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PROWSE, Peter <<http://orcid.org/0000-0002-0103-1365>> and DOBBINS, Tony

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# English football's richest clubs fail to pay staff a real living wage

by

Dr. Peter Prowse, Professor of Human Resource Management, Sheffield Hallam University,  
Sheffield, United Kingdom

and

Dr. Tony Dobbins, Professor of Employment Studies, Bangor Business School, Bangor  
Gwynned, Wales

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**Sheffield  
Hallam  
University**

Peter Prowse  
Sheffield Business School  
Sheffield Hallam University  
City Campus,  
Sheffield S11WB  
United Kingdom.

E-mail: [p.prowse@shu.c.uk](mailto:p.prowse@shu.c.uk)

## 1. Introduction

There is an existing body of academic knowledge about Living Wage policy and practice (Prowse and Fells, 2015; Prowse et al, 2017; Linneker and Wills, 2016). But, there is no business and management research on Living Wage policy, practice and outcomes in the context of football, gap by exploring the ethical management of 'Real Living Wages' for lower-paid staff in Premier League football clubs. A case study of the new Living Wage policy at Everton Football Club (EFC) is currently being undertaken, involving semi-structured interviews with a range of internal participants at EFC, as well as selected external participants from The Living Wage Foundation, trade unions, and community/supporter representatives. The research will enhance knowledge and understanding about the impact of Living Wage policy and practice on lower-paid staff in a labour market sector that relatively little is known about: professional football clubs.

## 2. Premier League Revenue Growth and Distribution of Wages

The Premier League revenue growth has grown at an incredible pace from less than £2 billion in 2008/9 and likely to exceed £4 billion in 2016/17 (Deloitte, Annual Review of Football Finance 2016: 2017). The 2016/17 season started a 3 year cycle of Premier league broadcasts worth £10.2 billion in UK broadcast revenue for every televised game. The £1.1 billion revenue makes the Premier League the world's highest earning sports league yet in the past two years only 30 per cent of revenue increases have been consumed by wage growth.

Premier League football clubs are accumulating extensive wealth, especially elite clubs in the [Deloitte Football Money League 2017](#). Star players, managers and executives command [lucrative wages](#). The biggest television deal in world football is generating a combined £10.4 billion, divided between all twenty Premier League clubs; ensuring England's leading clubs becoming even wealthier. Premier league revenues rose 12% in 2016/17 to a record £3.6 billion but wages rose 12% to £2.3 billion. But not for most employees.

Is this wealth bonanza being distributed fairly within clubs? Evidently, it seems not. Wages are dramatically lower for staff at the opposite end of the Premier League labour market, with many encountering in-work poverty. Indeed, [Everton and Chelsea](#) were the only two Premiership clubs fully accredited with the [Living Wage Foundation \(LWF\)](#) until Liverpool joined them in 2017 (to pay in 2018) to pay all lower-paid directly employed staff, and external contractors and agency staff at least the current voluntary 'Real Living Wage' (RLW) of £10.20 an hour in London and £8.75 elsewhere.

Of 92 clubs in the English Football League and Scotland, only five – Chelsea, Everton, Liverpool (in 2017) Luton Town, Derby County and Celtic and Hearts – are fully accredited by the LWF, ensuring that all directly employed staff, contractors and agency workers earn at least the RLW rate. Many club staff – cleaners, caterers, stewards and other match day roles – are employed indirectly by agencies or contractors and not paid the RLW. Football remains the one of the lowest payers of the RLW with the lowest total in a single sector categorised in arts and entertainment a 3% take up in the sector. Within this sector of sports football is the wealthiest and highest level of payment of the legal minimum wage not the RLW.

### 3. Motivations For Paying the Real Living Wage (RLW)

The RLW is a voluntary rate assessed by the LWF as constituting a wage level sufficient to live on for workers and their families, and reflecting real rises in living costs. The rates are independently calculated annually by the [Resolution Foundation](#) and overseen by the [Living Wage Commission](#), based on the best evidence about nationwide living standards. However, the RLW is not compulsory. It is estimated that 3,500 employers are LWF accredited and cover (Heery *et al*, 2017).

The RLW is higher than the legal '[National Living Wage](#)' (NLW) (increased to £8.25 from April 2018, but only paid to people aged 25 and over), or the 'National Minimum Wage' (setting lower rates for younger people aged 24 and under). These statutory rates are set by the Government-funded [Low Pay Commission](#). But, the LWF, unions, and civil society campaigners believe the legal minimum wage is not high enough for the low-paid to live on.

Many football clubs are embedded in urban communities, some classified as among the most impoverished places in Western Europe. What does it say about ethics and employment practices, especially of wealthier Premier League clubs, when many match day staff only receive the legal NLW/NMW or just above? Occupations such as catering, cleaning, security and hospitality in football clubs are casual and part-time due to the nature of the sports events sector but are amongst the lowest paid workers paid at the minima or just above the National minimum Wage (NMW). This means the rates are variable according to age (see Table 1).

### 4. History of the Real Living Wage

The UK living wage campaign originally developed under the East London Communities Organisation (now Citizens UK). The campaign was launched in 2001 with growing support from unions and politicians as well as community and church groups. The campaign organised a series of public demonstrations supporting workers in several East London hospitals and cleaners in the banks in Canary Wharf. These and other campaigns met with some success; the Olympic Delivery Authority committed to a living wage, resulting in improvements for its low paid employees (Wills and Linneker, 2012); community and union engagement resulted in wage increases at two East London universities (Lopes and Hall, 2015; Queen Mary College, 2013). In 2005 the Greater London Authority developed its own calculations for a London Living Wage. The campaign became national through the Joseph Rowntree Foundation providing research on poverty and the low paid (Hirsch, 2013) and through the evidence calculated by the Centre for Research in Social Policy (CRSP) at Loughborough University.

Meanwhile, the Living Wage Foundation (LWF) was established in 2008 with the purpose of accrediting employers who had committed to the living wage. The CRSP now calculates a Minimum Income Standard (MIS) (based on a cost of living approach), a figure that is used by the LWF and other organisations as defining the living wage. An alternative calculation is to define low pay as below 60 per cent of the median wage (Rubery and Edwards, 2003). The LWF has over 3,000 accredited organisations and estimates that over 23,000 employees have benefited from wage increases. This estimate applies only to accredited LWF employers and under-represents the actual numbers of employees affected as some employers, in response to an employee or community campaign, may agree to pay the living wage to its employees but not commit to being an accredited

living wage employer are estimated at 450,000 (Living Wage Foundation, 2017). Nevertheless, a significant and increasing number of employees are still earning low rates of pay. The number of employees earning below 60 per cent of the median wage has increased from 4.8 million employees (20 per cent) in 2012 to 5.7 million (22 per cent) in 2014 (Markit Economics, 2012; Corlett and Gardiner, 2015:18).

National campaigns have targeted sectors such as local government with evidence of an immediate impact for nearly 7,000 direct and 5,200 indirect contractors in eleven local authorities awarded over £5.8 million to the Living Wage Foundation rate without being a LWF Employer (Prowse and Fells, 2016a: 2016b). Another important factor in the emergence of Corporate Social Responsibility (CSR) are campaigns by local community alliances. In terms of specific sectors the Premier League offers a unique opportunity to examine why most Premiership Clubs have not considered paying the LWF rate for their lowest paid workers (or contractors) in a period of both revenue growth and profitability. In conclusion, the existing academic literature on Living Wage policy and practice (Prowse and Fells, 2015; Linneker and Wills, 2016), has no evidence in the context of football, and Premier League and Football League clubs.

There is an existing body of academic knowledge about Living Wage policy and practice (Prowse and Fells, 2015; Linneker and Wills, 2016). But, there is no academic business and management research on Living Wage policy, practice and outcomes in the context of football, specifically regarding Premier League and Football League clubs.

The overarching research objective is to conduct exploratory research analysing the current situation regarding Living Wage policies for low-paid staff in Premier League football clubs. What is also important is to explore the Corporate Social Responsibility (CSR) towards the local community and its employees.

From the research objective, we identify the following specific research issues to ask:

Firstly, why have some football clubs, but not others, decided to become fully accredited employers with the Living Wage Foundation, and pay all their staff at least the 'Real Living Wage'?

Secondly, how have accredited clubs set about implementing the 'Real Living Wage' policy?

Thirdly, what, (if any), are the implications of a RLW for other related (internal) employment and Human Resource Management (HRM) policies and (external) community (CSR) policies in football clubs?

Fourthly, what outcomes can be identified? Are there any specific challenges with rolling-out a RLW, such as labour cost implications?

## **5. Benefits of the RLW**

As well as paying the voluntary living wage report [significant improvements](#) in quality of work, lower staff absence and turnover – and an improved corporate reputation as a result.

Everton FC, located in an area of Liverpool with high social deprivation, has announced in 2016 that becoming an accredited Living Wage Foundation employer will significantly increase wages for

contractors and casual, match-day staff. Denise Barrett-Baxendale, the club's deputy chief executive, [has said](#): "Supporting the accredited living wage is quite simply the right thing to do; it improves our employees' quality of life but also benefits our business and society as a whole." Everton's neighbours Liverpool FC made a similar commitment in 2017 in November. The Everton commitment also re-launched their Living Wage commitment in 2017.

Independent [academic research](#) suggests that while workers benefit from the real living wage, it's not an automatic fix. Higher hourly pay does not necessarily translate into a better standard of living if working hours are too low. The problem is that there are large concentrations of part-time living wage jobs with few hours and so small income increases are offset by rising costs of living.

What was the reason for Everton's decision was a community led-commitment to review all wages in one of the poorest areas in the UK and one of the lowest take up of regions in the UK? (the North West of England).

The initiative decision for Everton is to be at the heart of the community as a major national employer. But there is a wider sense of registration with the Living Wage Foundation and a community led organisation leading to their local identity. As a Living Wage employer, Everton Football Club, Everton in the Community and Everton Free School hosted the Merseyside leg of a series of national events in November 2017 to recognise the work being done to tackle in-work poverty, low pay and to celebrate the successes of businesses which are accredited Living Wage employers. It was ironic that Everton was registered as a Living Wage Foundation employer before Liverpool City Council.

## **6. The Future Premier League Commitment to the Living Wage**

Despite the campaigning by the *Independent* and GMB politicians to pressure football clubs to pay the real living wage. The GMB, a general workers union, launched the [GMB End Foul Pay campaign](#) in August 2015 with the Trade Union Congress (TUC) but campaigners stated a key issue was the Premiership clubs refused to confirm that they paid the majority of their staff match day on sub-contractors rates. In January 2017, London's mayor, Sadiq Khan, wrote to all London Premiership Clubs except Chelsea and London Premier League club to pay all staff the [London living wage](#). There will be forthcoming campaigns by Citizens UK at Spurs, will move towards paying a London Living Wage for all staff and future tenders for contractors.

One issue to add to the CSR issue is the recent Taylor Review of Modern Workplace Practices a review on the increase in "self-employment" and zero-hours contracts found 1.3 million people were employed in the "gig-economy" and ineligible for NMWs, sick and holiday pay (Royal Society of Arts, 2017).

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