



Toynbee Hall

Learning from local action
developing national solutions



Waiting for change

Restaurant workers and the informal economy in Brick Lane

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Introduction

Toynbee Hall's mission is 'to meet the needs of local people, improve conditions, and enable communities to fulfil their potential.'

The Bangladeshi community in the Brick Lane area of Tower Hamlets, where Toynbee Hall is situated, suffers from some of the highest levels of poverty in the borough. Incomes amongst this community are amongst the lowest in London, and numerous social indicators, such as levels of educational attainment and employment point to significant disadvantage; a Bangladeshi male is more than three times more likely to be unemployed than his white British counterpart.¹

Anecdotal evidence suggested that informal working² in the catering industry in and around Brick Lane was an important contributor to poverty amongst the Bangladeshi community.

Toynbee Hall therefore undertook a research project to investigate the extent of informal working³ in the catering industry in Brick Lane and the connection between any such working and poverty. We were particularly interested to explore potential links between informal working and financial exclusion.

Working with a Bangladeshi researcher at Toynbee Hall, and in partnership with Community Links, an East London charity with extensive expertise in the informal economy, we devised a research methodology that enabled us to survey restaurant staff in their work-place.

We carried out 20 semi-structured interviews with randomly selected staff in 16 restaurants, just over a third of the total number of Bangladeshi restaurants and cafes operating in Brick Lane, during the autumn of 2008.

¹ DCLG figures: Financial Inclusion and Ethnicity; The Runnymede Trust, July 2008

² To find out more about the impact of the informal economy go to <http://www.neednotgreed.org.uk/>

³ 'Informal work involves the paid production and sale of goods or services which are unregistered by, or hidden from the state for tax, benefit and/ or labour law purposes, but which are legal in all other respects.' EU (1998)

Executive summary

Our research reveals a picture in which staff in London's Brick Lane restaurants are trapped in poverty due to cash in hand pay as low as £3 an hour and long working hours. Poor English and a lack of access to education is making it difficult for them to move on to better paid formal employment.

Over three-quarters of the Brick Lane restaurant workers we interviewed in October and November 2008 were paid significantly below the minimum wage, and nearly all were paid in cash. Most had no contract, paid no tax and worked between 50 and 65 hours a week - a six day working week was the norm.

"I work split shifts - six days a week – about ten hours a day and get £210 a week cash," waiter B, Brick Lane.

The majority of interviewees wanted to move on to better-paid work but a gruelling split-shift working pattern made it virtually impossible for them to gain the English language and other skills they needed. Almost three quarters said poor English prevented them achieving their aspirations, whilst just over half blamed a lack of education and qualifications.

"People work here because we don't know English – there is no social life," waiter Q, Brick Lane.

However, over a third of interviews said they wanted to 'stay the same' when asked about their aspirations for the future, and over half saw the 'cash in hand' nature of restaurant work as a positive aspect of the job.

Three-quarters of those interviewed sent around £250 a month home to dependants in Bangladesh – approximately a quarter of their income from restaurant work.

Three quarters of interviewees had worked in the restaurants for more than five years. Over half were aged over 36 and only two were under 25. Just over a quarter of interviewees said they were in receipt of state benefits, with a smaller proportion reporting that their wife was in receipt of benefits.

A mixed picture emerged with regard to financial capability and access to, and use of, financial products. All interviewees said they had a bank account but most only used it infrequently. Only two interviewees had savings in the UK, but over half of those surveyed had savings overseas. The majority used formal channels for sending money abroad, although two used the informal 'hundi' system.⁴

⁴ 'Hundi' or 'Hawala' is an informal money transfer system based on a network of unregulated money brokers located in the UK and Bangladesh.

Methodology

Whom we surveyed:

- 20 staff in 16 restaurants in Brick Lane, East London were interviewed between 22nd September and 20th November 2008.
- 14 interviewees worked as waiters and six as kitchen staff.
- 19 interviewees were of Bangladeshi origin and one was from Poland.
- With the exception of the Polish employee, all interviewees were male.

The sample:

- Our sample of 16 restaurants represents 35% of the total number of Bangladeshi restaurants and cafes operating in Brick Lane⁵.

How we surveyed interviewees:

- We adopted a random sampling technique, carrying out face to face semi-structured interviews inside or immediately outside an interviewee's workplace.
- Interviews, lasting an average of 45 minutes, were carried out in Brick Lane by our Bangladeshi speaking researcher.
- Interviews were conducted at the beginning of restaurant workers' shifts – between 12am and 1pm or between 5pm and 6pm – periods when restaurants were relatively quiet.
- Approximately half of the restaurant staff we approached agreed to be interviewed.
- 19 interviews were carried out in Bengali and one in English (with the Polish interviewee).
- Interviewees were guaranteed anonymity and not required to give their name. They were also assured that their work-place would not be identified.

⁵ According to the Bangla Town Restaurant Association there were 45 Bangladeshi restaurants and café's operating in Brick Lane in January 2009, each employing approximately 10 staff.

Pay and employment conditions

Interviewees typically worked long hours in a split shift pattern for significantly less than the UK minimum wage. Three quarters earned below the legal minimum of £5.75 per hour – some as little as £3 per hour. The majority of workers did not pay tax and most had no contract of employment. All bar one were paid in cash. A small number said they or their wife were in receipt of state benefits.

“I never ask about the minimum wage; I know them and they know me, that’s it,” waiter N, Brick Lane.

The presence of aspects of formal employment did not necessarily indicate fully formalized employment conditions. Some of those with contracts for instance worked significantly longer than the stated hours and were paid less than the legal minimum wage.

Pay:

- 16 interviewees earned less than the minimum wage – some as little as £3 per hour.
- Most interviewees earned between £200 and £300 per week.
- 19 interviewees were paid in cash and one direct into their bank account.

Hourly pay	Number of interviewees
Less than £5	16
£5.75	1
£5.75 +	3

“I worked as a kitchen porter for the first two years and now I am a cook. I work six days a week and earn £200,” cook I, Brick Lane

Weekly net income from restaurant work	Number of interviewees
£100 - £200	6
£201 - £300	11
More than £300	1
No response	2

Tax and National Insurance:

- Only two interviewees said their employer deducted tax from their wages.
- 12 interviewees said their employers did not deduct tax from their wages - six chose not to disclose this information.
- 11 interviewees said they had never supplied their employer with a national insurance number (a further four chose not to disclose this information).

“I work 60 hours a week but only pay tax on 20 hours work,” waiter M, Brick Lane.

Income tax	Number of interviewees
Tax is deducted from my wages	2
Tax is not deducted from my wages	12
No response	6

Working hours:

- All interviewees worked six days per week - up to 65 hours per week.
- All interviewees worked split shifts – typically 11am to 2pm and 5pm to midnight – which made it difficult for them to access ESOL training and other support.

Weekly working hours	Number of interviewees
35 - 39	1
40 - 50	3
50+	16

“My life is work, eat and sleep – on my day off I sleep all day,” cook I, Brick Lane

Employment contracts:

- 14 interviewees said they had no employment contract.
- Two of the four interviewees who did have an employment contract said that although their contract stated they worked a maximum of 20 hours per week, they in fact worked full time.

Do you have an employment contract?	Number of interviewees
Yes (20 hours) ⁶	2
Yes (full time)	2
No response	2
No contract	14

⁶ These interviewees said they had a 20 hour per week contract but that in fact they worked full time

State benefits:

- Six interviewees said they were personally in receipt of state benefits – these six were amongst those who were paid in cash-in-hand (i.e. their employer did not deduct tax from their pay).
- Three interviewees said their wife was in receipt of state benefits.

State benefits	Number of interviewees
I get benefits	6
My wife gets benefits	3
I don't get benefits	4
No response	7

Working conditions

We asked interviewees what they liked and disliked about their working conditions.

Likes:

- Payment in cash**
- Absence of an English language requirement**
- Not having to pay tax**
- Working with others from their own community**

Dislikes:

- Long working hours**
- Poor health and safety conditions**
- Unsocial shifts**

Things I like about work	Number of interviewees⁷
Wages paid in cash	12
No English language needed	11
Don't need to pay tax	7
Colleagues and employer are from same ethnic origin	5
No qualifications / education needed	3
Free food	1

⁷ Some interviewees mentioned more than one like or dislike

“It’s a friendly atmosphere and you don’t need any qualifications,” waiter M, Brick Lane

Things I don’t like about work	Number of interviewees⁸
Long hours	6
Hard work	5
Poor health and safety	5
Unsocial shifts	3
Low pay	3
Working with alcohol	2

“Work in the kitchen is hard - it is very hot, the fans don’t work and you are working with hot water all the time,” waiter O, Brick Lane

More about the people we interviewed

The typical interviewee was a married Bangladeshi male in his mid thirties with four children who had lived in the UK for more than five years and worked in the restaurant sector for a similar amount of time.

Age:

- Half of all interviewees were aged between 36 and 45.
- Only two interviewees were aged under 25.

Age	Number of interviewees
18 - 25	2
26 - 35	7
36 - 45	10
45 +	1

⁸ Some interviewees mentioned more than one like or dislike

Marital status:

15 interviewees were married and five were single.

Children:

- Almost half of all interviewees had between three and five children living with them in the UK.
- Only three interviewees had no children.

Children in the UK	Number of interviewees
None	3
1 - 2	5
3 - 5	9
5+	3

Length of time in restaurant work:

- 14 interviewees had been employed in the UK restaurant sector for more than five years.
- Only two interviewees had worked in the sector for less than a year.

Years working in restaurants	Number of interviewees
Up to 1	2
1 - 5	4
5 +	14

Length of time in the UK:

15 interviewees had lived in the UK for more than five years.

Years in the UK	Number of interviewees
1 to 2	2
3 to 5	3
5+	15

How interviewees came to live in the UK:

- Most interviewees had the right to live and work in the UK because of British ancestry or marriage to a British citizen.
- All interviewees (with the exception of the Polish interviewee) were born in Bangladesh and had come to the UK as adults.

Route to living in UK	Number of interviewees
Asylum seeker	1
Born in UK	0
British ancestry	6
EU citizen	1
Sector-based work permit scheme ⁹	3
Marriage	5
Student	2
Undocumented	2

⁹ The sector based work permit scheme operated in 2003 and 2004, allowing people from Bangladesh to be employed in the catering industry in the UK.

Where interviewees live:

- All interviewees lived in East London; most within a few miles of their workplace.
- Only four interviewees lived in or very close to Brick Lane.

Where you live	Number of interviewees
Aldgate	1
Barkingside	1
Bethnal Green	1
Bow	1
Brick Lane	2
Hackney	2
Ilford	1
Whitechapel	1
Plaistow	1
Redbridge	1
Shadwell	1
Stepney Green	1
Stratford	2
Walthamstow	1
No response	3

Type of housing:

- No interviewee lived in accommodation provided by their employer.
- The majority lived in housing association or council rented accommodation.
- No interviewee owned their home.

Housing type	Number of interviewees
Home owner	0
Private rented	2
Housing association / council rented	13
Shared house	4
Living with parents/ family	1

Education:

- Only three interviewees had completed an educational course in the UK.
- Nine had not taken part in any formal education in the UK.
- Five interviewees held a degree (four obtained at a Bangladeshi university and one from Poland).

Education in the UK	Number of interviewees
Started and completed course	3
Started but not completed	4
Never attended	9
No response	4

Education outside the UK	Number of interviewees
No formal education	3
Primary	1
Secondary	4
Higher Secondary	3
University degree	5
No response	4

Remittances, banking and savings

Interviewees had some engagement with the financial system and financial products – all had bank accounts and most used formal channels to send money home. However the extent of financial engagement was limited - most used their bank accounts only infrequently and almost none had savings in the UK.

Remittances to Bangladesh represented a large financial commitment – interviewees sent home to Bangladesh around a quarter of their income from restaurant work.

Sending money home:

- Almost three quarters of interviewees sent more than £200 each month to overseas dependents (all in Bangladesh).
- The majority of interviewees sent money home using a bank or a registered money transmitter. Only two used an informal money transfer method.

“I have to send money home each month because my parents and siblings depend on me,” waiter A, Brick Lane.

Do you send money to support someone living abroad?	Number of interviewees
Yes	15
No	2
No response	3

The amount some waiters send home each month is equal to what some people in Bangladesh earn in a year

How much do you send to support someone living abroad each month?	Number of interviewees
£100 - £200	1
£201 - £300	11
More than £300	3
No regular amount	2
No response	3

How do you send money abroad?	Number of interviewees¹⁰
Formal transfer (bank or agent)	11
Informal transfer ('hundi') ¹¹	2
No response	2

Banking:

- All interviewees said they had a bank account in the UK.
- Only eight interviewees said they used their bank account regularly (i.e. once a week or more, including cash withdrawals).

How often do you use your bank account?	Number of interviewees
Less than once a week	12
About once a week	5
More than once a week	3

Savings:

- Only two interviewees had savings in the UK
- 13 interviewees had savings held outside the UK

Do you have savings?	Number of interviewees
I have savings in the UK	2
I have savings abroad	13
No response	5

¹⁰ This table refers to the 15 interviewees who said they sent money abroad each month.

¹¹ 'Hundi' or 'Hawala' is an informal money transfer system based on a network of unregulated money brokers located in the UK and Bangladesh.

Aspirations

We asked interviewees to tell us about their aspirations for the future.

- 11 interviewees said they wanted to switch to a career with working hours that were less unsocial.
- Seven interviewees had no plans to change from their current situation.
- Two interviewees hoped to open their own restaurant.

“I would like to become a teacher, but the training is expensive and how I would look after my family here and back home?” waiter A, Brick Lane

What are your aspirations?	Number of interviewees¹²
Switch to a career with less unsocial hours	11
Stay the same	7
Settle outside the UK	2
Start my own restaurant	2

Barriers to aspirations:

We asked interviewees to tell us what they perceived as the barriers to achieving their aspirations.

- Almost three quarters of interviewees identified poor English language skills as a barrier.
- Just over half said lack of education and qualifications was a barrier.
- Lack of access to credit was a barrier for almost half of interviewees.

¹² Some interviewees mentioned more than one aspiration.

“I would like to start a business but I don’t have any capital and I don’t think the bank would lend me any,” waiter E, Brick Lane.

What are the barriers to achieving your aspirations?	Number of interviewees¹³
Poor English language	14
Lack of education and qualifications	11
Lack of access to credit	6
Lack of business knowledge	4
Lack of religion-compliant credit	3
Other	4
Unwillingness to take credit	1

Conclusion

Our research suggests that cash in hand working is widespread in the restaurant industry in Brick Lane and that this informal economy is having a negative impact on the life chances of many working within it.

After years of working long anti-social hours, many employed in this sector say they continue to find that poor spoken English and the absence of skills and qualifications prevents them making the most of their abilities. Cash in hand working is locking these individuals into relative poverty – providing a minimum income and cash to send some money home to Bangladesh – but offering few opportunities for the acquisition of new skills and advancement.

The majority would like to change their situation. But with poor English, few savings, a subsistence level of income and difficulty accessing credit, they have little hope of breaking into an alternative career or setting up their own business.

The split shift working pattern exacerbates the problem, making it almost impossible for these workers to access mainstream education to improve their language and other skills.

¹³ Some interviewees mentioned more than one aspiration.

The challenge for Toynbee Hall, Community Links and others is how to work with these individuals and their community to provide those that want it with an opportunity to break out of the informal economy and the cycle of poverty it perpetuates.

Next steps

Partnership working, both with the Bangladeshi community and between agencies that can help with training and other services, is likely to be the key to success.

That is why Toynbee Hall is establishing a partnership group – which it hopes will include local Bangladeshi community and business organisations – to develop practical solutions to help restaurant staff break out of the informal economy and achieve their aspirations.

This group could also help guide further research which is likely to be needed, to establish in more detail how to assist those working in the informal economy.

Recommendations

- Establishment of a partnership group of Bangladeshi community and business organisations and voluntary and public sector agencies to advise on interventions and further research.
- ESOL training at times and places convenient to restaurant staff.
- Employment, training and job search advice at times and places convenient to restaurant staff.
- Catering training for staff who want to progress in restaurant industry.
- Establishment of a social enterprise training restaurant in partnership with an existing Brick Lane business.
- A publicity campaign to raise awareness of the minimum wage and employment rights.
- An audit of the informal economy in Tower Hamlets to provide further information about informal working amongst the Bangladeshi and other communities.

- Establishment of a Bengali Partnership Worker post to co-ordinate partnership working and interventions.
- Liaison with Local Area Partnerships (LAP) to access local employment and training resources.

About Toynbee Hall

Toynbee Hall produces practical programmes to meet the needs of local people, improve conditions and enable communities to fulfil their potential. We make a difference by developing local programmes that have the power to become national solutions.

Tower Hamlets continues to be one of the most deprived boroughs in the country and Toynbee Hall works with over 6,000 members of the community each year to support them to meet the challenges that they face and to encourage them to take control of their lives.

Visit: www.toynbeehall.org.uk

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About Community Links

Community Links is an innovative charity running community-based projects in east London. Founded in 1977, we now help over 53,000 vulnerable children, young people and adults every year, with most of our work delivered in Newham, one of the poorest boroughs in Europe. www.community-links.org

Community Links pioneers new ideas and new ways of working locally and shares the learning nationally through **linksUK**, which provides practitioner-led consultancy and training, research and policy development and a programme of publications.

Visit the linksUK blog: www.community-links.org/linksuk

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