

Too Poor to Work? 2016 Report

The cost of finding and
sustaining work for the
long term-unemployed



1. The costs of returning to work

Moving from unemployment into work is a life-changing moment. It increases confidence, improves health and should improve someone's financial position. However, as we detail in this report, unemployed people face significant costs finding employment and then in entering the workplace.

Reed in Partnership has supported over 150,000 people to make the transition from benefits into sustainable employment. We work with a range of customer groups, including the long-term unemployed, people on health related benefits, young people and single parents. The vast majority of our customers want to work. However, they need support: whether it be help with writing a CV, interview practice, skills development, or confidence building.

Many customers have spent a considerable amount of time on out of work benefits and as a result have found themselves in high levels of debt. Through our work and the range of support we provide to customers, we are acutely aware of the costs people face in finding and starting work.

On our own programmes, we help customers with the cost of travelling to interviews, purchasing interview clothing, helping with the cost of acquiring new skills and qualifications, as well as providing free access to the internet and job search facilities. An analysis of our Work Programme provision in London shows that over half of the people we supported into a long term sustainable job required financial assistance.

This briefing sets out example actual costs people who have been unemployed for some time can face in trying to secure and then start work. Since we last published this 'Too Poor to Work' report in 2010, the price of some necessities, such as interview clothing, has increased only modestly. In contrast, the cost of travel and childcare have soared.

Travel costs

Whether the cost of commuting has increased since our 2010 report depends on the mode of travel used to get in to work. Petrol prices are now approximately 7% lower than they were in 2010, resulting in savings for those who commute to work by car.¹

However, public transport costs have increased significantly since 2010. For example, in London the cost of a Zone 1-4 tube ticket has increased 26% and a bus ticket has increased by 25%². Rail prices across the country have increased by similar proportions, for example a season ticket between St Helens Central to Warrington costs 25% more now than in 2010³. By contrast, average weekly earnings have only increased 5% since 2010.⁴

¹ Historical fuel price data: www.theaa.com/motoring_advice/fuel/. Average commute length of 9.32 miles.

² Zone 1-4 tube ticket: 2010 - £3.10; 2015 - £3.90. <http://londonist.com/2011/11/london-transport-fares-2000-2012>

³ www.liverpoolecho.co.uk/news/liverpool-news/rail-fare-rise-st-helens-10687210

⁴ Average weekly earnings: 2010 - £403.8; 2015 - £425.8. www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2014-revised-results/rft-timeseries.xls

Many people who have been unemployed for a long period will not have access to a car and therefore will have no alternative to public transport, and therefore simply getting to work is taking up more of their weekly income than ever before.

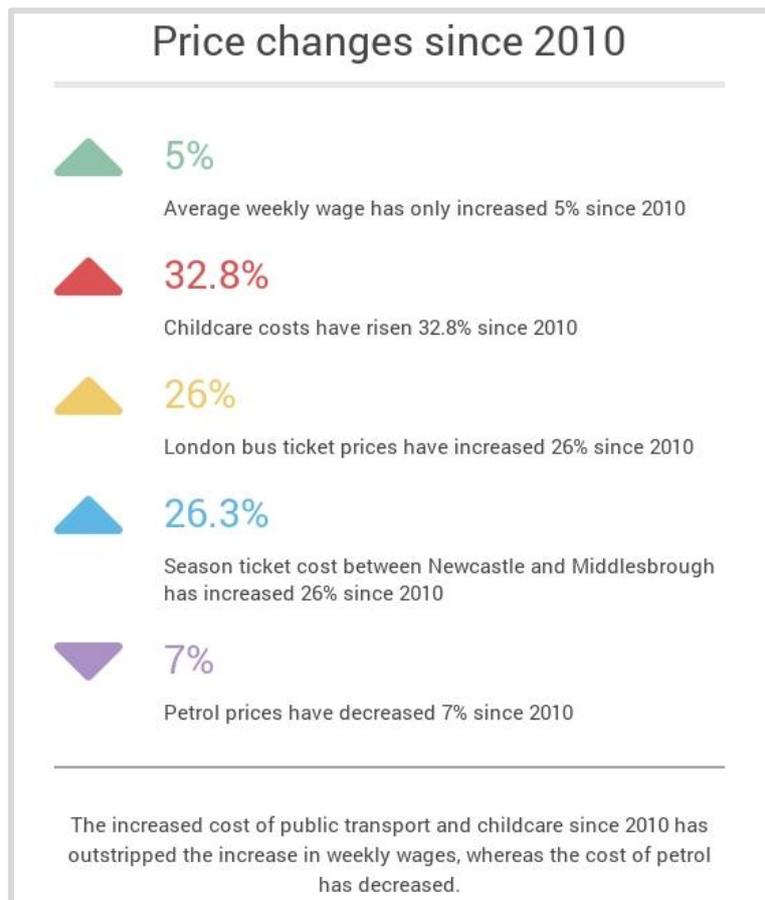
Childcare

The cost of childcare represents one of the largest financial obstacles to someone returning to work, with the cost increasing by an average of 32.8% since 2010⁵.

This increase is more than six times the increase in average wages over that period.

Key findings of report

- Childcare and travel are two of the most substantial costs facing unemployed people returning to work.
- The example cost of someone who has been out of work for some time finding employment is £160, rising to £184.20 in London.
- The average first month cost for someone who has been out of work for some time returning to work is £214.40, rising to £676.20 if childcare costs are included.
- In London, the average cost for someone long-term unemployed returning to work in their first month is £326.60, rising to £934.85 if childcare costs are included.
- For people entering specific sectors the costs can be higher still. For instance, construction costs an additional £94.50, the care sector £55 and the catering sector £25. The cost of becoming a minicab driver can be as high as £1,386.



⁵ British average for childcare for 25 hours per week.

www.familyandchildcaretrust.org/sites/default/files/files/Childcare%20cost%20survey%202015%20Final.pdf

2. Cost of finding employment

For many people who have been out of work for some time, the cost of looking for a job can be high. Many long-term unemployed people have no suitable clothes to wear to interviews, require money to pay for travel to interviews and lack facilities at home to search and apply for jobs.

The below tables provide example actual costs incurred by people when looking for employment.

Example costs of finding work

Interview clothing	Shoes from Clarks ⁶	£50
	Shirt from Sainsbury's ⁷	£15
	Suit from Tesco ⁸	£50
	Tie from Next ⁹	£8
Printing CVs	15p per sheet ¹⁰	£10 (30 copies of 2 page CV)
Total		£145

Travelling to interviews can be a significant cost for unemployed people finding work, with the cost of public transport in London substantially higher than elsewhere in the country.

Example travel costs for a return journey



Petrol for car¹¹
£3



Bus¹²
£4.20



London Zone 1-4 return¹³
£7.80

⁶ www.clarks.co.uk/p/20358122

⁷ <http://tuclighting.sainsburys.co.uk/tustorefront/STYLE-LS-COTTON---WHITE?pagetype=product&productcode=128087272-White>

⁸ www.clothingattesco.com/mens-suits+tailoring/f+f-navy-slim-fit-suit-jacket/inv/er522406

⁹ www.next.co.uk/g552004s2#117618

¹⁰ 15p per sheet example charge. www.croydonlibraries.com/join-the-library/library-charges

¹¹ Based average commuting distance of 9.32 miles and petrol £1.02/litre

¹² Day bus ticket in Liverpool is £4.20. <https://tickets.arrivabus.co.uk/north-west/liverpool/>

¹³ Zone 1 -4 return journey is £3.90 x 2. www.tfl.gov.uk

If someone attends five interviews before being successful, the price for finding work increases:

If driving to interviews:
£145 (clothing and CV printing) + **£15** petrol = **£160**

Using the bus to travel:
£145 (clothing and CV printing) + **£21** tickets = **£166**

Within London (Zone 1-4 underground)
£145 (clothing and CV printing) + **£39** tickets = **£184**

Case Study: Shak

Shak had been on and off benefits for almost three years when he joined the Work Programme with Reed in Partnership at the age of 23. While he was unemployed, Shak applied for many vacancies but found that employers wanted experience that she didn't have. When Shak joined the Work Programme his Adviser put him forward for a job vacancy in a local coffee shop.

Reed in Partnership provided Shak with £50 to buy clothing for his interview, helped him to create an excellent application and understand the role. As a result, he was given a work trial in the coffee shop a few days later. He impressed at the trial and started work as a barista the next day - just five days after he joined the Work Programme.

Shak said: "All I ever asked for was a chance and the Advisers gave that to me. Stepping foot into that Reed in Partnership office was life-changing and I'm forever grateful."

3. First month costs

Many people who been out of work for a long period of time will have survived on benefits for that period and therefore not have any savings and high levels of personal debt. The cost of returning to work can therefore be very high – particularly for those with childcare requirements. We know from our experience delivering programmes that often people can find it difficult to survive in the first month whilst they are waiting for their first salary payment.

Average cost: First month in work (excl. travel and childcare)

Clothing	Shirts ¹⁴	£24
	Trousers from Tesco x 2 ¹⁵	£32
Lunch	£3 x 22 work days ¹⁶	£66
Total		£122

Beyond London

Travel and childcare can add a substantial amount to the cost of the first month back at work. For example, a day bus ticket in Liverpool is £4.20 and the British average cost of childcare (25 hours nursery for under 2) is £115.45 per week.^{17,18} The average number of working days in a month is 22, which means the total travel spend is £92.40 and childcare spend is £461.80.



Travel
£92.40



Childcare
£461.80

Adding the cost of travel and childcare to the cost of clothing and lunch (£122, see table above) gives a total for the first month in work:

Total (excl. London)
£676.20

¹⁴ <http://tuclothing.sainsburys.co.uk/tustorefront/?pagetype=product&productcode=128011526-White>

¹⁵ www.clothingattesco.com/mens-suits+tailoring/f+f-charcoal-regular-fit-suit-trousers/invt/ep615409

¹⁶ For example, £3 lunch meal deal at Tesco (as of January 2016)

¹⁷ <https://tickets.arrivabus.co.uk/north-west/liverpool/>

¹⁸ British average for childcare for 25 hours per week.

www.familyandchildcaretrust.org/sites/default/files/files/Childcare%20cost%20survey%202015%20Final.pdf

Provision of travel and childcare can be significantly more expensive in London than elsewhere in the country. For example, zone 1-4 travel is capped at £9.30 a day and therefore travelling every working day in the month will cost £204.60.¹⁹ The average cost of childcare in London (25 hours nursery for under 2) is £152.06 per week, which means the total for one month is £608.25.²⁰



Travel
£204.60



Childcare
£608.25

Adding the cost of travel and childcare in London to the cost of clothing and lunch (£122, see table on previous page) gives a total for the first month in work:

Total (within London)
£934.85

¹⁹ <http://content.tfl.gov.uk/2016-adult-fares.pdf>

²⁰ www.familyandchildcaretrust.org/sites/default/files/files/Childcare%20cost%20survey%202015%20Final.pdf

Case Study: Nigel

Nigel was homeless and without work after returning from abroad. He went to the Job Centre and was advised to go to Reed in Partnership where we helped him get back into work.

We were able to help him with £30 for work boots, trousers and hard hat, as well ensuring he was able to get in to work by helping him with £50 in travel expenses.

Additionally, we were able to help him with £60 to support him with living costs for the period in between starting his job and receiving his first pay.

Case study: Lebert

Lebert was laid off as a motor engineer and then out of work for a year and a half.

After struggling to look for work on his own he was referred to Reed in Partnership which he says was “the best thing that has happened”.

We worked with Lebert to improve his CV, helped him to set up an email address and provided computer access so he could apply for jobs. We helped him with funding for clothing so he could get back to work.

3. Specific sector costs

Many jobs also require sector specific items or qualifications before someone can start work. This places an added cost on the long term unemployed and without support can be a deterrent to people being able to start work.

Costs of entering the construction industry

Construction	CSCS card/test ²¹	£34.50
	Hard hat ²²	£15
	High visibility jacket ²³	£10
	Steel cap boots ²⁴	£35
Total		£94.50

Costs of entering the care sector

Care	SOVA – safeguarding of vulnerable adults ²⁵	£30
	Basic Disclosure and Barring Service check ²⁶	£25
Total		£55

Costs of entering the catering industry

Catering	Food hygiene certificate ²⁷	£25
Total		£25

Costs of becoming a private hire driver

Minicab	Basic Disclosure and Barring Service check ²⁸	£25
	PCO licence ²⁹	£306
	Insurance ³⁰ (1 month)	£210
	Minicab hire ³¹ (1 month)	£600
	Medical ³²	£90
	Assessment ³³	£40
	Fee for vehicle licence ³⁴	£114
Total		£1,385

²¹ www.veritas-consulting.co.uk/CSCS-Card-Test-Booking-Form.html

²² www.yarmo.co.uk/jsp-evolite-hard-hat-nu189.html

²³ www.yarmo.co.uk/hi-vis-jacket-fr-finish-fr73.html

²⁴ www.barratts.co.uk/mens-c3/groundwork-mens-iron-black-leather-steel-toe-cap-boot-p555

²⁵ www.simply-training.co.uk/health-and-social-care-training/safeguarding-of-vulnerable-adults.aspx

²⁶ www.gov.uk/disclosure-barring-service-check/overview

²⁷ www.simply-training.co.uk/food-hygiene-training/food-hygiene-certificate.aspx

²⁸ www.gov.uk/disclosure-barring-service-check/overview

²⁹ www.pcodriverswanted.com/pco-license-cost/

³⁰ Ibid, 1/12th of annual insurance, assuming £2500

³¹ Ibid

³² Ibid

³³ Ibid

³⁴ Ibid

Case study: Martin

Martin had been claiming health-related benefits for four years when he was referred to Reed in Partnership to take part in the Work Programme. He was suffering from various health issues and was struggling to find any motivation.

He said, “Living on benefits seemed to be the easier option, my health was poor and I didn’t want to make things worse by finding work and coming off benefits.”

With a renewed motivation after joining Reed in Partnership, Martin began looking for work. He started to call construction companies to find job vacancies and created a CV with the help of his Employment Adviser. After intensive preparation with his Advisor, he secured an interview and job offer. To help Martin with the high cost of returning to work in construction, Reed in Partnership paid for his work clothing and his travel costs for the first two weeks.

Martin is now working in construction again, an industry he really enjoys being a part of. He is even considering setting up his own business in the future.

4. Top tips for jobseekers

Top Tips to save money whilst job searching:

1. Make use of your local job centre or welfare to work provider as they can provide support.
2. Use a public library to job search where you can often use the internet for free.
3. Ask one of your friends or family members if you can use their computer to search and apply for jobs.
4. Borrow interview clothing, or buy from a supermarket where often the best prices can be found.
5. If you are claiming benefits, see if your local Jobcentre Plus or welfare to work provider can refund your travel.
6. Try to job search online - it saves printing, postage and stationary costs.

Top Tips to save money in your first month at work:

1. Take in your own lunch.
2. Find out about car shares you can join.
3. Find out if your workplace runs a travelcard scheme where you pay back the cost of an annual travelcard in monthly instalments.
4. Check out freecycle - an online swap shop - for a bike or other useful items.
5. Find out if you are eligible for childcare support from the Government by visiting www.gov.uk/freechildcare or by contacting either your local nursery provider or local authority.

5. Recommendations

Access to job search

Many people in the UK, especially those living in poverty or suffering from social exclusion, will not have access to mainstream job searching facilities.

Organisations are increasingly using online sources to recruit and therefore searching for a job without internet access is difficult. The latest figures indicate that 14% of adults had not used the internet in the last three months and that 11% of adults (5.9 million) had never used the internet.³⁵ While internet access is much improved compared to our 2010 report on the costs of finding a job, a significant proportion of the population remain cut off from online job searching.

Of households with no internet access, 32% indicated that this was due to a lack of skills. Further barriers included equipment costs and access costs being high at 12% and 11% of households without Internet access respectively.³⁶

While many libraries offer free internet access, they are often closed in the evenings or at weekends.

To ensure that the long term unemployed have better access to the internet for job searching purposes we recommend:

- Further publicity of free library and community internet facilities.
- Increased availability of digital inclusion classes so that everyone has the opportunity to develop the skills required to job search online.
- Improved access to free/discounted computer equipment and broadband access for low income families, such as the [getonline@home](#) initiative.

Travel costs

While the lower price of petrol and diesel have reduced travel expenses for some, the rapidly rising cost of public transport – especially in London – means a significant portion of salary is spent simply traveling to work. While some support is offered to some jobseekers for travel costs, it is usually for a short defined period. From our experience as employment specialists, sustaining a job can be just as difficult as finding one for many people. Withdrawal of (and worry about withdrawal of) assistance with travel costs will make continuing in low paid employment even more difficult for some.

³⁵ www.ons.gov.uk/ons/rel/rdit2/internet-users/2015/stb-ia-2015.html

³⁶ www.ons.gov.uk/ons/rel/rdit2/internet-access---households-and-individuals/2014/stb-ia-2014.html#tab-Reasons-for-No-Household-Internet-Access

To assist with travel costs for those returning to work, we recommend:

- Consideration be given to provision of concessionary travel fares for unemployed people moving back to work, with the concession continuing for longer periods for low income jobs.
- Ensure that people returning to work are aware of the existing travel discounts available to them, such as the Jobcentre Plus Travel Discount, and more employers support bike to work schemes.

Childcare

Childcare costs have increased by an average of 32.8% since 2010.³⁷ Government childcare policies have focused on early years and childcare for school aged children remains an issue for many parents. A recent survey found that 61% of mothers not currently working said that childcare costs were making it difficult for them to return to work.³⁸

With childcare often cited by parents as one of the primary barriers they face to re-entering the work place, we recommend:

- Upfront provision of childcare costs for some parents should be considered as an option to assist parents with young children entering their first month of work who may otherwise not be able to start in employment.

Uniform and equipment costs

To help with costs, we also recommend that new employees:

- Check with your employer or trade union to see if you might be entitled to a tax rebate from HMRC for buying a uniform, clothing or equipment or using your car or home for work.

³⁷ British average for childcare for 25 hours per week.

www.familyandchildcaretrust.org/sites/default/files/files/Childcare%20cost%20survey%202015%20Final.pdf

³⁸ www.daynurseries.co.uk/news/article.cfm/id/1571258/childcare-costs-main-barrier-mums-work