

# Too poor to work? 2018 report

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



# 1 RETURNING TO WORK: THE PRICE TAG

Recent analysis by the Joseph Rowntree Foundation shows that people are better off in work than on out-of-work benefits.<sup>1</sup>

Moving into work will improve someone's financial position and can also bring increased confidence, improved mental health and stability in other areas of life. For someone who has spent time out of work, however, the barriers to getting back into work can be multiple and complex.

**Reed in Partnership** has supported more than 140,000 people into sustained employment. We work with a diverse range of customer groups, including people with disabilities or long-term health conditions, young people and single parents. We support these customers to identify and break down their barriers to employment, from the practical skills needed to apply for a job to accessing specialist health support.

For many people, it turns out to be low confidence and mindset that pose the biggest barriers to getting a job. However, the practical costs of finding a job and sustaining employment can compound the difficulty of making the transition from unemployment to work.

This report focuses on those practical costs. Someone seeking work following a lengthy period of unemployment may have high levels of debt. They then face costs likely to include travelling to interviews, printing CVs, finding suitable clothes for interviews and acquiring new skills and qualifications. For someone earning a regular wage the costs of getting a CV printed may seem small - but for an individual on out-of-work benefits or not claiming benefits at all it can be significant.

Throughout our employment programmes, we help customers with these costs. For example, participants on two Better Working Futures programmes (the Work and Health Programme which we operate in the North East of England and South London) can access financial help with a range of transport costs, interview clothing, childcare and receive a range of health and other specialist services, including help with costs in the early days of a new job. Overall, around 43% of participants across Reed in Partnership's ESF-funded Work Routes programmes, for example, have received financial assistance.

## About this report

This report is informed by interviews with our staff about the cost barriers facing customers seeking to get into work after some time spent without a job, as well as analysis of our data on the help with those costs accessed by customers on our programmes. We have then benchmarked typical costs or items - such as travel to interviews, childcare or buying interview clothes - to provide examples of the likely costs people face in their job search and first month of a job.

## Key findings

- We estimate that the process of finding a job is likely to come with a **£167** price tag for someone who has been out of work for some time, rising to **£186** in London.
- Once in a job, someone working outside the Capital may face costs of **£223** during their first month - including lunch, travel and new clothing. If childcare is included this can rise to **£756**.
- In London, someone long-term unemployed returning to work is likely to face costs of around **£342** in their first month. If the unsubsidised costs of childcare are included then this rises to **£1,057**.
- Job seekers may also face extra costs if they want to work in a particular sector. Getting the right certification or equipment may cost around **£109** to work in the construction sector or as much as **£1,662** to become a private hire driver.

## Rising costs, squeezed wages

When we last published this report in March 2016, headline inflation was just 0.8%. Yet for the remainder of that year and throughout 2017, UK citizens experienced a sizeable increase in the cost of living, with inflation almost reaching 3% by the Autumn of 2017.<sup>2</sup>

Meanwhile, average weekly wages are up by 5.5%<sup>3</sup> since our 2016 report, but have failed to keep pace with inflation over the longer term. In fact, the January 2018 labour market statistics from the Office for National Statistics<sup>4</sup> reveal that real average pay for employees in Great Britain (taking inflation into account) was still £14 below its value almost a decade ago, in March 2008.

For many people in work, minimal wage growth combined with increases in the cost of food, rent, childcare and other necessities have reduced the purchasing power of their pay packets. But these inflationary pressures also add to the costs for those seeking to find employment - particularly when it comes to transport costs, for example.

Since our last report in 2016, the price of a litre of petrol has increased by 17.8%<sup>5</sup>, while childcare costs are up by around 7%.<sup>6</sup> Over 2016 and 2017 increases to regulated rail fares were not of the same scale as the 6% plus increases seen a few years ago (capped at 1% and 1.9% respectively) but the maximum 3.6% increase from January 2018 means that many rail passengers are experiencing a more substantial rise in costs this year. While bus fares outside London have continued to rise in price, commuters in London have benefited from the first two years of a four-year freeze on many of the most commonly-used fares, such as a single bus ticket or a seven-day bus and tram pass.<sup>7</sup>

## 2 THE COST OF FINDING A JOB

If someone has been out of work for some time they are likely to face a number of practical and individual barriers to getting back into sustained employment.

Suitable clothes for interview are one consideration. The price of footwear and clothing rose by 3.9% in February 2018 on a year earlier, higher than the headline inflation headline rate of 2.5%.<sup>8</sup> Despite this, many of the example items we used in our 2016 report can be found for the same price in 2018, while the expansion of budget clothing retailers has increased choice at lower price points.

Increased requirements to apply for jobs online have reduced the need for stationery and printing. Yet job seekers might find that they face mobile phone and data costs that were not so essential a couple of years ago and may face a 'poverty premium' when it comes to accessing the most cost-effective deals.<sup>9</sup> For this reason we have added a month's average mobile pre-pay phone costs to our estimates in this year's report, which comes to around £23. As 94% of UK adults own a mobile phone we have not included the cost of buying a phone<sup>10</sup>, but amongst our customers there are those who have no access to a mobile, landline or other form of electronic communication.

While not included in the costs below, many people moving from unemployment to a job also find that they need help compiling paperwork. Over the year to March 2018, Reed in Partnership helped more than 200 people with the cost of getting a new copy of their birth certificate.

The cost of shoes, a new shirt, suit and tie combined with CV copying and mobile costs may come to a total of around £147 before travel costs have been considered.

### Example costs of finding work

Interview clothing – men	Shoes <sup>11</sup>	£50
	Shirt <sup>12</sup>	£14
	Suit <sup>13</sup>	£50
	Tie <sup>14</sup>	£8
Interview clothing – women	Shoes <sup>15</sup>	£50
	Shirt <sup>16</sup>	£14
	Suit <sup>17</sup>	£43
Printing CVs	15p per sheet <sup>18</sup>	£9 (30 copies of two-page CV)
Mobile calls and data	Average pre-pay mobile phone cost <sup>19</sup>	£23
<b>Total</b>		<b>£139-£154 (average £147)</b>

### Example travel costs for a return journey

Petrol for car <sup>20</sup>	Bus <sup>21</sup>	London Zone 1-4 return <sup>22</sup>
<b>£4.00</b>	<b>£4.40</b>	<b>£7.80</b>

It is likely that someone seeking work following a lengthy period of unemployment or labour market inactivity will need to attend a number of interviews before being successful. If someone attends five interviews before being successful, the price for finding work increases:

Driving to interviews

**£147 (clothing, CV printing and mobile) + £20 petrol = £167**

Using the bus to travel

**£147 (clothing, CV printing and mobile) + £22 tickets = £169**

Within London (zone 1-4 underground)

**£147 (clothing, CV printing and mobile) + £39 tickets = £186**

## Case study: Adam

When Adam started on the ESF-funded Work Routes programme with Reed in Partnership **he suffered from low mood and a lack of self-confidence.** Adam worked with his adviser to identify his job goals and put a CV together.

Adam's adviser helped him apply to a moped scheme so that he was able to travel for work. Reed in Partnership arranged two interviews with employers for Adam, assisting him with the cost of interview clothes and travel. As a result Adam's hard work and our support, he succeeded in getting two job offers as a result of the two interviews.

Adam says: "I feel very relieved to be in work... There have been times when I felt I was letting everyone down, especially my three children. **Now I feel my life will continue to change for the better.**"



## Reed in Partnership's programmes

Over the 12 months to the end of March 2018, Reed in Partnership made around 44,000 financial assistance payments to customers on our programmes across the country. Just under three-quarters (73%) of these were to cover travel costs to interviews, appointments, training or during the early days of a new job.

On our Better Working Futures programme, Reed in Partnership's name for the Department for Work and Pension's Work and Health Programme, which launched in January 2018, almost half (47%) of participants have so far needed financial assistance from us with costs such as:

- Travel to interviews
- Copies of certification such as a birth certificate
- Clothing for job interviews
- Various training courses
- Reading glasses
- Work shoes or boots
- Mobile phone top-ups

Travel - to job interviews, appointments and in the early days of a new job - is by far the most common type of expenditure. These make up 87% of all individual financial assistance payments, but the types of financial assistance are likely to change as the programme grows.

### 3 Expenses during the first month of work

The first month of employment is a crucial make-or-break moment for staying in work - a period during which many people find it difficult to survive financially while waiting for a first salary payment. Alongside the psychological challenges of settling into a new workplace, someone who has been out of work for some time may have no savings and high levels of debt, leaving nothing with which to cover immediate costs before their first wage packet.

People who have a disability or long-term health condition may have more costly and complex needs for tailored help to facilitate a job search and access support once in employment. During 2016/17, the Government's Access to Work scheme helped more than 25,000 people with support for interviews, travel costs and support at work. Help with special aids and equipment, a support worker or help with travel to work were the most common types of support received.

#### Example costs: First month in work (excluding travel and childcare)

Clothing	Plain shirts <sup>23</sup>	£28
	Trousers <sup>24</sup>	£32
Lunch	£3 x 22 work days <sup>25</sup>	£66
<b>Total</b>		<b>£126</b>

#### Outside London

Starting a new job can involve significant new cost commitments in the form of travel and childcare. The examples we used in our 2016 report include a day bus ticket in Liverpool (costing £4.40 in 2018, up from £4.20 in 2016) and the average cost of childcare (25 hours for a child under the age of two), which has risen to £122.46 a week according to the most recent report from the Family and Childcare Trust.<sup>26</sup> With an average 22 working days in a month, this brings total travel spend to £96.80 and childcare to £532.70.

<b>Travel</b>	<b>£96.80</b>
<b>Childcare</b>	<b>£532.70</b>

Adding the cost of travel and childcare to the cost of clothing and lunch (£126, see table above) gives a total for the first month in work:

**Total (outside London)**

**£755.50**

## Inside London

Both childcare and transport can be more expensive in London than elsewhere in the country. For example, with zone 1-4 travel capped at £9.80 a day<sup>27</sup>, travelling every working day in the month will cost £215.60. The average cost of childcare in London (25 hours nursery for a child under two) is £164.50, so the total for one month is as much as £715.58.

<b>Travel</b>	<b>£215.60</b>
<b>Childcare</b>	<b>£715.58</b>

Adding the cost of travel and childcare in London to the cost of clothing and lunch (£126, see examples on page 7) gives a total for the first month in a full-time London job of:

**Total (within London)**  
**£1,057.18**

### Case study: Patrick



Patrick came to the ESF-funded Work Routes programme run by Reed in Partnership after struggling to get to the interview stage during his recent job hunt. He was given support to revamp his CV and soon was offered an interview.

However, his period of unemployment meant he was short on cash. **Work Routes provided him with vouchers to buy some new clothes** for his interview.

Patrick said: **“The new clothes helped me look presentable and helped me create the right impression for the employer.”**

With his Employment Adviser’s support practicing, he was successful in the interview and was happy to be offered a new job.

## 4 Sector specific costs

Many jobs come with a price tag for particular equipment or qualifications before someone can start work. For some - such as training to be a nurse or other professions that require a degree - tuition fees alone for home students will cost up to £9,250 a year.

For many jobs that do not require a degree or lengthy training there may be entry costs that need to be taken into account, which may not be funded by the employer. The tables below illustrate some example costs that new recruits may need to cover in common sectors. Other examples of occupational costs that Reed in Partnership has assisted customers with over the past year include:

- A forklift truck licence
- Training to be a teaching assistant and Special Educational Needs training
- Construction materials such as a spirit level, saw, hammer
- Self-employment costs, such as business cards, marketing material or setting up a website
- A licence to work in the private security industry.

### Construction industry

CSCS card/CITB test <sup>28</sup>	£30 plus £19.50
Hard hat <sup>29</sup>	£11
High visibility jacket <sup>30</sup>	£23
Steel toe-cap boots <sup>31</sup>	£25
<b>Total</b>	<b>£108.50</b>

### Care sector

SOVA - safeguarding of vulnerable adults <sup>32</sup>	£10 to £30 depending on provider
Basic Disclosure and Barring Service Check <sup>33</sup>	£25
<b>Total</b>	<b>£35-£55</b>

### Catering industry

Food hygiene certificate (level 1) <sup>34</sup>	£10-£20
<b>Total</b>	<b>£10-£20</b>

### Becoming a private hire driver (London example)

Disclosure and Barring Service application (online) <sup>35</sup>	£56.85
Licence application fee <sup>36</sup>	£124
Grant of licence fee <sup>37</sup>	£186
Post office check and send <sup>38</sup>	£7.15
English language assessment (if applicable) <sup>39</sup>	£180-£200
Medical <sup>40</sup>	£80
Insurance (one month) <sup>41</sup>	£167-£208
Vehicle hire (one month) <sup>42</sup>	£600-800
<b>Total</b>	<b>£1,401-£1,662</b>

# 5 Top Tips

## Top tips for job seekers

### Five tips to save money whilst job searching:

1. Make full use of your local Jobcentre or employment support provider.
2. Search and apply for jobs online, using the internet at public libraries or by asking a friend or family to use their computer if you do not have access.
3. If need be, borrow interview clothing, or search for the best deals for clothing online.
4. If you are claiming benefits, see if your local Jobcentre Plus or employment support provider can refund your travel.
5. Look out for local discounts on travel. For example, if you receive certain out-of-work benefits in London you may qualify for a 50% discount on travel by bus and tram.

### Five tips to save money in your first month at work:

1. Take in your own lunch.
2. Make sure that you are aware of any employee benefits that your new employer offers. Useful benefits to look out for include:
  - Interest-free travel season ticket loans, where you pay back the cost of an annual travel card in monthly instalments.
  - Cycle-to-work schemes, that enable employees to loan bikes to employees as a tax-free benefit
  - Retail discounts either on the employer's own goods or services or via a voluntary benefits scheme.
3. Walk to work if possible, or find out if there are any local car shares you can join.
4. If you need childcare, use the government's Childcare Calculator to work out which of the various options for childcare help (such as the tax-free childcare scheme or childcare vouchers) are best for you.
5. Check out freecycle, freegle or other giveaway sites for a bike or other useful items.

## Top tips for employers

Remember that people seeking employment following a lengthy time without a job may face multiple financial and personal barriers to overcome. Employers can help by:

- Considering refunding interview transport costs and make it simple for the job seeker to get reimbursed.
- Thinking about the profile of the workforce and the kind of working expenses that they face. Are there benefits that could be offered - such as interest-free season ticket loans - that are targeted to their needs?
- Consider introducing an employee financial wellbeing strategy if you do not already have one. This might include retail discounts, childcare vouchers or signposting employees to sources of free external help, such as debt advice charities or consumer advice to help them be savvy consumers.
- Do as much as possible to alleviate 'start-up' costs for employees in the form of sector-specific certifications, training or equipment. Consider that cost in the context of the benefits that the employee is likely to bring to your organisation once they are trained up.
- Ensure that you are aware of the assistance available to help disabled employees stay in work via the Access to Work scheme.<sup>43</sup>

# Notes

- <sup>1</sup> Joseph Rowntree Foundation, "Yes, you're (still) better off working than on benefits", at <https://www.jrf.org.uk/blog/yes-youre-still-better-working-benefits>
- <sup>2</sup> Office for National Statistics, *Consumer price inflation*, March 2018
- <sup>3</sup> Weekly gross pay for all employees (2015 - £425.10, 2017 - £448.60), Source: ONS, *Annual survey of hours and earnings*, 2015 and 2017
- <sup>4</sup> Office for National Statistics, [UK labour market, March 2018](#)
- <sup>5</sup> See RAC Foundation, "UK pump prices over time", at <https://www.racfoundation.org/data/uk-pump-prices-over-time>
- <sup>6</sup> The 2017 and 2018 Childcare Surveys by the Family and Childcare Trust give annual increases of 0.1% and 7% for these years.
- <sup>7</sup> Fares in 2017: TfL Advice to the Mayor, November 2016: [https://www.london.gov.uk/sites/default/files/fares\\_advice\\_from\\_tfl\\_pdf.pdf](https://www.london.gov.uk/sites/default/files/fares_advice_from_tfl_pdf.pdf)
- <sup>8</sup> ONS, Consumer Price Inflation, UK: March 2018 (table 2).
- <sup>9</sup> See Joseph Rowntree Foundation, "Acting on unfair poverty premiums must be a 2017 priority", at <https://www.jrf.org.uk/blog/acting-unfair-poverty-premiums-must-be-2017-priority>.
- <sup>10</sup> Ofcom - <https://www.ofcom.org.uk/about-ofcom/latest/media/facts>
- <sup>11</sup> Clarks: <https://www.clarks.co.uk/c/Lair-Watch/p/20358122>
- <sup>12</sup> Sainsbury's: <https://tuclouthing.sainsburys.co.uk/p/White-Tailored-Fit-2-Pack-Shirts/128011526-White>
- <sup>13</sup> Tescos: <https://www.tesco.com/direct/ff-regular-fit-suit-trousers/199-2819.prd>; <https://www.tesco.com/direct/ff-regular-fit-suit-jacket/422-5380.prd>
- <sup>14</sup> Next: [www.next.co.uk/men/shirts-ties/ties-pocket-squares/8](http://www.next.co.uk/men/shirts-ties/ties-pocket-squares/8)
- <sup>15</sup> Clarks: <https://www.clarks.co.uk/c/Griffin-Milly/p/26101101>
- <sup>16</sup> Next: <http://www.next.co.uk/g767182s3#441906>
- <sup>17</sup> H&M: [http://www2.hm.com/en\\_gb/productpage.0568601006.html](http://www2.hm.com/en_gb/productpage.0568601006.html); [http://www2.hm.com/en\\_gb/productpage.0568597006.html](http://www2.hm.com/en_gb/productpage.0568597006.html)
- <sup>18</sup> 15p per sheet example charge at Croydon libraries: <https://www.croydon.gov.uk/leisure/libraries/join-the-library/library-charges>
- <sup>19</sup> Calculated by averaging monthly pre-pay mobile costs (excluding handset) across eight tariffs. Source: Ofcom, *Pricing trends for communication services in the UK*, March 2017
- <sup>20</sup> Based on average commuter distance of 10.9 miles (Department for Transport, *National Travel Survey: England 2016*) and unleaded pump price £120.2 per litre, January 2018 (RAC Foundation, "UK pump prices over time", at <https://www.racfoundation.org/data/uk-pump-prices-over-time>)
- <sup>21</sup> Day ticket in Liverpool is £4.40 (<https://tickets.arrivabus.co.uk/north-west/Merseyside/>)
- <sup>22</sup> Zone 1-4 return journey using an Oyster card priced £3.90 x2).
- <sup>23</sup> Sainsburys: <https://tuclouthing.sainsburys.co.uk/p/White-Tailored-Fit-2-Pack-Shirts/128011526-White> x2
- <sup>24</sup> Tesco: <https://www.tesco.com/direct/ff-regular-fit-trousers/534-1216.prd>
- <sup>25</sup> A £3 meal deal can be purchased from Morrisons, Tesco or Sainsburys, for example.
- <sup>26</sup> <https://www.familyandchildcaretrust.org/childcare-survey-2018>
- <sup>27</sup> <https://tfl.gov.uk/fares-and-payments/fares/caps-and-travelcard-prices?ticketType=Adult>
- <sup>28</sup> The Construction Skills Certification Scheme: <https://www.cscs.uk.com/applying-for-cards/>
- <sup>29</sup> Example taken from [www.yarmo.co.uk](http://www.yarmo.co.uk)
- <sup>30</sup> Example taken from [www.yarmo.co.uk](http://www.yarmo.co.uk)
- <sup>31</sup> Example taken from [www.sportsdirect.com](http://www.sportsdirect.com)
- <sup>32</sup> See <https://www.reed.co.uk/courses/?keywords=SOVA> or <http://www.simply-training-online.co.uk/safeguarding/safeguarding-of-vulnerable-adults>.
- <sup>33</sup> <https://www.gov.uk/request-copy-criminal-record>
- <sup>34</sup> <https://www.reed.co.uk/courses/>
- <sup>35</sup> Costs taken from Transport for London website (<https://tfl.gov.uk/info-for/taxis-and-private-hire/licensing/private-hire-driver-licence>). Costs and requirements outside London will be different.
- <sup>36</sup> *ibid*
- <sup>37</sup> *ibid*
- <sup>38</sup> *ibid*
- <sup>39</sup> *ibid*
- <sup>40</sup> *ibid*
- <sup>41</sup> Example costs given at [pco-license.com](http://pco-license.com).
- <sup>42</sup> Example costs given at [pco-license.com](http://pco-license.com).
- <sup>43</sup> See Access to Work factsheet for employers: <https://www.gov.uk/government/publications/access-to-work-guide-for-employers/access-to-work-factsheet-for-employers>



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