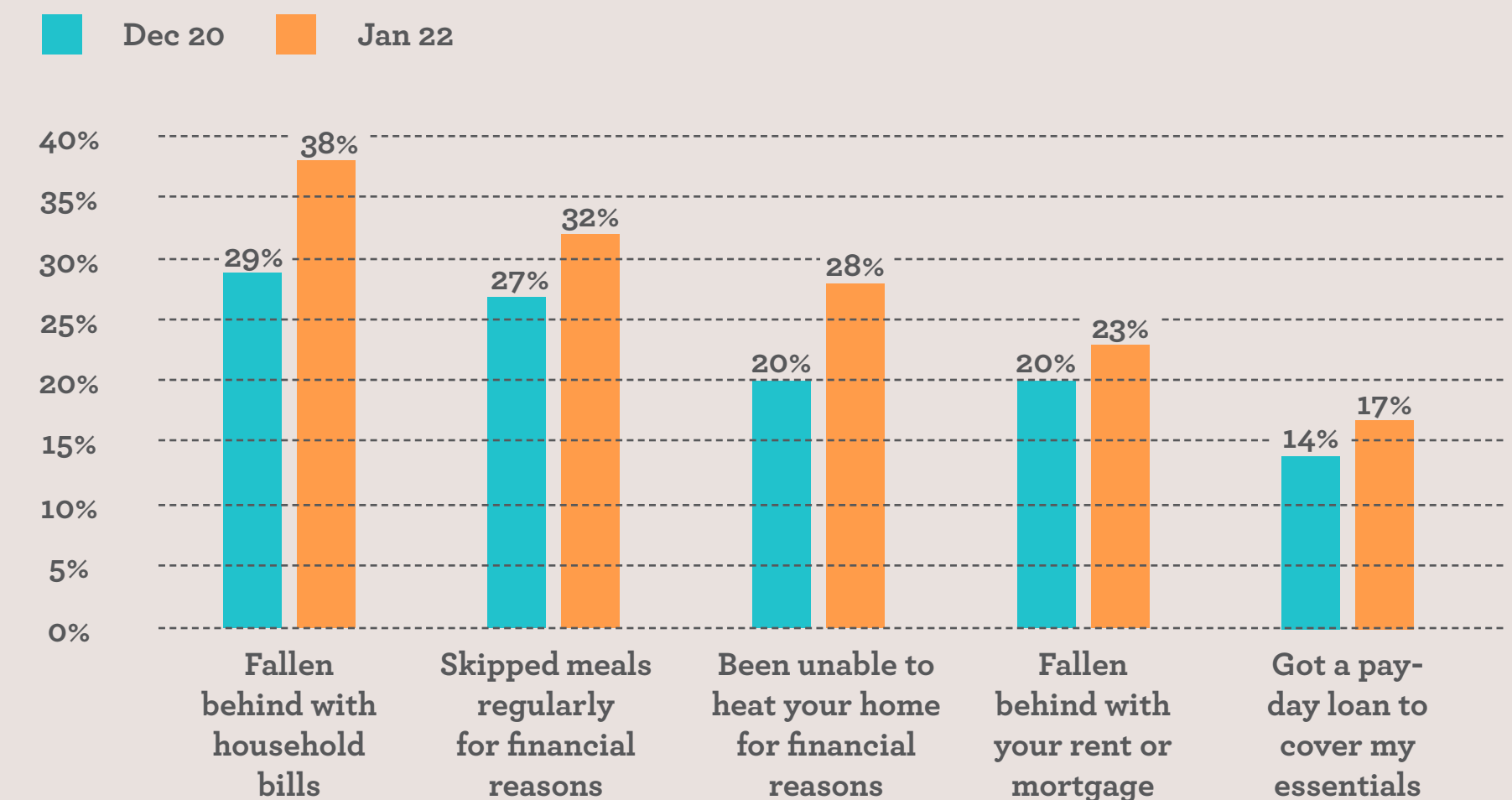
33% of those who are **Parents**

28% said they had been **unable to heat their homes for financial reasons**, up from **20%** in December 2020, rising to:

37% of those in **Wales**

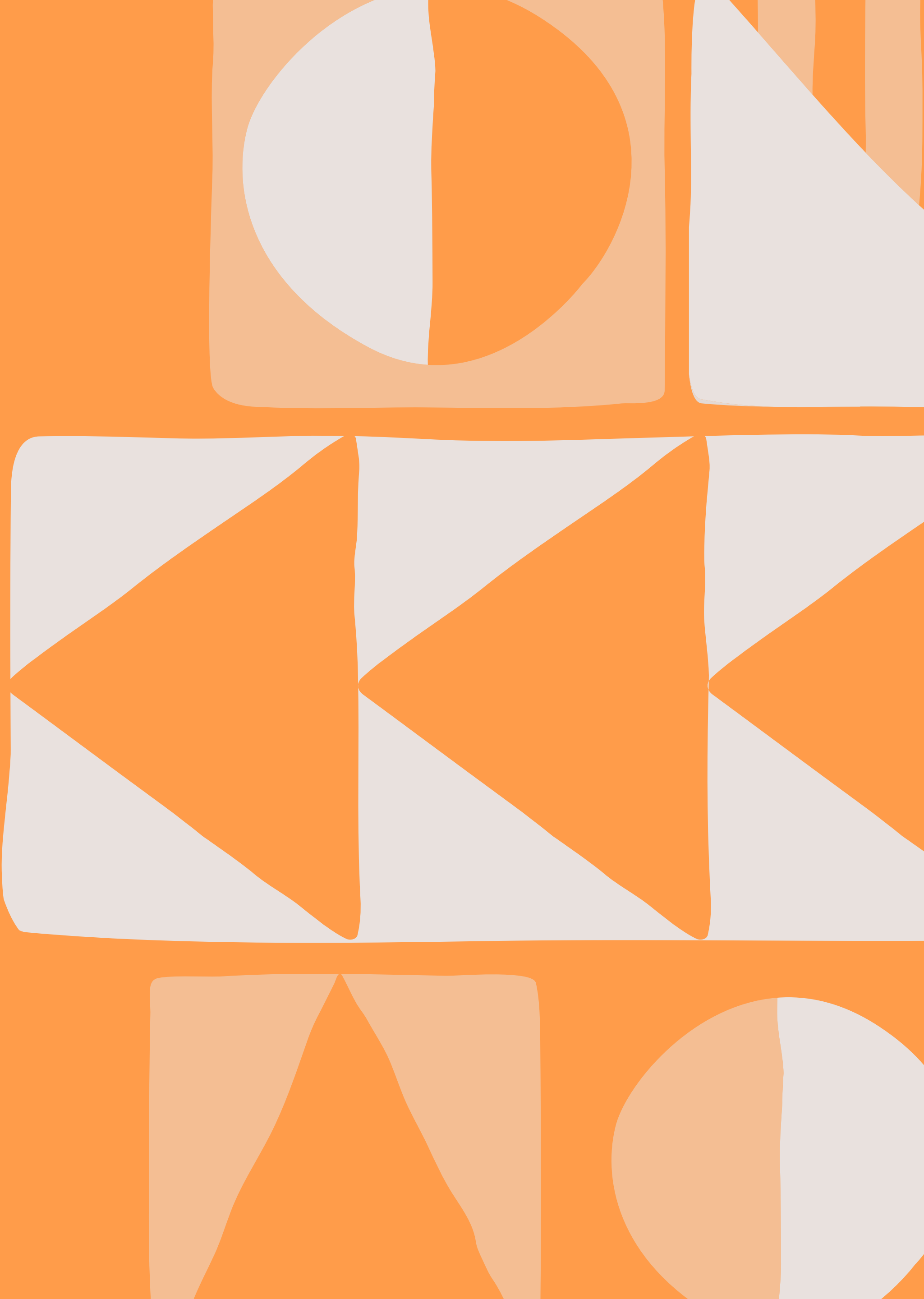
4. The impact of low pay on financial insecurity

Graph 1: Proportion of below Living Wage workers experiencing negative life situations as a result of low pay, UK, December 2020 and January 2022:



Source: Living Wage Foundation analysis of Survation polling. Data for December 2020 comes from 2,128 respondents aged 18+, who live in the UK and earn under the real Living Wage. Data for January 2022 comes from 1,702 respondents aged 18+, who live in the UK and earn under the real Living Wage. Both samples were asked: In the past year, have you experienced any of the following life situations? Please select all that apply.

THE IMPACT OF
LOW PAY ON
HEALTH & HAPPINESS





The impact of low pay stretches far beyond household finances – with health and wellbeing also being significantly driven by the pay received through employment. For instance, it is well documented that pay is positively correlated with subjective well-being⁷ and that people on the lowest incomes are the most likely to experience anxiety and depression.⁸ As such, poor pay and low quality jobs are increasingly being recognised as a health issue.⁹

Our polling found further evidence of this relationship. Albeit, there does appear to be a slight drop in reports of levels of paying having a negative impact on mental health and quality of life measurements. This may be indicative of when the last Life on Low Pay poll was conducted – in December 2020 – during which around 4m jobs were still

Furloughed.¹⁰ As such, a cohort of the sample may have been experiencing additional stress due to being Furloughed and having to survive on 80% of their regular wages. This level of uncertainty over their future at work may have meant their mental health and quality of life assessments would have been put under greater pressure than January 2022. Our polling of those below the Living Wage provides a concerning picture on aspects of both physical and mental health:

5. The impact of low pay on health and happiness

42% said the pay they received negatively impacted their overall quality of life, down from **44%** in December 2020, rising to:

55% of those who work in **Hospitality**

48% of **Women**

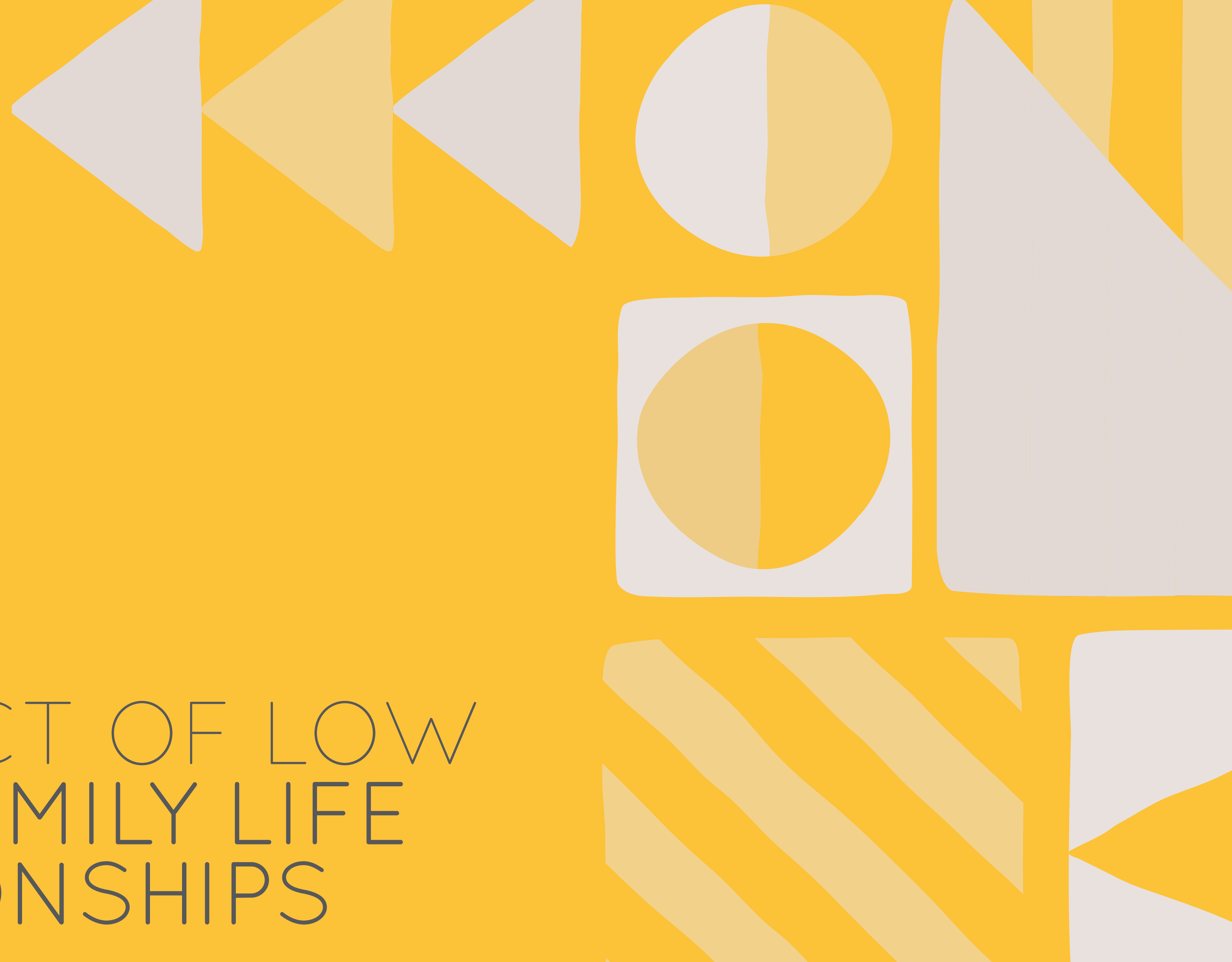
30% of those aged **45-54 & 55-64** respectively

43% said the pay they received negatively impacted their levels of anxiety, down from **46%** in 2020, rising to:

50% of **Women**

45% of those aged **25-34**

THE IMPACT OF LOW
PAY ON FAMILY LIFE
& RELATIONSHIPS



6. The impact of low pay on family life and relationships

It is not only people's health and financial resilience that suffers as a result of low pay, but also their relationships and the quality of their family time.¹¹ This was echoed in our polling of employees on less than the Living Wage:

30% said that the pay they received for their work negatively affects their relationships with close friends and family, down from **34%** in December 2020, rising to:

36% of those with a Disability

and **33%** of those in the North of England

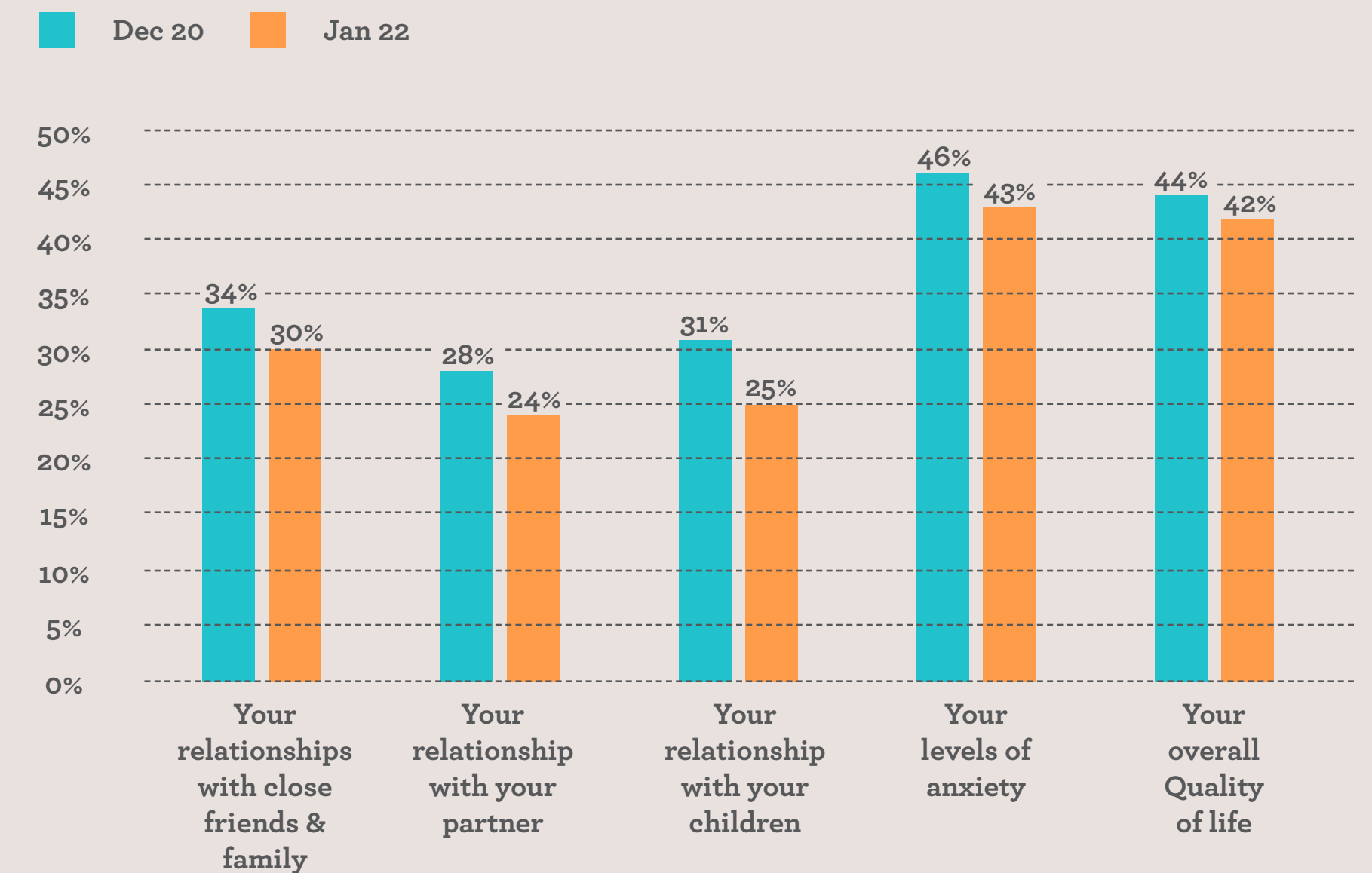
25% of parents said that the pay they received for their work negatively affects their relationships with their children, down from **31%** in December 2020,

rising to:

33% of parents with three or more children

28% of parents working full time

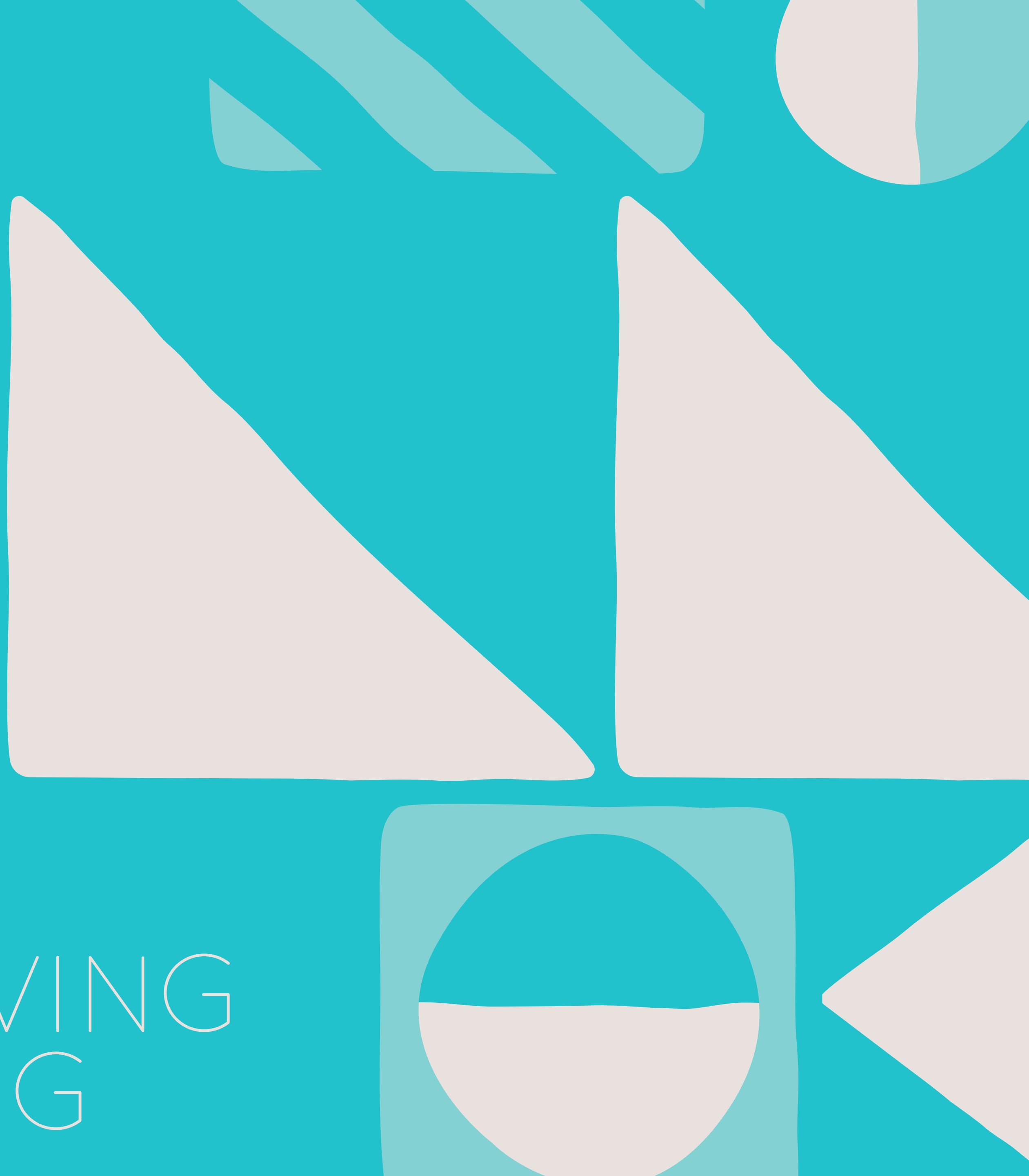
Graph 2: Proportion of below Living Wage workers reporting the pay they receive having a negative impact on aspects of their lives, UK, December 2020 and January 2022:



Source: Living Wage Foundation analysis of Survation polling. Data for December 2020 comes from 2,128 respondents aged 18+, who live in the UK and earn under the real Living Wage. Data for January 2021 comes from 1,702 respondents aged 18+, who live in the UK and earn under the real Living Wage. Both samples were asked: In the past year, have you experienced any of the following life situations? Please select all that apply.

7

THE SOLUTION
WHAT THE REAL LIVING
WAGE COULD BRING





7. The solution – what the real Living Wage could bring

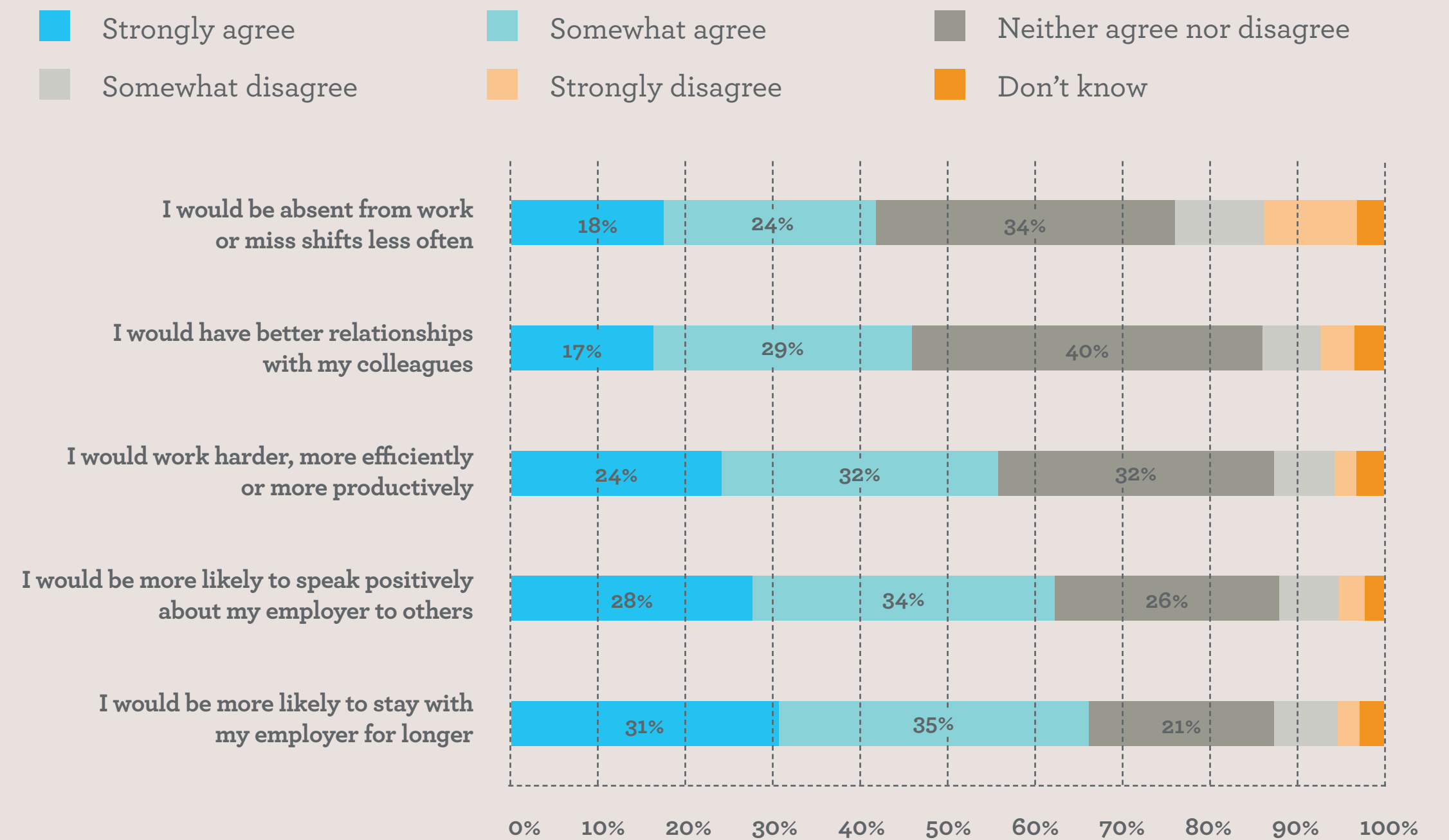
Despite the financial fallout from Covid-19, the Living Wage movement has accelerated significantly since the start of pandemic. At the time of writing, there are over 9,000 Living Wage accredited employers, with more than a third of these coming after the pandemic struck. The economic footprint by the movement has been significant – with more than 1.7bn going into the pockets of low paid workers since the movement began, and just under 1 in 10 employees now working for a Living Wage employer.

As Graph 3 shows, workers earning less the Living Wage value the impact that accreditation would have on their working lives, both for them and their employer's. Interestingly, the biggest perceived impact is in the length of time employees would stay with their current employer, which 66% of respondents said would be longer if

they were Living Wage accredited. Similarly, 56% said they would work harder, more efficiently or productively in the same scenario. Both of these findings chime with previous research into the Living Wage, with one particular study finding that at least some of the additional costs of paying the Living Wage would come from increased productivity,¹² while another found that one of the main beneficiaries of paying the Living Wage to employees was improved retention of staff, which 59% of Living Wage employers said had improved after becoming accredited Living Wage employers.¹³

The benefits of receiving the Living Wage also go beyond an employee's work life. As outlined in Graph 4, there are a number of additional benefits to their personal lives. The biggest perceived benefits are in the employee's

Graph 3: Views on the impact of moving from the minimum wage to the Living Wage – among employees earning less than the real Living Wage, by area of impact: January 2022, UK



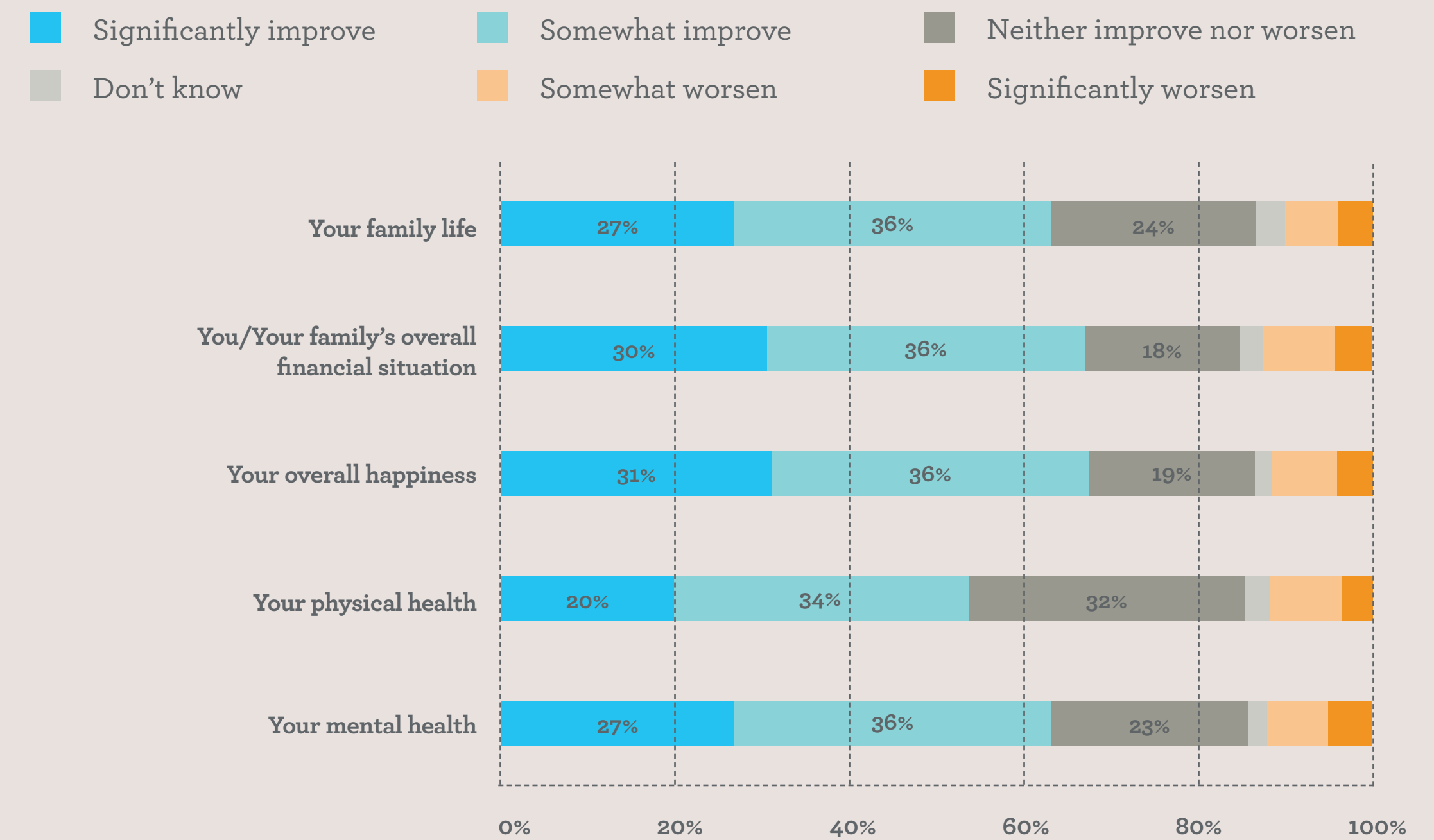
Notes: Base = 1,702 respondents in full or part time work, aged 18+, who live in the UK and earn under the real Living Wage. Source: Living Wage Foundation analysis of Survation polling.



overall happiness and their/their families overall financial situation, which 67% respectively said would improve if they were paid the real Living Wage. The majority (63%) also said their family life would improve. It is also interesting that respondents envisioned their health – arguably the area least directly connected to matters of pay – would improve under the same circumstances, with 63% saying their mental health would improve, while 54% said the same for their physical health.

7. The solution – what the real Living Wage could bring

Graph 4: Views on the impact of moving from the minimum wage to the Living Wage among employees earning less than the real Living Wage, by area of impact: January 2022, UK



Notes: Base = 1,702 respondents in full or part time work, aged 18+, who live in the UK and earn under the real Living Wage.
Source: Living Wage Foundation analysis of Survation polling.

CONCLUSION





With inflation reaching historic highs, 2022 will be a challenging year for the nation's low paid. On a positive note, previous Living Wage research has found that low pay is on the decline in the UK, with 4.8m workers earning less than the Living Wage in 2021, compared to 5.5m in 2020. Nevertheless, with the cost of living showing no signs of declining, this year may be a period at which the rate of low pay declines, but the bite of low pay increases.

This confliction between rates of pay and ability to meet basic living costs was reflected in the polling. For example:

55% thought that their pay would increase in 2022, but only 3% believed their pay would increase by more than the cost of living. Moreover:

8% thought their pay would decrease

8% did not know

29% thought it would stay the same at cash value

Over the course of the pandemic, 'return to better' has often been used as the mantra when discussing a return to life not afflicted by Covid-19 related precautions. Our polling of low paid workers showed improved pay to be the most important issue when discussing their working lives. For instance:

Findings were not dissimilar when low paid workers were asked what improvements in their local area would improve their/their families living standards over the next 3-4 years, with pay, jobs and costs all coming out high.

28% of respondents said **higher rates of pay in jobs in the local economy** was the **improvement which would improve their lives the most**, followed by:

These findings provide food for thought as we navigate through what we hope will be the back-end of the pandemic. Indeed, for low paid workers, it is unsurprising that the main priorities are more jobs, with better pay and reduced costs associated with going to work – such as childcare and transport. Many of these developments will take time, though one thing businesses can do immediately is do right by workers and their families, by paying a wage rooted in everyday needs.

50% of respondents ranked **improved pay as their most important feature** when looking for a new job, with **72%** ranking it within the top two. The next highest priorities were:





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