SUMISSION FROM TRUST FOR LONDON

Introduction

Trust for London is the largest independent charitable foundation funding work which tackles poverty and inequality in the capital. We support work providing greater insights into the root causes of London’s social problems and how they can be overcome; activities which help people improve their lives; and work empowering Londoners to influence and change policy, practice and public attitudes.

Annually we provide over £7 million in grants and at any one point we are supporting some 400 voluntary and community organisations. Established in 1891, we were formerly known as City Parochial Foundation.

Background

The London Living Wage special initiative ([http://www.trustforlondon.org.uk/special-initiatives/london-living-wage/](http://www.trustforlondon.org.uk/special-initiatives/london-living-wage/)) was set up at the end of 2008 and developed from the Trust’s commitment to challenge in-work poverty and poor/vulnerable working conditions that many Londoners experience. Although the Trust has been supporting living wage campaigns (through grants to London Citizens) since 2001, the special initiative was a specific programme which aimed to secure a ‘step change’ in the number of employers signed up to a living wage; and increasing public awareness of the campaign.

In 2010, 470,000 Londoners were low-paid employment (1 in 7 jobs in the capital). Of this number, over half were women and a third were women in part-time jobs. Nearly 50% of young adults are low paid; and in the retail sector 25% of jobs are low paid with a further 20% in hotels and restaurants and 17% are in the public and community sectors ([Source ASHE, ONS, cited in London’s Poverty Profile, 2011](http://www.londonpovertyprofile.org.uk/).

Aims and objectives

The Trust’s special initiative was created to increase awareness and implementation of a London Living Wage (LLW) as a means to achieving a better standard of living and quality of life for people living in poverty.

The initiatives objectives are to:

1. Increase the number of low-paid workers (an additional 37,000) earning a living wage in London.
2. Empower low-paid workers so they are central to the campaign.
3. Secure additional financial benefits of at least £111 million in wages for London employees.
4. Develop a Living Wage Foundation to increase and monitor the number of employers signing up to become living wage employers.
5. Critically assess the cost and benefits of adopting a living wage policy, including utilising research data and existing models of good practice in order
to develop a business case for employers which may be part of their overall commitment to corporate social responsibility.
6. Increase the number of living wage employers to include their commitment to the living wage as part of their public documents and publicity.
7. Influence future social and economic policy in relation to the living wage, particularly in relation to Government and political parties.

Funding

The Trust for London has invested nearly £1 million in the initiative, which has three elements:

- Campaigning and accreditation - in total, London Citizens www.londoncitizens.org.uk has been awarded £850,000, over four years, for campaign work particularly in the higher education, retail and public sectors and to establish a Living Wage Foundation to promote and accredit the Living Wage Employer Scheme.

- Research - Queen Mary, University of London www.geog.qmul.ac.uk has been awarded a commission of £80,000, over two years, to undertake independent research on the longer-term impact and potential benefits of a living wage to both employees and employers. Central to the research will be findings from seven sets of comparative case studies across key sectors (including living wage and non-living wage employers) on the cost and benefits of implementing a living wage. It is anticipated that the research will help strengthen and develop a business case model. This research will be available in the Summer of 2012.

In addition the Trust has recently funded IPPR www.ippr.org to undertake some economic modelling of the impact of paying a living wage on employers, government finances and the wider economy. This research will be available in the Summer of 2012.

- Evaluation - Cambridge Policy Consultants www.campolco.co.uk have been commissioned to undertake a four-year piece of evaluation to explore and assess the overall impact of the Living Wage special initiative. This evaluation will be available at the end of our funding of the initiative in 2013.

Key achievements

- In total, over 140 employers have formally signed up to the LW, with many more informally adopting it.

- In 2010, £33 million in additional wages was paid to low-paid workers by employers signed up to the living wage scheme. The total over the past decade has now reached £96 million (http://tinyurl.com/86she78).

- 12 Local Authorities are committed in principle to the London Living Wage, of which 4 are already implementing it across their contracted out workforce (between 1,000-3,000 employees benefiting in each local authority).
• 12 higher/further education employers have implemented/are implementing the London Living Wage including the London School of Economics (LSE), Birkbeck, University College London (UCL) and Queen Mary’s University of London (QMUL) (between 50-100 workers benefiting in each institution).

• Approximately 70 Non-governmental organisations (NGOs) have implemented the London Living Wage.

• One high street chain has implemented the Living Wage.

• Negotiations are continuing with three supermarket chains including Tesco, John Lewis and Marks and Spencer.

• Private sector employers currently include Deloitte, Unilever, JP Morgan and Coca Cola.

• LW employer support is strong in Banking and Accountancy sectors with LW champions such as Barclays and KPMG.

• There is a continuing commitment from the Mayor of London for the LLW.

• There is support from all three major political leaders in England (David Cameron, Ed Miliband and Nick Clegg) for a LW.

• A number of trade unions support the campaign including regional branches of PCS, Unite and Unison.

Key findings/issues

1. There is wide acceptance that the NMW in London is insufficient to meet the basic living needs of Londoners, particularly due to the capital’s high housing costs. This is already accepted by a large number of employers through the payment of London Weighting, though this is not paid by all employers – hence the need for a LLW.

2. The simplicity of the LW is important, particularly for employers and employees to understand it; as well as ensuring that it is monitored effectively. The LW is now focussed solely on the hourly pay rate.

3. Backing from key political figures such as the Mayor of London is critical. The Mayor’s role in setting the annual LLW figure also adds weight and credibility to the campaign. Political support at a borough level e.g. the Mayor of Lewisham, the Council Leader/Chief Executive of LB Islington is also important.

4. Media support is also critical. A number of wins including University College London and Lush were partly achieved by the Evening Standard (http://tinyurl.com/3vpkhsm and http://tinyurl.com/2dgp6yy).
5. The hardest sectors to ‘win’ are those where low pay is intrinsic to large sections of the workforce, for example in retail, catering and hotels. Conversely, those who have few low-paid staff (ie banking) can be accredited more easily.

6. There is a need to invest in an independent organisation to enable the campaign to increase the number of living wage employers and to monitor compliance of payment of the LLW. A kite mark and annual subscription is vital, particularly in enabling the campaign and accreditation to be sustained; and for low-paid employees to have confidence that their employer is complying with the scheme.

7. The moral case for a living wage is strong. For example, a living wage supports working families living in poverty and helps to tackle the growing disparity of pay inequality.

8. In some cases there is value in focusing on ‘reputational benefits/risks’ to a business/company, particularly if it has a strong commitment to CSR.

9. The economic case for Government is also strong, as the emphasis on employers paying more, rather than low-paid workers having to rely too greatly on welfare benefits such as tax credits to make up the deficit in their incomes.

10. The time it takes for an employer to agree to pay the LW varies significantly. Generally, the more staff who will benefit from being paid a LW, the longer it takes for an employer to sign up.

11. It is critical that contracted-out staff are included in any LW accreditation scheme; as if they are not there is the danger that employers will just contract out their low-paid staff.

12. It is important that there is a set date for the annual announcement of the LW, ideally at the same time as the National Minimum Wage (NMW) is set.

13. LW employers talking to their peers (especially at a HR level) about becoming a LW employer is an effective means of encouraging LW accreditation.

14. Having a wide range of supporters backing the campaign is vital. This includes employers, employees, trade unions, politicians and civil society organisations.

15. Wider public knowledge of the LW creates momentum for the campaign and for individual employees and other stakeholders (such as shareholders and directors of companies) to raise the issue of LW accreditation with an employer.

16. The LW is just one element of improving the conditions of low paid and vulnerable workers and is not a panacea. Also of importance is job security, working conditions and working flexibly.
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