Beyond Pay

An Inquiry into improving low-income employment

October 2015

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Executive Summary

*Beyond Pay: an Inquiry into improving low-income employment* calls on employers to respond more comprehensively to some of the biggest issues facing the UK’s workforce today. By acting to reduce poverty while increasing their employees’ productivity and engagement, businesses and their employees will benefit.

The announcement of the National Living Wage and growing support for the Living Wage campaign have increased the focus on low pay in the UK. But pay is just one part of the solution. By taking broader action to improve low-income employment, we believe that companies can achieve greater benefits for business and society.

Drawing on wide-ranging research and the expertise of 11 leading companies, including representatives from low-paying sectors such as support services, care, retail and hospitality, this report presents findings from an Inquiry conducted in spring and summer 2015. It identifies practical steps that businesses can take to improve employment for people on low incomes and aims to inform and inspire action by employers.

The issue

While the number of people in employment has risen rapidly in recent years, the number of working families facing poverty has also increased.\(^1\) Falls in real earnings\(^2\), combined with an increase in insecure and short-term contracts, changes to in-work welfare benefits, and uneven growth in the labour market since the recession mean that many low-paid workers and their families face increasing challenges.

The case for action

Throughout the Inquiry, businesses have shared examples of actions to improve low-income employment that increase employee retention, progression and discretionary effort, as well as benefiting the employer brand. There is a need for greater business leadership to respond to this significant social and business issue.

By enabling low-paid employees to not only make ends meet, but also access wider support and opportunities to develop and progress at work, businesses can create a more stable, productive and engaged workforce.

The employer role

Whilst examples of good practice exist, few employers are taking advantage of the potential business gains that could come from responding more systematically to the challenges facing their workforce. There is not one simple solution to these challenges. Rather, the Inquiry identified six key areas for business action to improve low-income employment: pay & security; line management; communication; job design; skills & progression; and cost of living support.
Recommendations

We call on employers to set a strategy for improving low-income employment that goes beyond pay alone. This strategy should identify a range of immediate and long-term goals that respond to the increases in in-work poverty, low productivity rates and growing skills shortages that the UK sees today.

We recommend that employers use HR data to identify and act on particular challenges for their workforce; appoint an individual to coordinate, monitor and evaluate cross-departmental activity; and take actions across the six key areas identified by this Inquiry. This report provides examples of practical steps that employers can take within each of the six areas in order to improve low-income employment.

The report also calls on Government to remove barriers to, and encourage, greater action by business. We recommend that Government refines procurement processes to place greater value on quality of service and creation of quality jobs; encourages increased provision and take up of adult skills training; and keeps a focus on reducing in-work poverty and improving the quality of work through the inclusion of relevant measures in the Welfare Reform and Work Bill.

This is an emerging area of responsible business practice and, as such, this report is intended as a starting point for employers. We believe that action on this agenda requires senior leadership and vision, innovation, further testing, and ongoing sharing of best practice.
Introduction

There has been a dramatic change in the employment landscape for low-paying sectors – with pay rates changing, recruitment challenges, skills gaps and low productivity. Through a strategic response that includes actions across a range of key areas, businesses can benefit from improving low-income employment.

The recent announcement of the National Living Wage represents a seismic shift in the Government’s approach to monitoring and regulating pay. As a result, minimum wage rates will rise beyond any previous projections and responsibility for improving UK incomes will be placed firmly at employers’ doors.

This has come alongside a growth in prominence of the Living Wage campaign over recent years. The Living Wage Foundation, which sets voluntary wage levels based on the income workers need to live, now lists nearly 1,800 businesses as accredited Living Wage employers.³

Meanwhile, UK productivity levels in 2014 were lower than the rest of the G7. The Office for National Statistics stated that output per worker per hour was 20 percentage points below the G7 average, with the UK lagging significantly behind the US, Germany and France.⁴ Research also highlights that recent employment growth has been concentrated in lower-skilled jobs, with declining levels of mid-skilled jobs.⁵

The effects on, and risks for, each business will be different. Each business’ response to this economic and political context will also differ. This report highlights the missed opportunity if businesses’ response focuses solely on pay.

Beyond pay: a view from business

For all businesses that employ people in low-paid roles directly or through their supply chain, there is an opportunity to take greater action to improve low-paid work. Pay is central to the employer’s role, but it should not be viewed in isolation. There is an inter-connected relationship between pay and other actions that employers can take, which will present wider benefits to business and employees alike. Line management, communication, skills and progression, job design and benefits packages are all part of the same puzzle.

Aimed at senior business leaders and Human Resources and Corporate Responsibility practitioners from low-paying sectors, this report encourages businesses to see the recent political and media focus on pay within the bigger picture. By looking beyond pay to set a vision to improve low-income employment, employers can make considerable strides towards resolving some of the most significant issues facing the UK workforce today.
In this report

There is no silver bullet to improve low-income employment. This report aims to build on existing research to provide a practical view of the important, wide-ranging role of employers. We aim to inform businesses of the issues and inspire them to take action, recognising the significant business and social benefits that this will bring.

Through discussions with Business in the Community members from low-paying sectors including support services, care, retail and hospitality, we present views put forward by, and tested with, business. Based on findings from a Business Inquiry into improving low-income employment conducted in the spring and summer of 2015, the report draws together these discussions.

First, this report provides a summary of the social and policy context that affects business. It then sets out the opportunities for business to improve low-income employment, providing guiding principles as well as examples of practical actions that businesses can take and further areas for investigation. Finally, it concludes with the part that Government can play in facilitating action by employers.

See appendix 2 for information about the Inquiry methodology.

Defining low pay

For the purposes of this report, low-income employment can be broadly understood as any pay level up to and including the Living Wage, at the voluntary level set by the Living Wage Foundation (see references for details of wage rates6). This broad approach allows us to discuss the actions that employers can take to improve work for a wide range of people who may well be experiencing challenging lives.

Not every worker in a minimum wage role will be living in a household that is below the poverty line. And not everyone paid over the Living Wage will be making ends meet.7 Clearly, employers are unlikely to have a detailed understanding of their employees’ household income. In light of this, this report approaches this topic from the stand point that employers will have to make assumptions and take steps to offer support based on what they know – primarily, hourly rates of pay.
Low-income employment in the UK today

People are living precariously, balancing stress, challenging living situations, multiple jobs and the subsequent demands on their income and time in order to get by. This will inevitably affect their ability to perform, progress and remain productive in work.

While the number of people in employment has risen rapidly in recent years, the number of working families facing poverty has also increased.  

- 6 million jobs are paid less than a living wage
- The child poverty rate in working families rose to 21% in 2013-4
- Low-paid work is not always a stepping stone – only 1 in 4 low-paid workers consistently escapes low pay over a 10 year period

Women, young people, those in lower skilled occupations, part-time and temporary workers and those employed in hospitality, retail and care are particularly at risk. The majority is unlikely to escape low-income employment long-term.

The impact on employees

If a UK working age family’s income suddenly stopped, money would run out – on average – after 14 days. For those in social housing, money would run out immediately.

Pay has not been the only problem. There are many different external factors that are affecting quality of life for low-paid employees such as housing, energy, childcare, food and transport costs.

Alongside a fall in real earnings, an increase in insecure or short-term contracts and uneven growth in the labour market since the recession mean that low-paid workers and their families face increasing challenges. Many may be working in multiple jobs or be unable to secure more hours; others may struggle to take up training or secure progression opportunities at work.

The associated stresses can all play a part in reduced retention rates, productivity, discretionary effort and employee engagement at work. This, in turn, affects their employer’s bottom line.

Welfare reform and the Budget of Summer 2015

As announced by the Chancellor of the Exchequer in the Budget of Summer 2015, the current Government aims to move Britain towards a “higher wage, lower tax, lower welfare” economy, placing the responsibility more squarely with employers and workers to increase household incomes. In particular, they aim to achieve this through the introduction of the National Living Wage – an enhanced minimum wage level for people over the age of 25.
In exchange, the Government plans to cut business taxes and regulation – Corporation Tax will be cut to 18% in 2020 and an increased Employment Allowance will see businesses’ National Insurance bills reduced by April 2016.

The hospitality, retail and social care sectors are the most likely to see a significant increase in the wage bills for their staff as a result of these reforms. Small firms that employ fewer than 10 workers are also likely to feel the impact of the pay increase.\(^{15}\)

<table>
<thead>
<tr>
<th>Explaining wage rates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum Wage</strong> – mandatory rates set by the Low Pay Commission, which all employers must pay. There are different rates for apprentices and younger workers.</td>
</tr>
<tr>
<td><strong>National Living Wage</strong> – new, mandated minimum wage rate for employees aged 25 years and above. It will come into force at the rate of £7.20 in April 2016, and is expected to rise to £9 or the equivalent of 60% of medium income by 2020. This rate has been set by the Chancellor and will be monitored by the Low Pay Commission.</td>
</tr>
<tr>
<td><strong>Living Wage</strong> – a voluntary wage rate set by the Living Wage Foundation based on the income needed to achieve a minimum income standard, as assessed by the public through annual research. It includes a higher rate for London. In 2015-16, the Living Wage rates were £9.15 in London and £7.85 elsewhere.</td>
</tr>
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**A pay increase is welcome, but not all households will be better off overall**

When the National Living Wage comes into effect, eligible workers will receive a pay rise of 50 pence per hour. This increase in pay will significantly benefit many low-income families, with 23% of workers set to gain.\(^{16}\) However, the Government’s commitment to lower the benefits bill by £12 billion by 2019-20, particularly through reductions in in-work benefits, will put a strain on some households’ incomes. At the time of publishing this report, a vote in the House of Lord had delayed the implementation of proposed tax credits cuts – with changes still expected, but to come into force later than the originally planned April 2016 deadline.

4.9 million children lived in working families that were in receipt of tax credits in 2013-14.\(^ {17}\) A large proportion of children, their parents and other people in employment will be affected by the currently proposed benefits changes in some way when they come into force. Despite any pay increases due to the National Living Wage, it is predicted that lone parents, large families, and families in which one or more parent works part-time will be worse off overall.\(^ {18}\)

In this context, businesses need to look to wider solutions in order to make long-term improvements in low-income employment – not just by improving pay but also the quality of jobs and the wider support provided.

As highlighted by the two following comment pieces, overcoming the challenges of low productivity and limited progression are crucial if we are to achieve greater, positive change in the UK labour market.
## The big picture

**Ben Willmott, Head of Public Policy at the Chartered Institute of Personnel and Development**

There are some major structural flaws in the UK’s labour market that need to be addressed if we as a nation are going to transition to a higher skill, higher wage and crucially, higher productivity economy.

One of the biggest problems is the high proportion of jobs in the UK that require low skills and a failure among too many employers to utilise the skills of their workforce effectively. Recent CIPD research, *Industrial strategy and the future of skills policy* finds that 22% of jobs in the UK require no more than compulsory-level schooling, the second highest level in the OECD, compared to 5% or less in countries like Germany, Japan and Sweden. We also have the second highest level of over-qualification in the OECD, meaning too many people are not able to put the skills they do have to productive use.

Recent OECD analysis of productivity suggests that skills mismatch is a significant drag on productivity. It concluded that the UK could increase average labour productivity by 5% if the degree of skills mismatch in the UK was reduced to a best practice level.

This Government and previous administrations have focused almost exclusively on boosting the supply of skills, while neglecting the need to stimulate greater employer demand for investment in skills and to support effective skills utilisation. A recent UKCES report recognises the need to address this, highlighting the need to not just equip people with the right skills but give them the best opportunity to use them in order to create more better-paid jobs.

We need a fundamental review of skills policy if we are to see meaningful progress in addressing our productivity and reduce the incidence of low-skilled, low-paid work in the UK.

### The everyday experience

**Louise Woodruff, Policy and Research Manager at the Joseph Rowntree Foundation**

New research evidence for the Joseph Rowntree Foundation paints a picture of life at work for lower paid employees in low-income households working in retail, hospitality and care.

Less than one in three of those polled said that they could always meet their household bills, for some people this meant an impact on their performance at work. 41% of employees said they went to work anyway the last time they felt they were too sick to work – with many not wanting to let down their organisation. Interestingly, 22% of people polled were already doing two jobs.

When asked what workers would most like to change about their jobs, they invariably focused on better, fairer pay. Employees welcomed the Living Wage as a very important benefit, even if they did not receive it.

In the focus groups, initiatives that could mean greater security outside work such as pay (including being paid for all their working time), sick pay, and help with childcare were considered more helpful than jobs-focused ones.

Employees often saw their job as transitory rather than a permanent career even when they had been in the role for a while. Nearly 45% of those in the poll said there were no promotions available with their current employer and only 25% of respondents would definitely apply for a promotion if one were available. Even when a promotion was a possibility there are real barriers in place preventing employees from applying including: being happy in their current role, not wanting extra responsibility, feeling that the extra pay would not make up for the extra responsibility and not wanting to work extra hours or work different shifts. Of course, working more hours can make a real difference to household income levels and can make a bigger difference to addressing in-work poverty than pay rates but only 18% of full-time and 28% of part-time workers wanted more hours.

Employers need to consider the realities of life for low-paid workers and the views of their employees when taking steps to improve low-income employment.
The business case for action

There are business benefits associated with providing pay rises, but there are greater potential benefits for employers who take wider action.

Pay increases provide business benefits

The immediate benefits of voluntarily increasing pay have been documented by The Living Wage Foundation, which has cited strong improvements in employee retention, productivity and engagement following the implementation of a higher pay rate. Much of this benefit may well come from employees’ awareness that their employer has chosen to increase their pay and a feeling that they are therefore placing higher value on their workers than others do.

- ISS has seen the difference between their minimum wage and Living Wage contracts. Contracts where employees are paid the higher rate have 37% lower turnover and 18% higher net promoter scores.

The immediate effects of implementing a new mandated pay increase will only become clear following April 2016. There is an expectation that workers who receive a mandated increase in their take home pay will experience an increase in positivity towards, and productivity at, work. But this effect may be short-lived, particularly for workers whose total household income is ultimately reduced by in-work benefit changes.

Greater, longer-term benefits by looking beyond pay

Many Inquiry participants pointed to the fact that they want to act to improve low-paid work more broadly because ‘it’s the right thing to do’. They recognised the social imperative to better support their employees – they want to run a business in which their employees are doing more than ‘just coping’. Yet this is coupled with an awareness that taking action to create a more stable, engaged and productive workforce will bring significant business benefits.

- Businesses have cited significant savings from providing internal progression for low-paid workers, due to reduced recruitment, induction and training costs.
- Whitbread’s focus on effective line management and professional development for apprentices aimed to increase internal progression. It has resulted in a 32% better retention rate than the company norm.
- Analysis of data from the Work Employment Relations Survey found that UK employees’ job satisfaction is positively associated with workplace financial performance, labour productivity and the quality of output and service.

Inquiry participants repeatedly referenced and evidenced a wide range of benefits to the business from improving low-income employment: improved brand identity; better attraction and retention of employees; increased staff engagement and discretionary effort; increased productivity and quality of service; and the knock on reductions in business costs as a result of all of these. The impacts on each business are not universal – effects will depend on the business size, structure and sector – but benefits can be seen over the long-term.
Setting a vision for change: the role of the employer

In light of the scale of the issues and the impact on business, employers need to take a significantly more focused approach to improve low-income employment. Leadership is required to set a vision that centres on the long-term business benefits and draws together the wide range of actions that contribute to higher quality jobs.

Through the Inquiry we have identified six areas of the employer’s role; all six play a part in improving both the quality of work by, and quality of life for, low-paid employees.

To summarise the relationship between the six areas for employer action: Pay is a good starting point. But, job security must also be considered – without security, predictability of income reduces and the benefits of a higher hourly rate may not be felt.

Building on **pay and security**, employers can enable their employees to increase productivity within, and develop beyond, their current low-paid role through considering **job design** and **skills development as well as progression opportunities**. This can be supplemented by benefits packages and additional **support with managing living costs** and life’s challenges. These actions can only be targeted at, and accessed by, those in the lowest-paid roles through effective **line management** and **communication**.
A strategy to improve low-income employment

Evidence gathered throughout the Inquiry highlights that significant improvements in low-income employment are only likely to be achieved through the implementation of a range of actions across the six areas set out above.

Yet, few employers appear to be responding systematically to the high volume of low-paid work in the UK and increasing rates of poverty. As a result, they are failing to take advantage of the opportunities and benefits.

Low awareness of the issues and effects of in-work poverty, coupled with the challenges of implementing interventions that cut across multiple business functions, budgets and remits, appear to be the primary factors preventing the development of more coherent business strategies to improve low-paid work, beyond pay alone. Meanwhile many businesses are in fact taking steps that could ultimately benefit low-paid workers, but failing to view, target or measure the effectiveness of these steps through this lens.

The role of business leaders

Senior business leaders have a clear role to create a vision for their business’ culture and approach to front-line employment. By driving action that improves low-income employment within their workforce, senior leaders are able to respond to the big UK issues of low productivity, skills gaps and poverty, as well as the immediate workforce challenges faced by their business.

As is to be expected, businesses making the biggest strides in improving low-paid work are those in which there is a clear commitment from the very top of the organisation. By looking beyond short-term business challenges to set a long-term goal, business leaders can create an environment that incentivises action – where the varied, incremental steps to improve low-income employment are valued as part of a bigger strategy.

Businesses involved in the Inquiry had two starting points from which to achieve this big picture vision: either identifying the most important business driver for change such as improving retention or productivity, or identifying the biggest challenges for low-paid staff, and developing a road map for change from there.

With both approaches, business leaders considered their business’ and employees’ exposure to risks related to low pay and poverty, as well as the business benefits and opportunities that could come from improving low-income employment. Based on the most relevant focus areas or challenges for their business, they could then identify clear actions to achieve immediate and longer-term goals.
Targeting the most vulnerable

Throughout the Inquiry, it was clear that businesses typically offer support and opportunities to all employees. When considering targeting interventions to those most at risk of in-work poverty, companies struggled to identify this group. While an employer knows who within their business is on low pay, they are unlikely to know their total household income, whether they’re in debt or struggling with childcare, or whether they’re working one or two other roles (high paid or otherwise).

Employee survey response rates shared by businesses involved in the Inquiry showed significantly lower participation rates for those on the lowest pay despite marked efforts to reach them, which suggests that these workers may feel less engaged with their employer. Further complexities were noted where the lowest-paid workers on a business’ site are employed by contractors.

Whilst it is important to keep provision and opportunities open to all, with greater awareness of and focus on the issues facing low-paid workers, there are ways for companies to target and tailor support:

- Firstly, there appears to be greater opportunity for businesses to make use of the data held on their HR systems in order to better understand their workforce. By analysing pay and job roles to identify role types, business units or regions where people are more likely to be ‘stuck’ in low-paid roles, businesses could start to focus attention. Similarly, identifying the types of workers who do not take up training, benefits packages and other support measures could point to areas where improvements in communication or different interventions are needed.

- Also, whilst businesses do not feel that they are in a position to gather detailed information about their employees’ lifestyle and household incomes, there was a consensus that through a good line management relationship and wider opportunities to communicate within the business, individual employees could be confident to ask for support as well as input into ideas for other support that they think the business should provide.

ISS: Championing change from the very top of the business

Large facility services group

ISS CEO, Richard Sykes, is leading his business to improve low-paid work. He has spoken publicly about the case for action, with a particular focus on advocating for the Living Wage. The business recognises that they have not got all the answers. Thus far approximately half of all employees are paid at the voluntary Living Wage level. However, this has been achieved from a standing start 18 months ago, and with the impetus created by senior leadership, they have developed a route map to increase pay for a further 10% and have committed to make facilities management an attractive sector in which to build a career. By making it part of the business’ strategy and vision, improving low-paid work will remain a focus for ISS over the long-term.
The following sections of this report

The following pages briefly explore the six key areas of the employer’s role, noted in the diagram on page 10.

For each, we share:

- Analysis of the evidence gathered through the Inquiry;
- Examples of company actions;
- Steps that all employers should aim to get right; and
- Good practice or additional areas for development that will be relevant for responsible employers as they increase their focus on improving low-income employment.
Pay and security

An ONS business survey estimated that almost half of large employers use contracts that do not guarantee hours. By providing greater security of income for workers, businesses can help their employees better manage their household income and support their family. As a result, employers are likely to see increased employee wellbeing and reap the associated benefits.

**EMPLOYER ACTIONS**

**The basics:**

- Paying for all hours worked, including additional time spent working e.g. cashing up for retail workers, breaks for hospitality staff, or travel time for domiciliary care workers.
- Making flexibility mutual by providing advance warning for changes in shift patterns and offering opportunities for workers to request alternatives.

**Good practice:**

- Moving workers from zero hours and minimum hour contracts onto more secure contract types whenever resourcing demand is consistent.

**For further investigation:**

- Weighting pay increases towards those on the lowest pay. Examples of this practice, and the benefits accrued from it, have come particularly from smaller companies. As many businesses develop plans to meet increasing wage bills over the next five years, more could be done to demonstrate how these steps taken by smaller employers could be effectively applied in much larger businesses.

**FINDINGS FROM THE INQUIRY**

Where companies had chosen to pay the voluntary Living Wage or redistribute bonuses and annual pay rises to favour those on lower pay, they could clearly identify the benefits back to the business – employee engagement rose, while turnover and sickness-related absence fell.

However, the Inquiry showed that greater consideration of pay within the context of income security is needed, particularly in an increasingly flexible labour market. Employees’ ability to manage their costs can be dependent on a longer-term view than an hourly rate can provide. Consistency and number of hours worked is also crucial.

Employers identified two significant ways in which they were able to improve the security of roles, without losing the flexibility on which businesses rely and many employees value.
Firstly, monitoring zero hours and other flexible contract types to ensure they are only used to manage genuinely fluctuating demand – moving employees to increasingly secure contracts where resourcing demand is consistent to provide employees with as much income security as possible. Secondly, making flexibility mutual by increasing employees’ awareness of and input into working patterns. In reducing the unpredictability of work and therefore increasing security of income, employers may be more likely to retain staff.

**Adnams: reviewing contracts to provide greater security**  
*Medium-sized food and beverage producer and hospitality business*

As a seasonal business, Adnams had always issued a small number of zero hours contracts. However, these contracts weren’t giving the company’s employees the security of income they needed. And, when Adnams reviewed workforce data, it was clear that most people had relatively regular working patterns.

Taking each department in turn, the HR team identified the minimum hours worked by employees over the prior 30 weeks. Minimum hours contracts were then issued for the highest number of hours possible. Adnams’ employees have been positive about the change. They now have greater certainty about their monthly income, whilst still retaining flexibility to agree changes to their hours with their line manager.

**EE: changing shift patterns**  
*Large telecommunications business*

Recognising that changes in working patterns can have a huge knock-on impact for employees – particularly those with multiple jobs or caring responsibilities – EE has ensured that as much information is shared with employees as early as possible. Fixed hours are set at the point of recruitment. Any changes in location or hours are discussed with employees 8 weeks in advance.
Line management

Line managers in some low-paying sectors supervise up to 150 workers, limiting the relationship they can develop with their direct reports. By providing supportive line management with a focus on more than the day-to-day tasks of a front-line worker, employers can build a connection that allows workers to ask for and receive support and training, increasing the likelihood of retention.

EMPLOYER ACTIONS

The basics:

- Providing practical training for line managers and supervisors of low-paid workers that equips them to discuss benefits packages, flexible working, training and progression.
- Ensuring line managers meet their direct reports face-to-face regularly.

Good practice:

- Developing a performance review structure for managers, which rewards how they retain and develop their staff alongside standard performance measures such as profits and sales.

For further investigation:

- Understanding what really makes good line management for low-paid employees. With greater knowledge of the preferences of low-paid workers themselves and the different training needs of managers of large numbers of front-line employees – including how to effectively support remote workers or those in multiple roles within the same company – we believe businesses could identify new ways to improve employee engagement among their low-paid employees.

FINDINGS FROM THE INQUIRY

Effective line management appeared, throughout the Inquiry, to be challenging but also critical for low-paid employees who may need greater support. Particularly for front-line employees or remote workers, face-to-face meetings with a manager can be few and far between or focused solely on immediate tasks. Yet, this can often provide the only direct connection between the employee and the business.

Employers identified the challenges for managers and supervisors who can oversee up to 150 workers and recognised the limitations of the role that they could play in understanding and targeting support to their direct reports. However, it was only through creating effective
line management for low-paid workers that the further actions identified in this report would be possible to implement.

Evidence from the Inquiry showed that a combination of increased training and support for line managers, alongside specific, practical tips and guidance to improve their performance in this role could see benefits. In addition, placing greater value on metrics related to customer service, people development and retention not just profits and sales when assessing line managers’ performance could create a shift in their focus and increase their motivation to provide broader, less task-focused support for their direct reports.

**Nationwide: Valuing customer service**  
*Large financial services provider*

People management is considered a very important responsibility at Nationwide. Whilst there are different cultures and management styles in different parts of the business, all managers are expected to retain a consistent focus on customer service. Rather than sales targets, Nationwide managers reward good customer service for employees in lower-paid roles through appraisals, awards, bonuses and performance-related pay.

**Whitbread: Assessing managers on retention and training not just profits**  
*Large leisure and hospitality business*

Whitbread’s ‘balanced scorecard’ tracks and reports on key performance indicators for each business site. Including almost equal weighting on people-related metrics as sales growth, the scorecard information is reported regularly to the Board and regional management. This drives a focus on employee retention, engagement and training throughout the business, encouraging managers of front-line roles to provide broad support and progression opportunities for their direct reports.
Communication

Front-line workers are rarely desk-based, often do not have a company email address and can work irregular shift patterns or in isolated locations, limiting the company communications that reach them. By targeting and tailoring internal communications to make them relevant and accessible to all workers, businesses can engage employees in their role and equip them with the information they need to access support, training and progression opportunities.

**EMPLOYER ACTIONS**

**The basics:**

- Advertising new roles and training opportunities from across your business to low-paid workers.
- Using a range of formats for communications, not just email.

**Good practice:**

- Reviewing internal communications to low-paid workers to identify gaps in people reached or information shared and developing new platforms or channels accordingly.
- Including role models and examples in company communications that low-paid workers are likely to relate to.

**For further investigation:**

- Greater use of HR data (as noted on page 12), in particular to improve communications to employees that most need support. Where data identifies the most vulnerable employees or the roles or locations in which take up of training and support is low, companies could develop new communications in response.

**FINDINGS FROM THE INQUIRY**

As with line management, effective communication was highlighted throughout the Inquiry as being crucial to the implementation of wider activity to support low-paid employees. As businesses are primarily making support available to all employees, whether or not they may be in poverty, communication is key to ensure that people who are in most need of this support are taking it up.

When reflecting on the types of workers who are most likely to be affected by poverty, Inquiry participants noted the significant challenges in communicating with this group. As this cohort is likely to include remote workers and those working anti-social hours, as well as people working in multiple jobs who feel limited connection to their employer, they are not likely to be reached by one single channel or communications approach. In addition, low
levels of access to work email accounts and intranets for front-line workers mean that they may not be made aware of job opportunities and training courses unless through their line manager, limiting their progression within and across business units. Low literacy levels and, in some cases, limited English language skills were also barriers to effective communication with workers through traditional channels.

Inquiry participants highlighted the opportunity to rethink and review communication by focusing in on how to reach their most isolated employees. To increase take up of training, benefits packages and wider support, employers identified a need to disseminate information via a range of tailored digital and print channels, as well as retaining face-to-face communications and support from line managers as crucial parts of this mix.

Alongside this, Inquiry participants noted the broader importance of showing the value of low-paid workers within internal communications, enabling them to ‘feel part of the business.’ Whilst this may provide less of an immediate impact, it was seen as part of a wider cultural shift to show that low-paid employees are an asset to the business, rather than simply a labour cost. This could be acted upon in a number of different ways, from awards for front-line staff to the development and profiling of role models that are relevant to the lives of people in low-paid work.

**Sodexo: A communications platform targeted at front-line workers**

*Large support services provider*

As only approximately 17% of Sodexo’s employees are provided with a work email address and shift-patterns often vary, it has always been challenging to ensure that all employees have access to information they need and feel a connection to the company they work for. Your_Sodexo, a new online portal targeted at front-line workers, aims to change that.

This platform advertises vacancies across the business as well as providing access to pay slips and information about training, benefits packages and health and wellbeing advice and activities. News alerts and information are tailored to reflect the employees’ role within the business to make sure that it’s a relevant, valuable tool. The platform has been specifically designed so it can be accessed by computers, tablets and smartphones, making it more accessible on a 24/7 basis. Access to computers has also been arranged at a number of sites so that employees can use Your_Sodexo if they don’t have internet access at home.

**Royal Mail Group: Making roles feel more accessible to women**

*Large communication and support services business*

Royal Mail has taken steps to communicate that roles at Royal Mail are accessible and suited to women, breaking down long-standing perceptions of the company being male-orientated. The company has redesigned its recruitment website and materials to feature more women and use more female-friendly language. In addition, Springboard – a development scheme for women in front-line roles – has helped Royal Mail employees identify and overcome barriers to progression. Through Springboard, women in management positions act as role models that front-line workers relate to.
Skills and progression

Social Market Foundation research shows that although receiving training makes low-paid workers twice as likely to progress, those on low pay are less likely to receive, be offered, and take up training than those on higher pay.\textsuperscript{31} By providing training and progression opportunities that are relevant and accessible to low-paid workers, employers can equip their employees with the skills they need to perform effectively within their existing role or to progress.

**EMPLOYER ACTIONS**

**The basics:**

- Offering training during employees’ normal working hours and at their typical place of work.
- Delivering a range of training, from bite-size practical skills sessions, to softer skills.

**Good practice:**

- Defining and communicating progression pathways from low-paid roles.
- Identifying opportunities to create more incremental progression steps between roles.

**For further investigation:**

- Monitoring improvements in productivity, retention and progression that result from training and development for low-paid employees. Businesses recognise that training, such as literacy or numeracy skills provision, can be very valuable for lower-skilled workers but in many cases employer investment in this area appears limited. We believe improved data monitoring would drive increased impact and investment.

**FINDINGS FROM THE INQUIRY**

Throughout the Inquiry, employers recognised the important part that they play in providing the support and opportunities to enable their employees to perform well now and progress in future. The business benefits of increased productivity and staff retention through internal promotions created a case for action. However, the realities of day-to-day life for low-paid employees may well be limiting take up of training and progression opportunities.

Some level of training is typically made available to all employees across a business. However, those in lower paid, front-line roles were generally less likely to take this up. Also, the number of employers offering ESOL and wider ‘life skills’ training appears to have reduced following the removal of Government subsidies for this provision, despite the significant positive impact that this training could have.
Discussion of progression routes presented a less unified picture, with many differences dependent on industry type and business size. Smaller employers pointed to their flat management structure as limiting progression; whereas larger employers with high volumes of front-line workers noted that, whilst opportunities are available, they are limited, particularly if there is only one supervisory role for every 100 to 150 workers. It is clear that employers would benefit from fuller guidance on creating effective progression routes. Results from the UKCES Futures Programme, which is currently exploring pathways to progression in hospitality and retail, could be of significant value in encouraging innovation.32

It is worth noting at this point that all participants in the Inquiry also stressed the importance of their programmes to increase access to work, particularly for those from disadvantaged groups, as part of their activity to reduce UK poverty overall. As this activity is often well established and the topic is covered in depth in other work, this report focuses on action to support those already in employment. We recommend, however, that employers could do more to encourage retention and progression of individuals who have entered work via one of these specialised routes, recognising that these employees may well be in low-paid roles.

To improve the skills and progression of their current low-paid employees, Inquiry participants highlighted the need to make training more accessible to increase take up – both by making changes to practical logistics such as type, length, timing and location of training, as well as by better communicating the offer, so that the employee understands the benefits to them of attending training. Participants also noted the value of creating incremental progression opportunities, with smaller steps upwards for employees who undertake training or increase skills rather than only offering progression from front-line to supervisory roles.

**Interserve: Linking bite-size training to career progression**

*Large construction and support services provider*

Like many in the support services sector, Interserve conducts ‘toolbox talks’ – regular bite-size training sessions on a range of different themes, delivered by supervisors for their team. These short sessions often cover practical topics such as health and safety, but others will focus on available training and development opportunities. A booklet mapping out training and careers opportunities at Interserve is also available, helping to make front-line staff aware of the progression routes on offer.

**JRHT: Skills development linked to pay increases**

*Medium-sized housing and care provider*

The Joseph Rowntree Housing Trust has introduced a progressive pay scale that recognises employees’ skills development. Every care assistant will complete QCF level 2 and successful achievement of the qualification will result in an automatic pay increase to the next grade in the pay scale. For JRHT, this pay progression recognises the value of skills development and increases in productivity following training, rather than only offering pay progression linked to an increase in responsibilities or promotion to a more senior role.
Job design

Simplifying operations, whilst designing jobs to empower and equip customer service staff to make decisions in their roles, has been seen to improve sales in a number of retailers. By taking greater steps to improve the structure and content of low-paid roles, businesses could benefit from increases in workers’ productivity, skills and job satisfaction, as well as better meeting changing business needs.

EMPLOYER ACTIONS

The basics:

• Consulting employees before any changes to job design are made.

Good practice:

• Making flexibility in job design and shift patterns for workers part of the discussion between clients and suppliers when agreeing the delivery of a contracted service staffed by low-paid employees e.g. cleaning.

For further investigation:

• Increasing focus on job design as an essential part of improving low-income employment – reviewing low-paid roles to identify areas for improvement. This will need to be supported by further research, development of practical tools and greater sharing of examples of good practice and evidence of the positive impact of effective job redesign.

FINDINGS FROM THE INQUIRY

Changing job design to increase variety and autonomy within roles or the way in which functions are performed was highlighted through the Inquiry as a route to significantly higher productivity per worker and potentially increased employee engagement. However, to date, there appears to be limited exploration by businesses of how to review job design in the context of improving the quality of low-paid work and reducing poverty.

There is a clear need for greater information sharing and exploration of this topic to provide companies with the practical examples they need to take advantage of the opportunities that would come from effective job redesign for lower-paid workers. Results from another competition within the UKCES Futures Programme focusing on job design for low-paid women will be a welcome addition when ready to be shared with the business community.

Employers taking part in the Inquiry highlighted the resource requirement and complexity of fully redesigning roles. However, it was noted that more ‘manageable’ opportunities to
review job design arise particularly where wider change is already taking place e.g. during TUPE or when delivering a new contracted service. In addition, there appeared to be more contained ways in which job design could be reviewed. For example, reviewing shift patterns to reduce the costs of travel to work; altering team structures to improve how a job is performed; or retraining staff to cover multiple tasks, which increases their flexibility to use their time in work effectively across the business. One Inquiry participant noted the opportunities that come from having staff available outside of peak trading times to enable them to take part in training and other tasks. Workers with these increased hours received higher customer satisfaction scores than those only performing their role during peak times.

In all cases, it was clear that changes could not be made based on assumptions of what an employee might want. For example, moving a night-shift worker to a day-time job structure may mean they are working more sociable hours, but could have the knock on effect that they are no longer able to continue with their second job or manage childcare responsibilities. Therefore, discussion with workers about any changes must be part of any job design review.

**Mitie: alternative working hours for cleaners**

*Large support services and care provider*

Typical hours for cleaners have always been early morning and late at night. In consultation with clients, Mitie is finding opportunities to change this. Cleaners can choose to apply for roles with longer shifts during normal office hours. This often reduces transport costs and increases total pay for employees, while Mitie benefits from better staff retention.
Cost of living support

As a share of spending, low-income households spend significantly more on the essentials of food, water and fuel than other households.\textsuperscript{35} As many will lack a safety net, employee benefits and advice can provide important help for workers to reduce and manage high living costs and cope with unexpected events, which can increase employees’ reliability and stability at work.

**EMPLOYER ACTIONS**

**The basics:**

- Communicating benefits packages to employees on a regular basis to increase take up.
- Offering a mix of benefits that include staff discounts, advice services and support with day-to-day costs.

**Good practice:**

- Improving design and suitability of benefit packages by identifying elements that are not taken up low-paid staff (and if possible why) and changing these.
- Investing in broader sick pay and holiday pay offers for low-paid staff.

**For further investigation:**

- Exploring effective and sensitive ways to provide employee support from voluntary sector and community partnerships. There are good examples of business partnerships with community organisations that help alleviate poverty for customers and others in the local community. Where their own workers may be facing similar challenges, companies could do more to consider similar support for their workforce.

**FINDINGS FROM THE INQUIRY**

The provision of benefits packages and wider support to manage living costs were identified as having a helpful, immediate and positive impact on low-paid employees. From sick and holiday pay to EAP helplines and staff discounts to reduce food or mobile phone bills, employers are offering a wide range of benefits that could enable workers on low-incomes to better manage their day-to-day living costs.

As with training, evidence gathered through the Inquiry suggests that the majority of benefits packages are available to all employees including those on low pay, with the exception of specific benefits such as private healthcare plans. Take up of these benefits was, again, the challenge.
We identified that limited take up of support was likely to be due to three reasons: low employee awareness and understanding of the benefits available; employees' wariness to take up advice services due to concerns of sharing this information in an employment setting, even if confidentiality is guaranteed; and in some cases limited relevance or accessibility of the benefits available to low-paid employees. For example, a low-paid employee with limited disposable income is unlikely to use a food discount card if the minimum value that can be loaded onto the card is £50.

Sick pay and holiday pay were identified as the most significant benefits for low-paid workers, but can often be limited by contract type. Through the Inquiry, we found that employers that had extended these rights to their lower-paid workers had seen significant benefits through reduced absence rates. Additional benefits tailored to low-paid employees included support with high living costs such as travel or rental deposits, and provision of emergency loans, which are later paid back through payroll. Inquiry participants noted the value of these offers of support. However, they highlighted that there would need to be trust between employers and employees as well as clear usage policies in order for companies to feel confident to provide loans to their employees in this way.

**Nationwide: rental deposit loans to support lower-income staff**

*Large financial services provider*

Nationwide offers interest-free, short-term loans to help their employees with the cost of renting accommodation. This new, targeted benefit is designed to particularly support people in more junior or lower-paid roles within the business. Loans are paid to those who apply, with money collected back in small amounts over time through pay roll.

**JRHT: regularly reviewing benefits packages and target to staff needs**

*Medium-sized housing and care provider*

The Joseph Rowntree Housing Trust offers a wide range of benefits to its staff. They regularly review the benefits that they offer to ensure they support the day-to-day needs of their staff, particularly those on the lowest incomes. Alongside staff benefit schemes and childcare support, they have created a healthcare cash plan which is tailored to the needs of staff. The caring workforce is ageing and as staff members are on their feet all day caring for residents they tend to suffer from feet and back pain. JRHT has responded by tailoring the allowances in the cashback scheme to provide staff with some financial support to cover the cost of osteopathy and chiropody appointments. This helps their staff to access the care they need, which in turn has contributed to a reduction in absence rates.
Supporting and facilitating change: the role of Government

As an employer, customer and advocate, the Government can support businesses to improve low-income employment and remove barriers to action.

The Inquiry did not set out to fully explore the Government’s role in reducing in-work poverty. We aimed to understand the important part that Government can play in facilitating, and reducing barriers to, action by employers.

The Government, by focusing on the creation of a “higher wage, lower tax, lower welfare” economy, is demanding greater employer responsibility for improving low-income employment. But businesses also want national and local Government to be an active partner in creating the solutions, particularly as there will be an overall benefit to the State – with increased stability of work and greater progression and productivity, the welfare bill will fall and the overall economy will gain.

Influencing and enabling good practice through procurement

Whilst national and local Government may not employ many low-paid workers directly, their indirect responsibility for low-paid workers through their supply chain is significant, particularly in the health and social care sectors. In 2014-15, public sector and capital procurement values reached a total of £241 billion, within a GDP of £1,800 billion.36

The experience of employers involved in the Inquiry who are part of the Government’s supply chain suggests that some procurement practices may undermine rather than facilitate the efforts of employers, by prioritising cost or focusing on price alone. The Public Services (Social Value) Act 2012 has been successfully used to increase access to employment for people from disadvantaged groups. Using this model, an increased focus from Government on the value of good quality service and the quality of employment opportunities created by a contract could transform the management of contracted services and the experiences of their low-paid employees.

In particular, we recommend ending the use of agencies which manage the contracting process on the Government’s behalf in the case where the agencies’ fees are calculated based on cost-saving alone.

Encouraging increased provision of adult skills

A Government survey conducted in 2011 showed that five million working-age adults in England – one in seven of the working age population – have below-functional literacy skills, while an estimated 8 million adults – nearly a quarter of the working age population – have below-functional numeracy skills.37 These adults are most likely to be in low-paid roles if in employment, which represents significant challenges for employers looking to increase both productivity and progression.
An increased national Government focus on apprenticeships in recent years, including the setting of ambitious goals, has driven awareness and uptake of this scheme by employers and young people alike. Meanwhile, the challenges for adults already in the workforce who lack skills that will help them perform in their jobs have received comparatively little attention and programmes focused on this area have reduced.

This Government has shown a clear aspiration to increase employer ownership of the skills agenda, for example through the introduction of the Apprenticeships Levy. Alongside this, the Inquiry participants felt it was important for Government to retain a role in advocating for improvements in adult skills provision – supporting employers to provide adult skills training; better communicating Government funding and wider support where available to employers; as well as raising awareness of the issue and solutions to low adult literacy and numeracy skills in order to drive an increase in provision and take up.

**Keeping the focus on improving low-paid work**

This Government has shown clear recognition of the need to improve the quality and sustainability of employment in order to create a more prosperous and productive workforce, in particular through its introduction of the National Living Wage, recent speeches from both the Prime Minister and Chancellor of the Exchequer, and the planned introduction of conditionality to encourage recipients of Universal Credit to progress in work.

This has served to increase attention on, and awareness of, the issues facing low-paid employees. However, recent welfare changes proposed by the Government as part of the Welfare Reform and Work Bill include plans to focus on ‘life chances measures’ rather than previous child poverty statistics; the proposed ‘life chances measures’ were limited in their reference to work over and above a focus on reducing worklessness.

Government should take steps to include relevant measures in the Welfare Reform and Work Bill that are related to quality of work, which will keep in-work poverty and the need to improve low-paid work high on the agenda. A significant focus on this issue from the Government following the implementation of the National Living Wage will drive continued awareness and action by employers.

**Setting an example**

Finally, we recommend that all parts of the Government set an example as an employer, taking the steps recommended in this report to improve low-income employment for their own workforce.
Conclusions and summary recommendations

The Inquiry has shown that awareness of the issues and effects of in-work poverty and low-income employment are low. Yet, the impact on businesses and society is significant. There is an opportunity for greater business leadership to respond to these issues and improve low-income employment, in order to see the benefits for workers and their families, and to improve business productivity, retention rates and employee engagement.

With further change yet to come, as the National Living Wage is implemented alongside wider welfare reform, employers cannot shy away from this challenge. We encourage businesses to see the recent political and media focus on pay within the bigger picture and take a broader range of steps to improve low-income employment. We recommend that employers look beyond pay alone to set a strategy for improving low-paid work.

SUMMARY RECOMMENDATIONS FOR EMPLOYERS

Business leaders should:

- Develop a strategic approach to improving low-income employment, identifying immediate and long-term goals that respond to the increases in poverty, low productivity rates and growing skills shortages that the UK sees today.

In addition, employers should:

- Use the examples and recommended actions in this report to shape an action plan that meets immediate and long-term goals, focusing on the six key areas identified:
  - Pay & security
  - Line management
  - Communication
  - Skills & progression
  - Job design
  - Cost of living support
- Use HR data to identify and act on priority challenges associated with low-income employment within the business.
- Draw together and focus activity targeted to improve low-income employment by appointing an individual to coordinate, monitor and evaluate the effectiveness of cross-departmental action.

Business should be supported to achieve this through activity that increases their understanding of the issues related to low-paid work, and shares potential solutions as they are developed. Steps that increase employer awareness of the realities of in-work poverty will be crucial in sparking change. Greater provision of tools and guidance, as well as better sharing of best practice and the resulting impact of best practice actions, will also be needed to enable business to achieve change in a coherent and effective way.
SUMMARY RECOMMENDATIONS FOR GOVERNMENT

Businesses believe that Government can play an important role in encouraging, and removing barriers, to employer action. The most significant impact that Government can have is as a customer. National and local Government should:

- Refine procurement processes to place greater value on quality of service and the quality of employment opportunities created, rather than price alone; ending the use of contract management agencies whose fees are calculated based purely on cost saving.

In addition, we recommend that Government should:

- Advocate for increased provision and take up of adult skills training.
- Retain focus on reducing in-work poverty and improving the quality of work through the inclusion of relevant measures in the Welfare Reform and Work Bill.
- Set an example by applying the employer recommendations made in this report to their own workforce.

RECOMMENDED TOPICS FOR FURTHER RESEARCH AND DEVELOPMENT

This Inquiry, with its wide remit, could not cover every topic raised in depth. We recommend that the following areas, identified but not covered in full by the Inquiry, could particularly benefit from further exploration in later projects:

- **Multiple roles** – a significant number of low-paid workers juggle jobs with two or more different employers. This appears to raise numerous challenges for employers, both at the practical level of implementing legislative requirements such as the working time directive, as well as broader questions about the employer’s ability to enable a worker in this position to access support, training and progression opportunities. Businesses would benefit from more understanding of the prominence of this in their workforce and from more in-depth advice and tools to effectively manage employees who have multiple employers.

- **Universal Credit and the implications for progression** – the new Universal Credit system has been designed to include an element of ‘in-work conditionality’, meaning that in-work benefits are subject to a worker seeking to progress either in terms of pay or hours. Whilst awareness of this among employers appeared relatively low, there were challenges raised during the Inquiry around the viability for employers to be able to consistently offer adequate progression routes and the subsequent impact on the employee if they could not. Businesses would benefit from greater clarity of their role in supporting and retaining employees subject to in-work conditionality.
- **Job design** – the UKCES is undergoing work to identify, trial and evaluate changes in job design that will support low-paid employees. There are also a small number of international examples of effective job design improvements. As job redesign is complex and resource intensive, businesses would benefit from greater investigation and support to understand the most effective ways to improve low-paid work through changes to job design. The sharing of best practice examples, tested tools and effective processes will better equip and incentivise business to commit the resources needed to review roles and implement impactful changes.

- **Return on investment and business benefits of specific actions** – whilst efforts have already been made to identify a broad business case to support low-paid employees through this Inquiry and other research, this could be usefully supplemented by research into the effects of specific actions undertaken by employers. This will help to both strengthen the case for action and identify the activity that is most likely to have a positive benefit to business, employees and society more broadly. The effects of implementation of actions shared in this report on key metrics such as turnover and employee engagement or net promoter scores should be monitored, evaluated and shared.
Appendix 1: Employer recommendations in full

SUMMARY RECOMMENDATIONS

- Develop a strategic approach to improving low-income employment, identifying immediate and long-term goals that respond to the increases in poverty, low productivity rates and growing skills shortages that the UK sees today.
- Use the examples and recommended actions in this report to shape an action plan that meets immediate and long-term goals, focusing on the six key areas identified:
  - Pay & security
  - Line management
  - Communication
  - Skills & progression
  - Job design
  - Cost of living support
- Use HR data to identify and act on priority challenges associated with low-income employment within the business.
- Draw together and focus activity targeted to improve low-income employment by appointing an individual to coordinate, monitor and evaluate the effectiveness of cross-departmental action.

EMPLOYER ACTIONS

Pay and security

- Paying for all hours worked, including additional time spent working e.g. cashing up for retail workers, breaks for hospitality staff, or travel time for domiciliary care workers. 38
- Making flexibility mutual by providing advance warning for changes in shift patterns and offering opportunities for workers to request alternatives.
- Moving workers from zero hours and minimum hour contracts onto more secure contract types whenever resourcing demand is consistent.

Line management

- Providing practical training for line managers and supervisors of low-paid workers that equips them to discuss benefits packages, flexible working, training and progression.
- Ensuring line managers meet their direct reports face-to-face regularly.
- Developing a performance review structure for managers, which rewards how they retain and develop their staff alongside standard performance measures such as profits and sales.
Communication

- Advertising new roles and training opportunities from across your business to low-paid workers.
- Using a range of formats for communications, not just email.
- Reviewing communication to low-paid workers to identify gaps and developing new platforms or channels to reach them;
- Including role models and examples that low-paid workers are likely to relate to in company communications.

Skills and progression

- Offering training during employees’ normal working hours and at their typical place of work.
- Delivering a range of training, from bite-size practical skills sessions, to softer skills.
- Defining and communicating progression pathways from low-paid roles.
- Identifying opportunities to create more incremental progression steps between roles.

Job design

- Consulting employees before any changes to job design are made.
- Making flexibility in job design and shift patterns for workers part of the discussion between clients and suppliers when agreeing the delivery of a contracted service staffed by low-paid employees e.g. cleaning.

Cost of living support

- Communicating benefits packages to employees on a regular basis to increase take up.
- Offering a mix of benefits that include staff discounts, advice services and support with day-to-day costs.
- Improving design and suitability of benefit packages by identifying elements that are not taken up low-paid staff (and if possible why) and changing these.
- Investing in broader sick pay and holiday pay offers for low-paid staff.

Additional topics for further investigation in each of the six areas are noted within the main body of the report.
Appendix 2: About the Inquiry

Business in the Community (BITC) has, for over 30 years, worked with business to tackle a wide range of issues in order to build a fairer society and a more sustainable future.

Creating meaningful employment is one of the most significant ways that business contributes to the livelihoods of individuals and communities, and is for many the only sustainable route out of poverty. However, in recent years, we have seen a rise in in-work poverty and insecure labour, as well as growing public and political pressure on businesses to create better quality work.

The Business Inquiry into improving low-income employment was set up to gather and discuss our members’ views on the role of the business community in addressing issues related to low-paid work. We aimed to explore a broad range of related topics to identify practical and stretching steps that business and others can take, and the case for action.

Our approach

Eleven employers were recruited to participate in the Inquiry. BITC members with a high number of low-paid employees were targeted, as well as those with a known interest or existing activity to support low-paid employees.

Participants were self-selecting. Therefore, this report is not intended to fully-represent views of all businesses. Instead, it provides a snapshot of business perspectives and findings and analysis based or building on these views.

Information was gathered from the following sources:

- Literature review to inform the Inquiry content and discussions;
- Roundtable meeting 1 to present and discuss the broad topic of low-income employment with business participants and assess initial scope and focus of the Inquiry;
- Individual meetings with all participants to gather views on key questions and understand details of business actions, successes and challenges;
- Roundtable meeting 2 to test and develop findings and recommendations; and
- Ongoing email consultation with business participants.

All contributions have been made under Chatham House Rules to encourage open and honest discussions. Meeting discussions were transcribed and analysed as the Inquiry progressed to continually refine the questions posed and topics explored with the participants. Recent changes to relevant policies such as the Budget 2015 have also been taken into account and discussed wherever possible, although many were not yet known when the Inquiry began – further desk-based research has been conducted on this topic.

Findings and recommendations in this report have been developed through thematic analysis. They will not reflect a full consensus of views of all participants.
Acknowledgements

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Author: Faye Goldman, Campaign Manager, Business in the Community
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