

# Appendix 3

## **A Life on The Living Wage**

**Assessing the impact of the Real Living Wage on employee wellbeing,  
related household food security, and workplace productivity in  
Oxford**

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## Executive Summary

This study was funded by Oxford City Council, supported by the University of Oxford's internship programme, and commissioned by Good Food Oxford (GFO).

GFO aims to identify and catalyse actions by individuals and organisations that promote a healthy, fair, ethical and environmentally sustainable food system in and around Oxford\*. One of GFO's three Strategic Objectives is to address causes of food poverty in the city to ensure fair access to food for all. Previous research<sup>†</sup> identified low incomes relative to the high costs of living in Oxford as a main driver of food poverty in the city. Within these studies, it was also revealed how many local families with stretched finances frequently compromise on the quality of their diets, exposing them to greater risks of poor physical and mental health. GFO believes that fair pay that is in line with actual living costs is essential to combat food poverty and to improve access to affordable healthy food in Oxford.

To more clearly understand links between income and food poverty alleviation in a local Oxford context, GFO undertook research to examine the impacts of the Real Living Wage (RLW) on the lives of employees and the running of businesses in Oxford. The RLW is a voluntary hourly pay rate calculated according to average costs of living in the UK, with a separate higher rate also calculated for the London region (London Living Wage). The rates are overseen by the Living Wage Foundation, which offers an accreditation scheme and announces new rates each year to ensure that employees continue to receive a rate of pay in line with actual living costs. This study aimed to assess the impacts of the RLW on employee wellbeing and related household food security. The research also considered employer perspectives, by further assessing the impacts of the RLW upon workplace productivity.

Through desk-based research, a key objective was to compare the affordability of a healthy balanced diet when living in Oxford on three different wages; the National Living Wage (NLW), the Real Living Wage (RLW) and the Oxford Living Wage (OLW). Typical household expenditures for the UK were obtained from the Minimum Income Standard, a public consultation method used to inform the Real Living Wage calculations. When considering an Oxford context, it became clear that the cost of housing was significantly underestimated within UK-wide estimates. Once greater housing costs were taken into account, it emerged that even those in receipt of the higher Oxford Living Wage would struggle to afford a fully balanced diet (as recommended by the government's Eatwell Guide) and would require the sacrifice of other non-essential categories of spending (e.g. social activities, clothing).

Through interviews with 25 people (employees and employers) at accredited Real Living Wage organisations in Oxford, the study also aimed to examine the potential benefits and limitations of the Living Wage, providing informative snapshots of the lives of employees living and working locally. The findings from these interviews demonstrated that even a Living Wage may be insufficient to combat food poverty in Oxford. The study recognised a number of people who were financially insecure, often linked to a lack of savings, with some at serious risk of food poverty

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\* See <http://goodfoodoxford.org/about-us/>

<sup>†</sup>D. Lalor, 2014. *Feeding the Gaps: Food Poverty and Food Surplus Redistribution in Oxford*; F. Hansford and R. Friedman, 2015. *Food Poverty in Oxford: A Qualitative Study in Barton and Rose Hill With Recommendations for Good Food Oxford*.

during periods of financial strain. Impacts upon household food security were identified, such as the reduction of dietary quality and the reduction of food consumed (i.e. skipping meals) to save money.

The study provides a clear case for the further promotion of the Real Living Wage as an absolute minimum for workers in Oxford, with the Oxford Living Wage being preferable. While not directly compared within the study, the Oxford Living Wage is an important uplift to acknowledge the high costs of living in the city. However, discussions with employers highlighted concerns on the affordability of introducing this higher wage, particularly within smaller organisations. Therefore, the advocacy and further accreditation of organisations to pay the Real Living Wage must be considered a priority, acting as an important stepping stone for reaching wider adoption of the higher Oxford Living Wage.

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# 1. Introduction

While recent estimates of unemployment in Oxford (3.1%) fall below the national average (4.3%)<sup>1</sup>, the potential negative impacts of in-work poverty upon physical and mental wellbeing present major public health concerns for the city and its local businesses<sup>2</sup>. The high rental market in Oxford, which for the UK is almost only exceeded by boroughs of London<sup>3</sup>, poses a unique challenge in the absence of a 'London weighting'-style supplement for wages. Imbalances in the structure of Oxford's labour market that offer limited opportunities for intermediary level jobs<sup>4</sup> further exacerbate this problem with larger proportions of low-income workers struggling to meet the basic costs of living. While many factors contribute towards employee wellbeing, lower wages have been associated with higher instances of stress and general poor health<sup>5</sup>, which have significant implications for workplace productivity. This study considers the role of household food security and nutrition in maintaining employee health and wellbeing, and the extent that introduction of the Real Living Wage influences the feasibility of attaining a healthy diet while living in Oxford.

A number of recently conducted Oxford-based studies emphasised how many families with stretched finances frequently compromised on the quality of their diets, exposing them to greater risks of poor physical and mental health<sup>6</sup>. Poor employee health may generate numerous negative effects upon levels of productivity in the workplace, including greater absences through sickness, or alternatively 'presenteeism', when employees attend work while in suboptimal health<sup>7</sup>. A combination of low wages met with increasing food prices are adding further strains upon sustaining a healthy diet to achieve optimum health. Nutritional guidance provided by the government's Eatwell Guide has been identified as costly to attain for many UK families; a recent study revealed how households earning less than £15,860 per year (above the National Living Wage) supporting children would need to devote at least 42% of after-housing disposable income on food to meet these recommendations<sup>8</sup>. In the first part of this report, the ability to afford this proposed diet alongside Oxford living costs will be assessed in relation to three separate wage thresholds: the National Living Wage (NLW), the Real Living Wage (RLW) and the Oxford Living Wage (OLW).

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<sup>1</sup> Oxford City Council, 2018. *Economic Statistics*.

[https://www.oxford.gov.uk/info/20124/economy/454/economic\\_statistics](https://www.oxford.gov.uk/info/20124/economy/454/economic_statistics).

<sup>2</sup> D. Lalor, 2014. *Feeding the Gaps: Food Poverty and Food Surplus Redistribution in Oxford*. Oxford: Good Food Oxford; F. Hansford and R. Friedman, 2015. *Food Poverty in Oxford: A Qualitative Study in Barton and Rose Hill With Recommendations for Good Food Oxford*. Oxford: Good Food Oxford.

<sup>3</sup> Valuation Office Agency, 2017. *Private Rental Market Summary Statistics – April 2016 to March 2017*.

<https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-april-2016-to-march-2017>.

<sup>4</sup> M. Fransham, 2015. Our Changing City. *Social Trends in Oxford. Oxford Strategic Partnership. Oxford City Council*; Hansford and Friedman 2015.

<sup>5</sup> T. Chandola and N. Zhang, 2018. Re-Employment, Job Quality, Health and Allostatic Load Biomarkers: Prospective Evidence from the UK Household Longitudinal Study. *International Journal of Epidemiology* 47, no. 1: 47–57; British Medical Association, 2017. *Health at a Price: Reducing the Impact of Poverty*.

<sup>6</sup> Lalor 2014; Hansford and Friedman 2015; C. M. Heflin, K. Siefert, and D. R. Williams, 2005. Food Insufficiency and Women's Mental Health: Findings from a 3-Year Panel of Welfare Recipients. *Social Science & Medicine* 61: 1971–82.

<sup>7</sup> M. Hafner, C. van Stolk, C. Saunders, J. Krapels and B. Baruch, 2015. *Health, Wellbeing and Productivity in the Workplace*. Cambridge: RAND Europe.

<sup>8</sup> C. Scott, J. Sutherland, and A. Taylor 2018. *Affordability of the UK's Eatwell Guide*. The Food Foundation.

The central part of the study presents the findings from a series of interviews undertaken with employees and employers at accredited Real Living Wage organisations in Oxford, which offer informative snapshots of the lives of low-income workers in the city. The interviews explored the impacts that paying the Living Wage had upon employee wellbeing, with particular emphasis on food access and the perceived ability to maintain a healthy and balanced diet. Interviews with employers considered the motivations behind these wage commitments, as well as crucially the potential benefits that these wage introductions may have had upon local businesses and organisations.

## 1.1 The Living Wage

The UK campaign for a Living Wage first emerged as a grassroots movement in East London in 2001<sup>9</sup>. In a landmark meeting, the organisation Citizens UK amassed leaders from local faith groups, schools and other local institutions to discuss issues affecting their local community<sup>10</sup>. At a time when the government's minimum wage was just £3.70 an hour, low pay was recognised as a significant concern relating to local poverty issues, subsequently prompting calls for major employers in the capital to pay their staff a London Living Wage<sup>11</sup>. In 2011 the campaign became national, with the announcement of the first UK-wide Living Wage rates and the establishment of the Living Wage Foundation<sup>12</sup>.

### 1.1.1 Real Living Wage

The **Real Living Wage** (RLW) is a voluntary hourly pay rate calculated according to average costs of living in the UK, with a separate higher rate also calculated for the London region (London Living Wage). New rates are announced annually by the Living Wage Foundation in November, reflecting inflation and any rises in living costs. These independently calculated rates<sup>13</sup> are informed by **Minimum Income Standard** (MIS) research carried out by The Centre for Research in Social Policy (CRSP) (see below, 2.2), which considers a variety of household types to reflect the diversity of families across the UK<sup>14</sup>. This hourly rate is distinct from the government's lower **National Living Wage** (NLW), which contrary to its name, acts as a minimum wage for workers over the age of 25<sup>15</sup>. Employers who pay all their staff<sup>16</sup> at least the Real Living Wage rate can become accredited through the Living Wage Foundation; this requires committing to rises in the minimum rate each year. There are currently over 4,700 Living Wage employers across the UK, with 68 of these based (or having branches) in Oxford<sup>17</sup>.

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<sup>9</sup> Citizens UK, 2017. *The Living Wage Campaign*. [https://www.citizensuk.org/the\\_living\\_wage\\_campaign\\_rix\\_u-igroucqykv7quhtq](https://www.citizensuk.org/the_living_wage_campaign_rix_u-igroucqykv7quhtq).

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Living Wage Foundation, 2018. *Living Wage Foundation History*. <https://www.livingwage.org.uk/history>.

<sup>13</sup> The rates are independently calculated by the Resolution Foundation and are overseen by the Living Wage Commission: <http://www.livingwage.org.uk/living-wage-commission>.

<sup>14</sup> C. D. Arcy and D. Finch, 2017. *Calculating a Living Wage for London and the Rest of the UK*. Resolution Foundation.

<sup>15</sup> Rather than relating to living costs, the National Living Wage is calculated based on targets to reach 60% of median earnings by 2020.

<sup>16</sup> This also includes staff from external contractors who regularly work on the premises.

<sup>17</sup> Pers. comm. Sebastian Bachelier, Living Wage Foundation.

### 1.1.2 Oxford Living Wage

The **Oxford Living Wage** (OLW), established in 2009 by Oxford City Council, emerged as a local hourly rate of pay as formal recognition of the high living costs associated with the city<sup>18</sup>. The voluntary rate is based on ninety-five percent of the London Living Wage rate, a calculation deemed sufficient to enable employees and their families to live free from poverty<sup>19</sup>. The new rates are announced annually alongside the two Real Living Wage rates in November. As there is no formal accreditation system it is very difficult to assess the number of employers in Oxford which currently pay all their staff an Oxford Living Wage. Notable employers paying the rate include Oxford City Council, and the private University of Oxford halls Campion Hall and Blackfriars.

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<sup>18</sup> Oxford City Council, 2018. *Report of the Oxford Living Wage Review Group for Scrutiny Committee - Tuesday 6 March 2018*.

<sup>19</sup> Oxford City Council, 2018. *Council to Increase the Oxford Living Wage to £10.02 an Hour*.

**Table 1.1 – A summary of wage rates for 2019/20. The updated Real Living Wage and Oxford Living Wage rates were announced in November 2018, to be implemented by April 2019.**

	<b>The Minimum Wage</b>	<b>National Living Wage</b>	<b>Real Living Wage</b>	<b>Oxford Living Wage</b>
What is it?	£7.38	£7.83	£9.00	£10.02
Is it the law?	Yes	Yes	Voluntary	Voluntary
What age group is covered?	21 and older	25 and older	18 and older	18 and older
Gross yearly salary (35 hours)	£13,412	£14,251	£16,380	£18,236

## 2. Affordability of the Eatwell Guide in Oxford

### 2.1 Affordability of the UK's Eatwell Guide

A recent report by Scott *et al.* 2018 (The Food Foundation) titled '*Affordability of the UK's Eatwell Guide*'<sup>20</sup> emphasised the large proportions required from low-income salaries to purchase a 'healthy balanced diet' as outlined by the government's Eatwell Guide<sup>21</sup>. The Eatwell Guide offers official guidance on the latest dietary recommendations using a visual format (Appendix 1) that summarises the five main food groups (i.e. fruit and vegetables; potatoes, bread, rice, pasta and other starchy carbohydrates; beans, pulses, fish, eggs, meat and other proteins; dairy and alternatives; and oils and spreads) and their suggested proportions within the diet. Based on food prices in 2016, it was estimated that this recommended diet would cost a single adult £5.99 per day, or £41.93 per week (Table 2.1)<sup>22</sup>. The figures were calculated on a per portion basis (e.g. cost of a single portion of bread) so are likely to underestimate total up-front costs (e.g. a loaf of bread), particularly for a single person<sup>23</sup>.

**Table 2.1 – Estimated weekly costs of the Eatwell Guide for individuals and family members who share meals (based on prices in 2016) (Scarborough *et al.*, 2016; Scott *et al.* 2018).**

	<b>Eatwell Guide cost (£/week)</b>
First adult	41.93
Partner/spouse	26.81
Other second adult	31.62
Third adult	28.87
Subsequent adults	24.75
Child 0-1 years	6.19
Child 2-4 years	12.37
Child 5-7 years	14.43
Child 8-10 years	15.81
Child 11-12 years	17.18
Child 13-15 years	18.56
Child 16-18 years	24.75

<sup>20</sup> C. Scott, J. Sutherland, and A. Taylor 2018. *Affordability of the UK's Eatwell Guide*. The Food Foundation.

<sup>21</sup> Public Health England, 2016. *The Eatwell Guide*; Public Health England, 2016. *From Plate to Guide: What, Why and How for the Eatwell Model*.

<sup>22</sup> P. Scarborough *et al.* 2016. Eatwell Guide: Modelling the Dietary and Cost Implications of Incorporating New Sugar and Fibre Guidelines. *BMJ Open* 6: 1–10.

<sup>23</sup> Scott *et al.* 2018.

In the Scott *et al.* study, these estimated costs were examined in relation to UK data<sup>24</sup> for disposable income (after housing costs), which considered different household compositions (e.g. single adults, two adults with children etc.). Findings from the study revealed that the poorest half of households in the UK would need to spend close to 30% of their disposable income to afford the Eatwell Guide. These figures rise to as much as 42% for households with children in the bottom two deciles (earning less than £15,860 per year); this includes households with one full-time working adult earning above the National Living Wage. Comparisons with UK data for household expenditure on food and non-alcoholic drinks from the Living Costs and Food Survey (2015/16)<sup>25</sup> indicated that almost half of UK households (47%) were not spending enough on food to meet the Eatwell Guide. While there are likely to be a wide range of factors to explain these findings (e.g. poor diets, selection of cheaper ingredients), it is clear that alongside current rising food costs, the Eatwell Guide may be increasingly unaffordable for many households.

## 2.2 Minimum Income Standard

The Minimum Income Standard (MIS), from which the Real Living Wage rates are largely based, presents comparable figures for food costs in its calculated budgets. The purpose of this public consultation method is to establish the minimum income to achieve an ‘acceptable standard of living’ in the UK<sup>26</sup>. The research is carried out by The Centre for Research in Social Policy (CRSP) and is updated each year to account for rising living costs (e.g. due to inflation). The 2016 figures proposed a weekly budget of £44.72 for a single person to spend on food<sup>27</sup>, exceeding the estimated cost to afford the Eatwell Guide (Table 2.1). With a yearly gross income of £17,311 equivalent to £8.85 per hour<sup>28</sup>, this food budget reflects 24% of after housing disposable income. The remaining largest expenditures within the weekly disposable income budget include social and cultural participation (25%), travel (15%) and fuel (9%). However, it must be noted that different household compositions are likely to incur very different financial costs (e.g. childcare).

### 2.2.1 A Minimum Income Standard for Oxford

The MIS is created for the UK as a whole and therefore does not account for the highly variable living costs affecting different cities. With Oxford recently ranked as the least affordable city in the UK<sup>29</sup>, it can be argued that these budget estimates do not adequately reflect typical household expenditures for those living in the city. Considering the example of a single person renting, £87.68 is accounted to cover rental costs (based on median figures for the UK) in the 2016 MIS budget. In Oxford, the median weekly rental cost for a room in a shared property is

<sup>24</sup> Data was from the ‘Households Below Average Income’ (HBAI) publication by the Department for Work and Pensions (2018). See Scott *et al.* 2018 for further details.

<sup>25</sup> Office for National Statistics 2017.

<sup>26</sup> Joseph Rowntree Foundation, 2018. *A Minimum Income Standard for the UK 2008-2018: Continuity and Change*.

<sup>27</sup> Minimum Income Standard 2016.

<sup>28</sup> This hourly rate was calculated for a single adult by the Minimum Income Standard in 2016, exceeding the 2015/16 Real Living Wage rate at £8.25.

<sup>29</sup> Lloyds Bank’s Affordable Cities Review 2018.

38% higher than this at £121.15<sup>30</sup>. When these higher housing costs are taken into account within the MIS budget (Table 2.2), the amount of disposable income allocated for food is squeezed to £36.57 for an individual, making the Eatwell Guide unaffordable unless other expenses (e.g. social and cultural participation, fuel, clothing) are compromised. These kinds of trade-offs are common in low-income households and have the potential to negatively impact physical and mental wellbeing<sup>31</sup>. To achieve a comparable standard of living as set by MIS in 2016, a single person renting in Oxford would need to earn an extra £2,600 per year than the suggested MIS wage (£19,911 pa; £10.21 per hour).

**Table 2.2 – Suggested minimum costs for a single person to achieve an ‘acceptable standard of living’ in the UK, as set by the Minimum Income Standard (MIS). Using percentages for each category as a guide (excl. rent and council tax), the budget has been further adjusted to account for median rental costs in Oxford. Costs are based on 2015/16 data. \*Council tax was kept consistent as people have limited control over these costs.**

Categories of household expenditure	Budget (£/week) Single person (UK)	% of budget (excl. housing)	Budget (£/week) Single person (Oxford)
<b>Food</b>	<b>44.72</b>	<b>24.4</b>	<b>36.57</b>
Alcohol	4.89	2.7	4.00
Clothing	7.12	3.9	5.82
Water rates	5.67	3.1	4.63
Household insurances	1.21	0.7	0.99
Fuel	15.96	8.7	13.05
Other housing costs	1.95	1.1	1.59
Household goods	12.19	6.6	9.97
Household services	2.96	1.6	2.42
Personal goods and services	14.00	7.6	11.45
Other travel costs	26.89	14.6	21.99
Social and cultural participation	46.11	25.1	37.71
Council tax*	15.19	-	15.19
<b>Rent</b>	<b>87.68</b>	-	<b>121.15</b>
Total disposable income	286.53	-	286.53
Disposable income, excl. UK median rent	198.85	-	-
Disposable income, excl. Oxford median rent	-	-	165.38

<sup>30</sup> Private Rental Market Statistics 2015/16.

<sup>31</sup> W. Anderson, V. White, and A. Finney, 2010. *'You Just Have to Get by' Coping with Low Incomes and Cold Homes*. Centre for Sustainable Energy.

## 2.3 Affordability of the Eatwell Guide in Oxford

Based on 2015/16 rates, the affordability of the Eatwell Guide for the example of a single person renting in Oxford was assessed in relation to three different full-time wages; the National Living Wage (NLW), the Real Living Wage (RLW) and the Oxford Living Wage (OLW). When categories of spending are kept proportionally consistent with the 2015/16 MIS report, all three budgets fall short of affording the Eatwell Guide once Oxford housing costs are considered. While working full-time on the NLW, only £25.97 would be allocated for food purchases each week, 62% of the amount calculated to afford the Eatwell Guide. To meet this cost, 60% of the money allocated for social and cultural participation would need to be sacrificed leaving £10.82 for the week, or alternatively a combination of savings elsewhere (e.g. alcohol, clothing, personal goods and services). Those working full-time on the RLW fared slightly better, with a smaller food budget deficit of £9.38. If this amount was saved from the budget for social and cultural participation, it would still leave £24.18 to spend each week. A full-time employee earning the OLW would marginally exceed the minimum wage set by the MIS budget in 2016, though it similarly fails to allocate enough to meet the Eatwell Guide once Oxford rental costs are taken into account. A further £5.24 would be required to meet the full estimated costs for the Eatwell Guide, which if taken from the social and cultural participation budget would leave £32.59 remaining each week.

**Table 2.3 – Suggested allocation of a single person’s weekly budget as set by the Minimum Income Standard (MIS), including adjustments to account for median rental costs in Oxford. The percentages for each category (excl. rent and council tax) as set by the MIS have been applied to three full-time wages; the National Living Wage (NLW), the Real Living Wage (RLW) and the Oxford Living Wage (OLW). Wage rates and estimated costs are based on 2015/16 data. \*Council tax was kept consistent as people have limited control over these costs.**

Categories of household expenditure	Weekly budget (£) (MIS)	Weekly budget (£) (NLW)	Weekly budget (£) (RLW)	Weekly budget (£) (OLW)
<b>Food</b>	<b>36.57</b>	<b>25.97</b>	<b>32.55</b>	<b>36.69</b>
Alcohol	4.00	2.84	3.56	4.01
Clothing	5.82	4.13	5.18	5.84
Water rates	4.63	3.29	4.12	4.65
Household insurances	0.99	0.70	0.88	0.99
Fuel	13.05	9.27	11.61	13.09
Other housing costs	1.59	1.13	1.42	1.60
Household goods	9.97	7.08	8.87	10.00
Household services	2.42	1.72	2.16	2.43
Personal goods and services	11.45	8.13	10.19	11.48
Other travel costs	21.99	15.62	19.57	22.06
Social and cultural participation	37.71	26.78	33.56	37.83
Council tax*	15.19	15.19	15.19	15.19
Rent	121.15	121.15	121.15	121.15
Total disposable income	286.53	243	270	287
Disposable income, excl. Oxford housing	150.19	106.66	133.66	150.66

<b>Hourly rate (£)</b>	<b>8.85</b>	<b>7.20</b>	<b>8.25</b>	<b>8.93</b>
Annual salary (gross)	17,311	14,040	16,088	17,414

## 2.4 Summary comparisons

To summarise, table 2.4 below compares the scenarios outlined above using data from tables 2.1, 2.2 and 2.3. These are weekly figures, adjusted for Oxford, for a single person renting their accommodation.

**Table 2.4 – Summary comparisons of the affordability of the Eatwell Guide and subsequent deficit to be taken from social and cultural participation**

<b>Income scenarios</b>	<b>Recommended weekly budget (£) (MIS)</b>	<b>Oxford weekly budget (£) (NLW)</b>	<b>Oxford weekly budget (£) (RLW)</b>	<b>Oxford weekly budget (£) (OLW)</b>
Allocated for food	49.29	25.97	32.55	36.69
Percentage of Eatwell Guide	118%	62%	78%	88%
Deficit – taken from social and cultural budget	N/A	15.96	9.38	5.24
Left to spend on social and cultural budget	46.11	10.82	24.18	32.59

This crude assessment of household expenditure for the example of a single full-time employee demonstrates some of the challenges for low-income workers in Oxford to afford a healthy balanced diet. While the Eatwell Guide is technically affordable for a single person on all three wages, it requires sacrifice in other areas of the budget to meet this cost – deficits of approximately £15.00, £10.00 or £5.00 a week for each of the wage scenarios. While not ideal, the extent of savings required when receiving the RLW or OLW would be fairly minimal. However, when receiving the NLW the deficit in food budget would be more noticeable, requiring greater reductions in non-essential expenditure, such as spending on personal items and social activities.

## 2.5 Additional modelling for different household compositions

To consider the potential strains upon different kinds of households in Oxford the example of a couple with one child, receiving a combined income based on one full-time (37.5 hours) and one part-time (22.5 hours – 3 days) wage, was also explored<sup>32</sup>. The estimated food costs for affording the Eatwell Guide for a couple and one child (2-4 years) is £81.11 per week, which is similarly reflected in the MIS budget (£82.14). However, the MIS report recommends a minimum income of £21,400 for each adult to afford standard expenses for this household type (including childcare). Costs for renting a two-bedroom property in Oxford are extremely high, with a median cost of £253.85 per week; this is 76% higher than the UK median and 196% higher than the amount (£85.83) allocated by the MIS budget for a couple with one child. With

<sup>32</sup> This example is a rough estimate using MIS data (2016) and Private Rental Market Statistics 2015/16. It does not take into account finer details such as tax breaks or subsidised childcare etc.

rental costs greatly underestimated within the MIS budget, it is clear that the Eatwell Guide would be largely unattainable for many low-income families in Oxford.

If both adults earned the OLW as their hourly rate this would give a combined weekly income of £482 after deductions (£27,862 gross p.a.). Once housing costs (rent and council tax) are excluded, this leaves a disposable income of £204.53 per week for the whole family. This figure would need to account for all other household expenses including childcare. The MIS proposes a budget of £122.72 to cover three days of childcare<sup>33</sup>, leaving only £81.81 to purchase food and all other bills. Cheaper rent and childcare would have to be sought (e.g. caring by a family member) to meet the Eatwell Guide on this income. Even when childcare is excluded from the calculations, there would still be a food budget deficit of £26.25, requiring the reduction of further expenses to attain the recommended diet.

Another demographic group which would likely to struggle to afford the Eatwell Guide is low-income workers under the age of 25 who earn below the NLW. In 2016, the Minimum Wage for those aged 21-25 years old was £6.70 per hour; £5.30 per hour for those aged 18-20 years old. Following the same proportional calculations as described above, only £21.81 and £14.04 respectively would be allocated for food. For the 18-20-year-old group, even sacrificing almost all non-essential expenditure (i.e. social and cultural participation, personal goods and services, clothing, alcohol) would not be sufficient to afford the Eatwell Guide. People in these low-income groups would be likely to require additional financial help, such as subsidised housing (i.e. with family) or welfare benefits to maintain an acceptable quality of life.

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<sup>33</sup> This is based on a calculation of £211.03 per week for full-time workers.

## 3. Methods and Sampling

### 3.1 Methods

The central part of this project was a qualitative study using semi-structured interviews from employers and employees. 25 participants were interviewed in total, comprising nine people who provided an employer perspective for their organisations and 16 associated employees. The aims of the research and how the information would be used were fully explained to each participant before the interviews commenced. Written consent for data protection purposes was obtained prior to the interview. Explicit permission was also acquired from the interviewees to use anonymised quotes in the report. We collected basic anonymised sociodemographic data about the 16 employees interviewed to allow the sample to be characterised, and to enable greater understanding of the varied circumstances of low-income workers in Oxford.

The interviews were conducted between 16<sup>th</sup> October and 5<sup>th</sup> November 2018. Interviews were recorded and lasted between 10 and 45 minutes, though most were around 20 to 30 minutes. A separate set of questions was posed to employers and employees. The employer questions were mainly posed at an organisational level and focused on three main themes:

1. Motivations of the organisation to become an accredited Living Wage Employer;
2. Evidence for impacts of the Real Living Wage on employee wellbeing and motivation;
3. Personal thoughts on paying staff a Living Wage.

The employee set of questions examined the personal experiences of the interviewee more closely and covered four main areas:

1. Views on current job role and the Real Living Wage;
2. Money management and associated lifestyle;
3. Food purchasing and diet;
4. Wellbeing and the relevance of financial income.

### 3.2 Sampling

Forty-two organisations based in Oxford were contacted directly from the list of accredited Living Wage employers, of which nine agreed to participate. Four of these organisations paid all their staff an Oxford Living Wage, but owing to the small sample size, direct comparisons were not explored between the RLW and OLW in the findings. The nine organisations covered different sectors, including three organisations from the private sector, two from the public sector, and four from the third sector. The sample was largely opportunistic and relied on the willingness of organisations to take part. It reflects a variety of organisation sizes; two large (over 250 employees), one medium (50-249 employees), four small (10-49 employees), and two micro (0-9 employees). The staff interviewed to provide an organisational perspective were either company directors, managers, or were responsible for recruitment.

The primary aim was to speak to employees earning between £8.75 and £10, reflecting the Real Living Wage rate for 2018/19 up to those earning just above the Oxford Living Wage. The employees interviewed were chiefly selected by the organisations themselves. Selection was either through direct requests by management staff, or by employees coming forward after details of the study were circulated. Three participants were approached by the researcher directly after receiving consent from the employer.

The full sample size (25 participants) was largely dictated by budget and time constraints. Incentives in the form of a free hot drink voucher were used to encourage further employee participation. As the sample was largely self-selecting, it was difficult to directly target a range of socioeconomic backgrounds. The full sample (see Appendix 2) consists of slightly more female (56%) participants than male (44%) overall, but when separated into employers and employees, female participants dominated the employee category forming around two thirds of those interviewed (63%). There were slightly more male (56%) employer participants than female (44%).

Further socioeconomic data was recorded for the 16 employees. The sample includes a wide variety of age groups, with each decade represented by the respondents from 19 to 58 years. A large proportion of the interviewees were White British (63%), however there was also representation from other ethnicities and countries of origin; 31% of the employees listed their country of origin outside of the UK and 19% were from Black, Asian, Mixed or Other ethnic groups. The employee sample included a wide range of education levels, from no formal qualifications up to PhD level; over half (56%) of the participants had advanced level qualifications (i.e. degree level or above).

As the sample size is relatively small it is not representative of all Living Wage employers and employees working in Oxford, so our findings cannot be generalised more broadly across the city. Nevertheless, these accounts provide illuminating snapshots of the lives of low-income workers in Oxford. It must be noted that the nature of the selection process, which relied heavily on the willingness of organisations to participate, may have created a bias in the sample towards organisations where introduction of the Real Living Wage has been more successful. Therefore, these findings may not reflect the full extent of views on the Real Living Wage in Oxford.

## 4. Research Findings

### 4.1 Impacts of a Living Wage on employee wellbeing

#### 4.1.1 Reflections on financial security and related wellbeing

The employee interviews explored a range of issues relating to job satisfaction, lifestyle and general wellbeing. How the respondents reflected on these issues largely depended on the nature of their personal circumstances, which varied widely within the sample. Around a third of the interviewees were full-time workers, whose situations largely differed according to whether they were renting their own property or living with family members, which incurred lower housing costs. The further two-thirds of the interviewees worked part-time; of these some relied solely on their own income, while others shared incomes with family members. Reasons for working part-time included working around other commitments, such as studying and caring responsibilities, as well as meeting the requirements to continue to receive welfare benefits.

#### *Full-time workers*

When asked directly, most of this small sample of full-time workers believed themselves to be fully financially independent. All interviewed in this category were living as single persons without any dependents. Most cited food as their biggest monthly expense after housing costs, but other large expenditures included car running expenses, loan repayments and savings. The majority were able to save at least a small amount of their monthly income, ranging from 10% to as much as 50%. For some, these savings would be used in the case of a large unexpected expense (e.g. appliance breakdown). One person in their early twenties was unable to save and cited monthly debt repayments as their main reason for not doing so. This individual was particularly vulnerable to increases in monthly expenses, with limited options if a large unexpected bill arrived:

*"I would try and stretch the food budget a lot more".*

Those able to save greater amounts had reduced monthly outgoings due to subsidised housing costs, such as living with parents or other family members. Some expressed that their smaller housing expenses put them in a particularly fortunate financial position compared with others on comparable salaries in the city:

*"Luckily, I live at home, so I don't really have too many outgoings...There's a lot of people who are not in the same position as me who would really struggle",*

*"I've lived in my council flat for 10 years, wow am I lucky, the state of Oxford!".*

Most of the respondents thought that their financial income was very important for sustaining good physical and mental wellbeing. In some cases, this was related to the amount of choice they were able to have on spending related to their wellbeing, e.g. specific foods, sport or social activities.

*"You need money for everything, it keeps you healthy pretty much",*

*"You could go running or stuff, but you wouldn't be able to afford the gym",*

*"I'm quite big on eating well, making food fresh".*

Others mentioned the importance of having financial freedom, such as being able to spend without guilt or worry, or having savings to fall back on:

*"Even something little like let's go get a coffee",*

*"I can spend my money on whatever I want",*

*"It gives you peace of mind, I've got a little bit for a rainy day".*

### *Part-time workers*

The individual circumstances of the part-time workers were highly diverse and reflected a range of working hours, from 10 to 30 hours per week. The interviewee with the fewest number of hours was a student working to supplement their student finances. At the other end, the individual working 30 hours had recently had these increased after an elderly relative had passed away. Around half of the part-time workers had children living with them, ranging from two to twenty-eight years of age. All of the parents interviewed shared income with either a partner or other family members, and those with adult children received some financial contribution. Most in this group were responsible for paying for private accommodation, either by themselves or jointly with a partner, so their part-time wages were considered to be essential:

*"Oh gosh, I have to work! I'm going to work until I'm ninety probably",*

*"It's essential because if I didn't have this basic level of income, I couldn't pay rent and my partner's income can't extend to pay [my] rent",*

*"My salary covers my rent, that's it... there's no money left over from that".*

A small number of individuals had subsidised housing costs, either by living with family members or through social housing. Three interviewees received welfare benefits, of which one considered their work-based income as supplementary rather than critical for everyday expenses.

When asked if they considered themselves to be financially independent, the majority of part-time workers interviewed declared that they were heavily reliant on shared income from others, such as a partner or other family members, or from other funding sources. The small number of people living predominantly off their own wages could be identified as having the poorest quality of life of those interviewed and saw their financial position as temporary and unsustainable in the long term:

*"It's literally a stop gap job while I look for a better job",*

*"My quality of life is really not what it should be. I have to make tremendous sacrifices and constant compromises to keep my head above water...It's a less than ideal job, but it's better than no job".*

A wide range of expenditures were cited when the employees were asked about their largest personal monthly expenses following housing costs; these included food, childcare, loan and credit card repayments, insurance, funeral costs for family members, study materials, and putting aside money for savings. Only a few individuals were able to save any of their income, of which all received supplementary funds from elsewhere. Some used these savings to meet large unexpected expenses such as replacing a mobile phone or a laptop. Most of those without savings were highly concerned about facing any unexpected costs in the near future, with many having limited options to deal with these types of situations:

*"If anything went wrong, I don't really know what we'd do",*

*"My grandfather died...and I had to fly home for the funeral. I couldn't afford the flights, so I had to get my parents to pay for it',*

*"We still need gas, electric and food, the only thing we would do is borrow it off our daughters and pay it back that way",*

*"I don't live a life whereby I socialise a lot or eat out and stuff, so it would be tight...and it would be marginal. I'm more inclined to put it on the credit card",*

*"I don't think there's anything further I could compromise on, I would have to ask my parents I guess",*

*"There's maybe one person in my family who could help us who has helped us in the past. Institutions wouldn't lend to us at this point".*

When queried on the relevance of their financial income to their own physical and mental wellbeing, the majority stressed that their wages were vital. A small number of interviewees in this group viewed their wages as a way of providing themselves with a basic minimum standard of living and were unable to afford much beyond that:

*'At the moment it's the minimum for a neutral state of stress, it could be improved with more money',*

*"For each thing that you choose to prioritise you lose something else",*

*"I don't really do anything else because I don't have enough money to do anything else",*

*"We don't eat out...I guess it's a relationship strain, because sometimes one of us just has to cook... there's no way to take the pressure off. We're both busy, we're both tired, and the kid's screaming. It creates emotional tension".*

Many individuals in this group stated the central role of their wages in allowing them to go beyond this basic standard of living and to be able to enjoy life:

*"It affects the food that we're allowed to buy and treats that we can have for ourselves",*

*"If I had less income I'd probably stay in my room, which would be quite depressing. I wouldn't be able to go out with my friends as much, I wouldn't have the money to do stuff with them",*

*"Me and a lot of my friends here go out and [play] bingo",*

*"What else makes me happy is hanging out with friends and for that you do need to have money, or you need to have some portion of a disposable income".*

Small pay increases, such as those implemented by the Living Wage each year, were highly valued by individuals in this group. Many stated the various differences that wage increases had made to their lifestyles and overall wellbeing:

*"Now I go out a lot more, but I also see my friends a lot more",*

*"I feel like I've got a bit extra that I can treat myself",*

*"It did make a difference, you do notice it",*

*"It gave us a little bit of breathing room in terms of stuff like new clothes for our kid and a toy for him every now and then... presents when birthdays come up".*

### 4.1.2 Impact on food budgets and diet

As indicated by the Scott *et al.* study<sup>34</sup>, many families and individuals in the UK are not spending enough on food to meet a healthy balanced diet as recommended by the government's Eatwell Guide (see above, 2.1). While there are no updated estimates of these dietary costs for 2019, the Minimum Income Standard (MIS) provides a similar calculation. The 2018 MIS rate for an individual to afford a healthy balanced diet is £49.29 (Table 4.1).

**Table 4.1 – Suggested weekly spending on food for individuals and family members who share meals (based on prices in 2018), as set by the Minimum Income Standard 2018.**

	<b>Suggested spending on food (£/week)</b>
Single adult	49.29
Couple	81.59
Couple with 1 child	86.07
Couple with 2 children	105.71
Couple with 3 children	146.15
Couple with 4 children	157.42

When the 16 employees were questioned about how much they typically spent on food each week, responses varied widely and reflected a range of different dietary preferences; there were no identifiable trends between full-time and part-time workers. Over half were spending sufficient amounts on food to afford a fully balanced diet. Those spending below the suggested amounts were mostly individuals buying food for themselves; some were only spending slightly below the threshold, whereas others routinely budgeted less than half the recommended amount. Some of the respondents commented on the difficulty and expense associated with purchasing fresh produce for one person:

*"I live on my own, so it doesn't get eaten in time... so that's a waste and a waste of money isn't it",*

*"I do occasionally buy fruit and vegetables from the market, which definitely does make it more affordable, but at the same time I end up with too much stuff and it goes off in the fridge and then you feel really guilty about it",*

*"If I had someone to share cooking and food with it would be cheaper that way".*

Most of those interviewed felt satisfied with their current amount of spending on food, including several of those who were not meeting the weekly suggested spending amount. When queried about the composition of their diets, some of those spending less than the recommended amount described their diets as heavily dominated by cheaper carbohydrates, such as bread and pasta, and only eating small amounts of fruits or vegetables. This seemed to be largely linked to personal preference rather than being a specific cost-cutting measure. Others reported

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<sup>34</sup> Scott *et al.* 2018.

comfortably managing on less than the recommended amount, but they were still very conscious of maintaining a healthy diet, choosing cheaper alternatives where possible:

*"I don't go hungry and I feel like I can eat quite a balanced diet...At the moment I'd buy chicken and I've got a slow cooker, so I can put like quite cheap cuts in and it tastes really nice",*

*"I always try and shop for a bargain. I'm quite savvy that I can do the best of everything!",*

*"I still want to focus on the fact that I need fruit and veg, but it makes more sense to have the freezer stuff".*

Less than a third of those interviewed were dissatisfied with the amount they were spending on food each week. Some were not able to spend as much as they would like on food due to overall financial pressures, with fresh food often mentioned as being particularly expensive. Others felt that they were spending too much money on food, which left them with limited funds to cover other expenses. In some cases, this was identified as a result of eating large amounts of convenience foods, such as ready meals or takeaways, due to a lack of time, effort or skill:

*"I was so non-functional that I was buying those takeaway things from the supermarket, microwave meals...I'm sure I could probably reduce it a bit if I actually could cook better",*

*"I think if I were to take the time to buy ingredients to make food and make sure that I pack my lunch every day, I could definitely spend less".*

Some of those interviewed believed that it was particularly expensive and/or time consuming to follow a healthy diet:

*"It could be a little less, but we're both on a healthy eating plan...The government are on about the sugar tax and they want you to eat sensibly, but they don't reduce the food that we have to eat to maintain healthy eating. We could be in a position to grow our own, we do have a garden, but who's got time for that?",*

*"It's easier to go to McDonalds and buy a cheeseburger for £1 than make a proper healthy meal at home".*

Several individuals commented on the greater expense associated with shopping at local convenience stores, as well as their poorer quality of produce:

*"I don't have access to a big supermarket, unless I get on the bus to go somewhere...and I don't have time to do that...so I end up buying lots of convenience food from Tesco's because it's just right there and it's not a particularly good shop",*

*"We've got plenty of shops in Oxford but sometimes they are too expensive for what people are on",*

*“With fruit and vegetables as well... from supermarkets, it's not always particularly that fresh which is kind of off-putting”,*

*“Vegetables aren't expensive, you can get them really cheap, it's just that in the village I come from it's hard to find fresh vegetables, so you have to pay a little bit more from Tesco”.*

### *Experience of difficulties related to food*

A key aim of the study was to investigate levels of household food security for Oxford workers paid the Living Wage. While the majority of those interviewed were happy with the amount that they were able to spend on food, when questioned further several respondents were able to recall recent situations where they experienced difficulties related to food. In Hansford and Friedman's 2015 study<sup>35</sup> of different neighbourhoods in Oxford, a set of 'Criteria for food poverty classification' was used to assess experiences of food access from interviews (Box 1). Using these same criteria to analyse the responses in this study, around two thirds of the employees (both full-time and part-time) were identified as experiencing some form of food poverty. The issues recognised in this sample were in general much less severe than those identified in the 2015 study, principally relating to the occasional reduction of food budgets, which therefore compromised dietary quality or variety (second criterion):

*“We've been in a position before where we have just had to go to the shop and buy the very basic items, as in basic beans... but we were never starved”,*

*“I lived on sandwiches for a couple of weeks. That was when my mom was like, right you're getting sick all the time, that's why we're going to give you £30 for food a week”,*

*“I have to make compromises with food. I have to choose between vegetables or new socks”.*

A quarter of the sample had experienced more severe forms of food poverty, where they had reduced or intentionally skipped meals in order to save money and pay for another expense. For most, this was occasional, but for one individual in their early thirties this was a more frequent occurrence:

*“It gets to the point where if I don't have much money then I know I can fast. I do fasting as it's good for your metabolism, so I'll do like a five on two off week if I'm really short on money”,*

*‘I think like, pay day is approaching, I've got half a loaf and I might need to do packed lunches for my son or for my partner, and I think, I don't really need it, so that's fine, and I can kind of go without’,*

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<sup>35</sup> F. Hansford and R. Friedman, 2015. *Food Poverty in Oxford: A Qualitative Study in Barton and Rose Hill With Recommendations for Good Food Oxford*. Oxford: Good Food Oxford.

*“Yes, I have skipped meals in the past...just to save money, especially if I’ve been caught short out when I’m out and about, instead of going and buying food I’ll just wait until I get home and then eat then”,*

*“Skipping meals is a frequent occurrence for me”.*

**Box 1 – Criteria for food poverty classification**

1. Sometimes worries about running out of food
2. Sometimes compromises on dietary quality or variety (goes without non-luxury foods, diet appears to lack sufficient healthy and nutritious food, dietary diversity is limited)
3. Eating is sometimes disorganised or chaotic (snacking only rather than eating cooked meals, not knowing where the next meal will come from)
4. Quantity of food consumed is sometimes reduced, skipping meals
5. Sometimes runs out of food

Adapted from United Nations Food and Agriculture Organisation’s Voices of the Hungry Food Insecurity Experience Scale: <http://www.fao.org/economic/ess/ess-fs/voices/en/>

#### *4.1.3 Impact on satisfaction and motivation at work*

In addition to food and financial security, the employee interviews explored relationships between the Living Wage and job satisfaction. When queried about the most important factor when choosing a workplace, the most common answer related to having a good working environment, with wage coming second, and career relevance third. Other factors cited included company ethics and convenience (i.e. location, hours) for managing alongside other responsibilities. When asked about what they valued most about their current job role, many mentioned the significance of good working relationships, flexible hours and other benefits. It became clear within this sample that while financial income was deemed essential to general wellbeing (see above, 4.1.1), rate of pay was only one factor to consider for employee satisfaction and wellbeing in the workplace:

*“I’m not chasing money, I’m just chasing to be happy in my job”,*

*“It’s a really privilege to be able to work in a space where so many aspects of what I care about come together”,*

*“I wouldn’t work in a place where I wasn’t happy”.*

The employees were asked to reflect on their current rate of pay and whether they considered it be fair for their type of work and their amount of relevant experience. The majority of the

sample agreed that their current rate of pay was commensurate to their current level of work. Common reasons related to being fairly new to the role, or having only limited responsibilities:

*"I think I'm being paid the right amount for learning and training. You can't just come in expecting a high wage",*

*"It probably is fair to be honest for what is expected of me",*

*"I could see how if I was entering my second and third year, I would be interested in getting a raise",*

*"In terms of workload and responsibility, in comparison it's much easier for me to be doing this. I actually feel like I'm acknowledged and valued".*

Others praised additional work benefits that they received, which supplemented their rate of pay:

*"All the extras we get with it as well, you don't get that everywhere. When I got that first bonus, I thought oh wow!",*

*"I don't spend on food that much... I'm working in the café so we're having lunch here and breakfast".*

Some of those who were dissatisfied with their rate of pay believed that they were regularly offering more than others in their current role:

*"I have many years of experience in the field. I'm interested in exploring ways in which the salary could be commensurate with what we do",*

*"It's suitable to the role, but the role as it is written in the job description. There's a mismatch between what's said to be the job and what actually is the job",*

*"Sometimes I do disagree on that because I do work hard, but I do see people who aren't pulling their weight".*

One person disagreed with their hourly rate in principle, referencing the high living costs of the city:

*"I don't think it's a question of not being commensurate with the responsibility, I just think that in principle it is not enough. Nobody should have to earn this little".*

Regardless of views on their own salary, almost all of the interviewees were generally very positive that their employers paid all their staff at least the Real Living Wage. Some of the respondents highlighted the necessity of these higher minimum wages for people working in Oxford:

*"It's good that they are doing that, but also it's totally necessary. Oxford is such an expensive city to live in, just rent-wise it pretty much is like London",*

*"I mean it's a step in the right direction, but there are many steps yet to be taken. It's still nowhere near enough",*

*"I think it would be great if they looked at the Oxford Living Wage, because we've had a lot of conversations about the fact that Oxford is as expensive as London".*

Each of the employees was questioned about the relevance of their financial income to their levels of motivation at work. For some, wage was seen to be highly relevant for how they approached their work each day:

*"I feel quite lucky to get the wage that I do. Why would I not want to give it my all if I'm being paid my worth for something",*

*"Actually yeah, I'd say that it does provide motivation throughout the day",*

*"Sometimes I resign myself to the job description and just do the bare minimum, because I feel a bit annoyed that I'm not getting more".*

Those who did not think their wage particularly related to their levels of workplace motivation stated the importance of other factors:

*"No, because I'm motivated to do this because it's genuinely what I'm interested in and it's something that I want to pursue",*

*"It's not something that I have really thought about, not with that role... because it's not a long-term plan. It's literally a stop gap job while I look for a better job",*

*"No, because I like doing what I'm doing".*

## 4.2 Employer perspectives on implementing the Living Wage

The interviews with the nine employers explored the organisational motivations behind becoming an accredited Living Wage Employer, as well as highlighting any perceived benefits since its implementation. The length of time since accreditation varied across the sample, with some holding Living Wage Employer status since the Living Wage Foundation was established, while others had only become accredited in the last year. Some organisations used the accreditation to formally recognise and celebrate wages that they were already paying, whereas others used the accreditation process to prompt a pay review. Following accreditation, many of the organisations communicated their new Living Wage Employer status with all staff members through team meetings and briefings.

### 4.2.1 Motivations for paying the Living Wage

When queried about the main motivations for becoming a Living Wage Employer most of the organisations believed that it was the right thing to do for their staff, with many referencing the especially high living costs of the city. This ethical stance was particularly emphasised by organisations in the third sector, with fair pay central to their charity ethos:

*“We’re very conscious of keeping that gap between the highest earner and the lowest earner at a reasonable level”,*

*“If you’re working to achieve a better world, or a more socially just world, I think that has to start with how you treat people, like your employees”,*

*“It wants to treat those people it employs... fairly and reasonably and give them as good a deal as they can”.*

For some of the organisations, a further instigator was the perceived benefits that becoming a Living Wage Employer may have upon their business image, helping to distinguish themselves within an increasingly competitive market:

*“We are interested in having a profile as a business as being ethical and green”,*

*“It was 70% a commercial decision, to help us differentiate in a crowded marketplace”.*

In a small number of cases, it emerged that the Living Wage was implemented after being raised and pushed for by internal staff members from different levels of the organisation. This highlighted how Living Wage campaigns benefit from a bottom-up approach in some sectors:

*“We had committee meetings and spoke about this idea. Thankfully everyone within the business was really welcoming of it, so we didn’t get any opposition which was great”,*

*“I think there was interest from staff, not necessarily staff that would be affected by it, but there was interest from staff from all areas for introducing it”.*

#### 4.2.2 Positive impacts of the Living Wage for organisations

When asked to reflect upon paying a Living Wage, a range of benefits were identified by the nine employers. Many believed that the Living Wage was a unique selling point for their organisation that was a useful tool for staff recruitment, enabling them to attract greater numbers of high calibre applicants. This was also identified as having major implications for the improvement of productivity levels within the workplace:

*“I think those with the Living Wage benefit and stand out more”,*

*“We’re getting a better quality of applicant...That has been a big thing for us, being able to attract people that are not just school leavers”,*

*“You attract more qualified people in the first instance...Problems are solved more quickly...they bring new ideas to the business, different ways of doing things”.*

The clear standpoint and positive publicity accompanying Living Wage accreditation was also recognised as a major benefit. This external verification was valued in terms of becoming part of a wider social movement, enabling a particular ethos to be clearly communicated within publicity materials. In some instances, organisations were able to demonstrate direct links between their accreditation and securing additional business or support:

*“Certainly reputationally, it’s nice to be able to put that badge on emails and other publicity that we produce. It gives people an indication of where... [the organisation] is coming from, both in terms of how it treats people but also how it wants to be seen in society at large”,*

*“You start winning contracts and you are in the running for contracts for non-government organisations who have a social conscience”.*

While sometimes difficult to demonstrate, several of the employers believed that paying a Living Wage had a positive impact on staff retention within their organisation. This was related to the long-term sustainability of incomes, which was deemed essential for people to be able to continue to live in such an expensive city. It was also thought to provide a way to help staff feel valued within their roles, and important members of their organisations:

*“We’ve noticed a higher level of staff staying for longer. Oxford rents are so expensive...[in the past] we had a lot of people who just couldn’t work for the company for too long, but now we’ve had people stay with the company for a lot longer”,*

*“They are hugely incentivised to stay. It means a lot to them that we pay them well and that they feel valued as a member of staff... and not taken for granted within the organisation”,*

*“I think it is attractive, I think people do stay with us longer, but I haven’t asked the question, so I haven’t got the actual evidence to prove that”,*

*"I think it gives staff the reassurance that we're willing to invest in them and give them a fair wage".*

When queried about staff motivation and wellbeing, many of the organisations felt that these aspects were very difficult to measure and quantify, particularly when trying to isolate the impacts of the Living Wage. Nevertheless, a small number of organisations were able to recall specific examples where staff behaviour could be related to higher pay. The examples related to reduced staff sickness, a better work-life balance, and general improvements in job satisfaction, which all have important implications for workplace productivity:

*"I think a lot of our [staff] have had horrible jobs in the past...and actually to come here and have a job that pays well that has a sense of community that values them just means they are motivated to do their job. They're actually like, I enjoy doing my job, why would I not want to do it well",*

*"When people have two part-time jobs, which a lot of our people do, the one that pays more is often the one that is prioritised",*

*"Previously before the Living Wage people would tend to get run down and burnt out...sometimes working two jobs to pay their rent...Now on the Living Wage almost everyone in our team just has this as their one job, so people are able to have that work-life balance",*

*"There's been a lot of comments about what a nicer life they're able to live with the extra bit of income that working here provides...It's made a huge difference to their quality of life".*

However, some of the organisations also stressed the critical importance of providing a good working environment for staff, believing this to be as central to maintaining good staff motivation, wellbeing and retention as fair pay. This was particularly highlighted within the interviews with the third sector, where other social factors were recognised to be the main drivers behind employee satisfaction and loyalty:

*"To be fair, I think most people are quite motivated because they like working with us. There's something about the friendliness and ethos of the company that is the driving force...We're not in an industry where people are in it to make money",*

*"They value the place and they value their part in it beyond what they are getting paid",*

*"If you are an organisation that values your staff as a part of the organisation rather than as a piece of your capital, rather than as a tool to be used...you see them as a valid part of the structure and a part of the management...Being valued as an equal while a member of a staff is important".*

In addition to aiming to provide a good working environment, a number of organisations offered company benefits or rewards for their staff members, some of these having significant monetary

value. These were deemed to play an important role in keeping staff members satisfied, both in their workplace and in their home lives:

*"It's not just the hourly rate that we offer, we've got a lot of other benefits, probably more so than other areas, like free meals, bus discounts, access to leisure facilities. All those benefits aren't actually included in the Living Wage calculations",*

*"We have a meditation evening some nights...When you enjoy work it makes so much difference",*

*"We order fruit every Monday and it gets piled up here and just we encourage everyone to take. They can come and eat fruit and get a quick energy boost that's healthy and keeps them going. I can get more energy out of them".*

#### 4.2.3 Recommendations for wider accreditation in Oxford

When queried about how more organisations in Oxford might be encouraged to become accredited, general communication and networking between organisations was thought to be particularly important. However, only a small number of the organisations were actively involved with Living Wage campaigns. This was largely due to overall time pressures and workloads within their organisations, particularly within the smaller companies. Some emphasised the need for financial incentives to encourage more private sector businesses in Oxford to pay their staff the Living Wage:

*"There has got to be some incentivisation. I think that the best way to get the wider adoption of the Living Wage is to offset the costs that businesses will need to shoulder, by way of either corporation tax reduction or business rates reduction, certainly in the short-term".*

Others suggested that local authorities played an important role in promoting the Living Wage, and that they could do more to engage with local businesses. This was particularly the case when considering the Oxford Living Wage, with some organisations unaware of this local rate when interviewed:

*"The City Council have not communicated with us as a Living Wage Employer in any way [that] you should be paying the Oxford Living Wage",*

*"I didn't even know that this existed...It would be a leap for me to consider going there...If Oxford City Council is trying to promote this, then I would say the onus is on them to help us",*

*"I don't know enough about the Oxford Living Wage in all fairness".*

When the employers were questioned on their personal views, some highlighted additional recommendations to help protect low income workers in Oxford. It was thought that guaranteeing the security and regularity of employment was particularly important for

reducing poverty in the city and should perhaps be incorporated within the Living Wage accreditation processes. The necessity of the Oxford Living Wage was also emphasised, with some of the employers calling for this to be more widely promoted:

*“It’s all well and good being paid £9.79 an hour, but if you don’t know if you’re going to get an hour’s work in a week, that’s not enough... Regularity of income is a huge issue”,*

*“Businesses definitely do need to wake up to the fact that we need an Oxford Living Wage. Perhaps there is something more that the council could do in terms of the validating of businesses that do pay Oxford Living Wage and enshrining them”,*

*“I think the minimum wage should be higher, because I think that people who earn the minimum wage are subsidised by the tax payer anyway... if we can just recognise the value of work”.*

The employers were also questioned about whether they, as an individual, believed that a full-time Real Living Wage was enough for people living in Oxford. Even after considering the pay increase that the Real Living Wage provides staff when compared to the minimum rates, the majority thought that the current rate was still insufficient in the context of Oxford, often citing the high costs of housing locally as a primary factor:

*“I think it’s a necessity and I don’t think that it’s a luxury...I think that it’s the baseline of what we should do as an employer”,*

*“You can survive, and you can live, but you can’t thrive”.*

### 4.3 Continuing challenges for low income workers in Oxford

The employee and employer interviews emphasised a series of challenges experienced by many living and working in Oxford, having significant ramifications for wellbeing of employees and related workplace productivity. Such problems persist even when in receipt of the Living Wage; therefore further steps are required to fully address instances of in-work poverty in Oxford.

#### 4.3.1 Housing costs in Oxford

When asked directly about the challenges for low-income workers in Oxford, all nine employers ranked the high costs associated with accommodation as the leading concern for those in the city. In the context of the workplace, this was highlighted as a major problem for staff retention in lower paid roles, with low pay rates largely unsustainable for being able to live locally. Though not asked directly, many of the employees also commented on how high rents were a particular strain on their finances, which also appeared to intensify over time. With limited security of tenure, typically lasting only 12 months, many believed that their wage increases were insufficient to keep up with yearly rental increases:

*“Having lived in the same house for three years, the amount our rent has gone up on a yearly basis is just frightening”.*

Despite the high costs, many also commented on the poor quality of local housing and its negative impact upon their wellbeing. Some of those interviewed rented small rooms within shared properties, leaving them with very limited personal space. To save money, others continued to live with parents or with other relatives, despite preferring to live independently:

*“I live in a tiny house with two other people... and I live in a cupboard virtually it feels like sometimes, and my rent is just it’s my whole salary... there’s nothing left over”,*

*“You need your own space, when you are with your family it can be difficult to live with them”,*

*“A lack of space turns ordinary everyday things that you shouldn’t have to think twice about into major hassles, like doing my laundry or using the kitchen, or having enough space in the fridge, things like that are really big problems for me”.*

With a limited ability to save money, many were far from being able to buy their own properties. Some of the employers expressed the difficulties of getting onto the property market themselves, even while on much higher salaries in their senior management roles. To achieve a more stable home life, many are forced to move outside of the city centre and to commute to work.

Addressing Oxford’s affordable housing crisis in an environmentally sustainable manner is beyond the scope of this report, but much excellent work is being done by campaigning organisations within Oxford, such as the Oxford Fairer Housing Network.

### 4.3.2 Transport

While it was not fully reflected by the employees interviewed in this sample, several of the employers commented on how a large proportion of their staff travelled into work from outside Oxford. This was explained as a way to avoid the high costs of housing in the city centre, but which also incurs significant financial and time costs (not to mention environmental impacts), with the free time of employees minimised through increasingly long commutes. The cost of travel was identified to be particularly problematic for part-time workers, who pay the same financial costs despite working fewer hours each day. Schemes and incentives for active transport and car-sharing, alongside travel-related discounts for public transport offered as workplace benefits, are therefore highly beneficial for low-income workers and play an important role alongside the Living Wage rates.

### 4.3.3 Financial insecurity

As particularly highlighted by the employee interviews, there are a range of circumstances that mean that even workers receiving the Oxford Living Wage may be left with minimal disposable income once housing costs are covered. Many of the employees were unable to save regularly, particularly part-time workers, leaving them vulnerable to unexpected increases in monthly outgoings. Even those who were able to save did so in small amounts, and in some instances, these were used up fairly quickly. While some of the employees saw these low-paid roles as temporary, others had been in similar roles for several years and were highly concerned for their future:

*“I could do with more savings, I should save more and start paying into a pension really...I try to, small amounts, bits and pieces, but then when your washing machine blows up that’s kind of gone isn’t it”,*

*“At the moment we’re on a roll, so we can eat, and we can do things like that, but my worry is when we get to pensioners and the children have left home, how would we cope then?”.*

Employer schemes such as interest-free loans can alleviate the pressure for employees in these circumstances. Employers can also equip themselves to ensure employees know about advice services they can access, and state benefits and statutory support they are entitled to, such as Free School Meals and Healthy Start Vouchers if they have children.

## 5. Conclusion and final recommendations

This series of local interviews combined with an Oxford-based assessment of the Minimum Income Standard clearly demonstrates that even when workers are in receipt of the Real Living Wage, there are employees in Oxford who continue to be financially insecure, with some heavily reliant on others to maintain an acceptable standard of living. Furthermore, it was revealed that some individuals on the Living Wage are at serious risk of food poverty during periods of financial strain. In this small sample, impacts upon household food security could be principally recognised as the reduction of dietary quality and the reduction of food consumed (i.e. skipping meals) to save money. In some cases, these strategies were routinely practiced to cope with stretched finances. With the cost of housing significantly underestimated in Living Wage calculations, it is understandable why it may be difficult to attain a healthy balanced diet while earning the Real Living Wage in Oxford.

While the findings of this small study cannot be extrapolated across the wider Oxford population, personal accounts identified part-time workers as a group at particular risk of in-work poverty. Many of the part-time workers interviewed were unable to save money and struggled to cope with increases in monthly outgoings. Several admitted that they would need to borrow money, either from family members or from institutions (i.e. loans, credit cards), to meet a large unexpected bill. This was often the case even when their salaries were supplemented by the shared income of a partner. Part-time workers with poor credit ratings and limited assistance from family members would be at high risk of experiencing food poverty while living in Oxford.

The Living Wage calculations only consider those in full-time employment, but there are a wide range of reasons why people are required to work part-time. This sample identified several people who had caring responsibilities, as well as others concluding studying or training opportunities. Some of those interviewed indicated that their food budget would be stretched when money was needed elsewhere.

Even individuals working full-time on the Real Living Wage were seen to be exposed to food related issues while living in Oxford. Some of those interviewed were in receipt of subsidised housing costs (i.e. social housing, living with family members), and believed this to be the primary factor behind their more secure financial situations. Furthermore, all of the full-time workers interviewed were single adults without dependents. With additional financial strains, such as childcare or loan repayments, many full-time workers renting privately in Oxford may similarly struggle to cope with unexpected costs.

When considering employee wellbeing more generally, most of the employees believed that their income was essential. It was also evident that many of those interviewed were frequently unable to afford non-essential expenditures deemed important for their wellbeing, such as social activities or the purchase of new clothes or personal items. This was further supported by assessments of the Minimum Income Standard when adapted to Oxford's housing scenario. A single person earning the Oxford Living Wage would still need to sacrifice spending on certain categories (e.g. social and cultural participation) to afford a fully-balanced diet, such as that recommended in the government's Eatwell Guide. The financial strain of those in other

circumstances is likely to be even more pronounced, demonstrated by the example of a part-time worker with a child. Even the Oxford Living Wage may be insufficient for certain situations, leaving families with limited finances to afford more than fixed essential costs (i.e. housing, bills) and basic expenditure on food. This has significant implications for levels of wellbeing in the city and therefore workplace productivity.

When the employees reflected upon job satisfaction, adequate financial compensation appropriate to the job role was deemed to be highly important for workplace motivation. From this small sample, those who appeared most satisfied while earning the Real Living Wage were employed within training roles or were relatively new to the workplace in general. It was also clear that a good working environment was just as critical for job satisfaction. Many of the employers appreciated the relationship between good levels of wellbeing and workplace productivity, with some investing in additional schemes and benefits for their staff members.

The interviews with the employers indicated that there are a wide range of benefits associated with Living Wage accreditation for organisations. Some were able to directly witness improvements in staff retention and absenteeism since its introduction, relating the higher rate to employee satisfaction and better work-life balance. Others felt it was a useful recruitment tool, attracting higher qualified staff from the outset and therefore improving overall productivity levels. All of the employers interviewed were acutely aware of the many challenges experienced by their low-income employees and many believed that the Real Living Wage was the minimum acceptable standard for their staff.

## **5.1 Final recommendations for Oxford**

The high costs of living in Oxford are evidently a financial strain for many low-income workers living and working in the city. Even the employers interviewed in higher-paid management roles commented on the unaffordability of the city, with housing costs at the forefront. While the introduction of the Real Living Wage has been demonstrated as having real benefits for employees and their respective organisations in Oxford, to fully address instances of in-work poverty the Real Living Wage should be viewed as an absolute minimum for workers in Oxford. There is a clear case for the necessity of an Oxford Living Wage, as it is the only way to take into account these unusually high housing costs.

In conclusion, this report recommends the adoption of the accredited Real Living Wage by all employers in Oxford, as a stepping stone to achieving the higher Oxford Living Wage. It is up to Oxford City Council to work with employers, both accredited and non-accredited, to lead this transition; supported by the city's campaign groups.

# Appendix 1



## Appendix 2 – Sociodemographic characteristics of employees

\*only limited information (i.e. gender) was recorded for the employers.

Socio-demographic characteristics	Full-time employees	Part-time employees	Employers*	All
<b>Gender</b>				
Male	3	3	5	11
Female	3	7	4	14
<b>Age group</b>				
18-29 years	5	3	-	8
30-49 years	0	5	-	5
50-69 years	1	2	-	3
<b>Education</b>				
No education	1	1	-	2
Secondary complete	0	2	-	2
Vocational training	1	1	-	2
First degree	3	1	-	4
Postgrad degree	1	4	-	5
Not reported	0	1	-	1
<b>Country/region of origin (United Nations regional groups)</b>				
UK	3	8	-	11
Western Europe and Others	1	1	-	2
Eastern Europe	1	0	-	1
Africa	1	0	-	1
Latin America and Caribbean	0	1	-	1
<b>Number of children (18 years or under living at home)</b>				
0	6	5	-	11
1	0	2	-	2
2	0	2	-	2
3 +	0	1	-	1
			<b>TOTAL</b>	<b>25</b>

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