

Committee(s): Policy and Resources Committee	Date: 4 October 2018
Subject: London Living Wage Campaign	Public
Report of: Damian Nussbaum – Director of Economic Development	For Decision
Report author: Samantha Lagan – Economic Development Office	

Summary

This paper seeks approval for the City of London Corporation to run a campaign in 2018/19 to encourage financial and professional services businesses in the Square Mile to pay the London Living Wage (LLW) at £10.20 per hour.¹

The campaign supports our work on diversity and social mobility, wellbeing and mental health. This is an important part of our work to help the sector to regain trust, and enables the Corporation to influence the ongoing debate about business's role in society.

We will approach this campaign in a positive way with the aim of demonstrating the commercial and societal benefits of paying the London Living Wage. It will not be about naming and shaming businesses who aren't paying the London Living Wage, but will be about taking the opportunity to respond to the public and political interest in creating positive social action. This is a pressing issue with both low and high pay generating headlines in the media and is a significant part of the trust debate focused around pay.

We plan to launch the three-month London Living Wage campaign in 2018/19. The Economic Development Office will run events to convene the business sector and ask them to consider the London Living Wage as the campaign's key action/ask.

Recommendation(s)

Members of the Policy and Resources Committee are asked to:

- Approve the commencement of a business-facing London Living Wage campaign in 2018/19 with the aim of demonstrating the commercial and societal benefits of paying the London Living Wage.
- Agree to part-fund £15,000 for the London Living Wage Campaign to be met from your Committee's Policy and Initiatives Fund for 2018/19 categorised as 'Communities' and charged to City's Cash. We are already funding £15,000 for this within our local budgets but require the additional £15,000 for the creative and publicity work, which is not available in the budget.

¹ This figure is the current 2017/18 rate for the London Living Wage. The new rates for the LLW for 2018/19 are announced on 5 November 2018.

Main Report

1. A process has recently been undertaken internally to review ways in which the City of London Corporation's commitment to the London Living Wage can be strengthened.² One of the proposals emerging from this review was to suggest running a campaign with City businesses to pay the London Living Wage.
2. Like the City Corporation, City businesses are also being asked to consider the ways in which they create social value and build and retain public trust. The City Corporation is working to support City businesses to do so through the Lord Mayor's 'Business of Trust' initiative, with a significant part of the trust debate focused around pay. Both low and high pay generates public and political focus. The revised UK Corporate Governance Code 2018 highlights more demanding criteria for remuneration policies and practices.
3. At the same time, the current Mayor of London has also put the London Living wage at the heart of his economic fairness agenda and at the centre of a new good work standard – a pledge to encourage good employment practices. London boroughs including Lambeth, Islington and Southwark are also showing leadership in this space. This builds on the strong commitment of the previous mayor, Boris Johnson.
4. 21% of working Londoners are earning below the London living wage. This affects individuals in every London borough.³
5. The FPS sector is a well-paid sector with people who are highly qualified and who demand a high wage. The Living Wage campaign would be of greater relevance to the FPS supply chain, e.g. where agency workers are used for security, hospitality and reception roles.
6. Many businesses in the financial and professional services (FPS) sector are accredited Living Wage employers, with 340 accredited Living Wage FPS employers in the UK. There are 240 larger FPS firms (250+employees) based in the City, of which 84 of those larger companies are accredited Living Wage organisations.
7. The implications of not earning the London Living Wage for many people mean having to work overtime and taking on second jobs or night shift work to afford the basic essentials, the cost of which are continuing to rise. This can create a knock-on effect on people's wellbeing and mental health, which in turn means that employees' health and therefore performance suffers, and with it, productivity.
8. The benefits of receiving the London Living Wage gives workers a greater chance of fulfilling their potential within a single job, of accessing further education and training in their spare time, and consequently, the ability to achieve upward mobility.

² For more details, see Appendix 1

³ <https://www.trustforlondon.org.uk/publications/londons-poverty-profile-2017/>

9. There is increasing evidence that paying the living wage doesn't just have an ethical dimension, it also makes good business sense (staff retained, morale better, productivity improved, attractive to consumers). Living Wage Foundation research found that 86% of respondents reported that Living Wage accreditation had enhanced their organisation's general reputation as an employer.
10. Paying the London Living Wage helps people to be better able to spend more quality time with their family and friends, save a little for an emergency and alleviates the worry about affording the basics. Earning the LW and the LLW enables people to be able to support themselves and their families giving them a dignified life.

Current Position

11. According to our research, the main challenges for firms to commit to the London Living Wage (LLW) are:
 - Lack of awareness of the Living Wage campaign.
 - Living Wage vs National Living Wage - confusion between the mandatory National Living Wage and the voluntary Living Wage (LLW)
 - Difficulty implementing future annual rises in the Living Wage and maintaining pay differentials across the whole of the organisation.
 - Lack of awareness about the existence and impact of low pay (not aware of other staff working in the same building e.g. Cleaners, Security guards, caterers in building).
 - Reputational considerations are found to play an important role in the decision to become a Living Wage employer with organisations seeking to improve either their reputation as an employer or their corporate reputation.
12. There is a clear need for a campaign that addresses these issues and we are in a good position to lead on publicity to encourage City businesses to pay the London Living Wage, as an accredited employer ourselves. The City Corporation has been committed as an accredited member of the Living Wage Foundation since 2012 and from 2016 have been fully compliant in line with the license for permanent and fixed term staff (or workers), apprentices, casuals and interim staff.
13. As the City Corporation can demonstrate the impact of working this way, we are in a good position to rally others to do the same. The Corporation will be able to demonstrate the commercial and societal benefits of paying the London Living Wage.
14. The City Bridge Trust is a Living Wage Friendly Funder and a Living Wage Friendly Funder Champion amongst its prospective and existing grantees. A member of the City Bridge Trust team sits on the National Steering Committee of Living Wage Friendly Funders, and regularly champions the benefits to external organisations.

15. Although it is not a requirement of the Living Wage Foundation accreditation, the City Corporation pays its Interns, Work experience placements over two weeks and Apprentices the London Living Wage as a minimum. This was recognised as an outstanding contribution in an independent responsible business review undertaken for the City Corporation in 2017.

Proposals

16. Members of this Committee are asked to support a City Corporation campaign encouraging Financial and Professional services firms to pay the London Living Wage to all their directly employed staff and to regular, onsite sub-contracted staff as well.
17. The objective of the campaign is to accelerate the number of Financial and Professional services companies paying the London Living Wage and improve the public's perception of Financial and Professional services.
18. We would approach this campaign in a positive way, raising awareness and celebrating the benefits of paying the London Living Wage to all staff and supply chains. We would want to ensure that paying the London Living Wage is understood by business and is a recognised initiative that leading businesses choose to embrace.
19. The approach we would take is to make this a publicly visible and creative campaign across the Square Mile with high profile publicity. This would be supplemented by events and reinforcement of the message in speeches and other communications, such as social media and on our website. We would plan to launch a three-month campaign in 2018/19.
20. The City Corporation has a good story to tell as an accredited organisation, and there is already some momentum amongst the sector. The City Corporation can use its unique position to lead by example and work with businesses to raise awareness and demonstrate the commercial and societal benefits of paying the London Living Wage.
21. We can add value by leveraging our networks, through which we can encourage business to consider the benefits of paying the London Living Wage by bringing sectors together. We have influence over a range of assets and can use the space across the Square Mile to run an engaging campaign. This campaign would support the Living Wage campaign to target a key sector and would help to improve the lives of those within the sector's reach.

Corporate & Strategic Implications

22. The campaign will support the City Corporation to deliver the following outcomes within the Corporate Plan for 2018-23:
 - Outcome 2 – People enjoy good health and wellbeing.
 - Outcome 3 – People have equal opportunities to enrich their lives and reach their full potential.
 - Outcome 8 – We have access to the skills and talent we need.

23. The campaign also links to the following existing activities within the City Corporation:
- The Business of Trust
 - Towards a Sustainable Future Strategy for 2018-23,
 - Social Mobility Strategy for 2018-23,

Financial Implications

24. It is proposed that the required funding of £15,000 is drawn from your Committees 2018/19 Policy Initiatives Fund 2018/19, categorised under 'Communities' and charged to City's Cash. The current uncommitted balance in the 2018/19 Policy Initiatives Fund is £157,341 prior to any allocation being made for any other proposals on today's agenda.

Conclusion

25. The campaign is designed to be a positive, proactive and influential response to public, political and business concerns around levels of pay and pay inequality.
26. The proposed campaign will provide an opportunity for the City Corporation to continue to build our position as an influential leader and practitioner around the Living Wage to encourage and engage key business, political and charitable stakeholders.
27. Based on the above, this campaign is a key driver through which the City Corporation can fulfil its vision of a 'vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK' and its aims to 'contribute to a flourishing society, shape outstanding environments and support a thriving economy'.

Appendix 1

The Living Wage Foundation is an independent organisation behind the Living Wage campaign. They accredit employers who are paying their directly employed staff a living wage, and who have a plan in place to extend that to regular, onsite sub-contracted staff as well. Accreditation is the only way we know if the London Living wage is being paid by employers, however, this doesn't mean that other businesses aren't paying it.

There are important differences between the Government's 'national living wage' and the independently calculated, voluntary Living Wage rate of pay. The 'national living wage' is a statutory minimum and all employers have to pay it to employees over 25 years of age. There is one rate (£7.83 per hour as of April 2018) for the whole country with no allowance for the higher costs of living in the capital.

Only the real Living Wage is independently calculated each year based on an assessment of what employees and their families need to live on. It is an hourly rate that provides a benchmark for employers that voluntarily choose to ensure their staff earn a wage that meets their cost of Living.

Calculation

Year	London Living Wage	UK Living Wage	National Minimum/National Living Wage
2016 – 17	£9.75	£8.45	£7.20
2017 – 18	£10.20	£8.75	£7.50
2018 - 19			£7.83