

<b>Committee:</b>	<b>Date:</b>
Procurement Sub-Committee	16 January 2019
<b>Subject:</b> Update on Implementation to enhancements to Living Wage Policy – Supplier contracts	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report Author</b> Chris Bell, Commercial Director, Chamberlain's	

### Summary

In October 2018 Members of Policy and Resources Committee approved a range of enhancements to the existing Living Wage Policy. These enhancements included specific items that impact current and new suppliers:

- Mandating payment of the Living Wage to all contracted supplier staff delivering two hours or more work for the City Corporation.
- Changing our existing policy to mandate the payments of Living Wage to affected staff to the date of the announcement each year from 2019/2020 onwards for both our own staff and suppliers' staff to be effective the first month after the annual announcement (that is, from December 2019).

The impact of these agreed enhanced policy changes has meant revisions were needed to the City Corporation's procurement processes; the existing Living Wage policy; the standard procurement documents; the standard terms & conditions; as well as contract management procedures.

This report updates Members on the activities undertaken to implement these changes.

### **Recommendations**

Members of **Procurement Sub** Committee are asked to:

- Note the report.

### Main Report

#### **Background**

1. The City Corporation has been committed to the principle of Living Wage since 2012 and has been an accredited Living Wage employer since 2014. From April 2016 we have been fully compliant with the Living Wage Foundation's accreditation license for direct staff, temporary workers, contractors and sub-contractor's staff.

2. We have an established and strong working relationship with the Living Wage Foundation as an early adopter of the standard and this has been illustrated by the Living Wage Awards being held at Guildhall earlier this year and the Barbican Centre being the location for the live announcement of the new rate in November 2018.
3. In October 2018 Members of the Policy and Resources Committee explored whether steps could be taken to enhance our commitment to Living Wage further and agreed to:
  - Mandate the payment of the Living Wage to all contracted staff delivering two hours or more work for the City Corporation.
  - Commence discussions with the Living Wage Foundation on the City Corporation being an early adopter of their 'in-development' enhanced accreditation standard.
  - Change to our existing policy and mandate the back dating of the payments of Living Wage to affected staff to the date of the announcement each year from Financial year 2019/2020 onwards for both our own staff and suppliers' staff with £400k additional costs per annum (£250k suppliers, £150k direct staff) to be effective the first month after the annual announcement.
  - Receive an annual committee report on the impact, progress and outcomes achieved by this enhanced policy.
4. Due to this decision in October, a Living Wage Working Group was set up immediately, led by the Commercial Director with representatives from City Procurement's Policy and Compliance team; Procurement Operations; Commercial Contract Management; Sourcing and Category Management and Comptrollers & City Solicitors. The working group reviewed current processes and documentation and created an action plan relating to communications; procurement processes; policy and training. As a result, City Procurement and Comptroller & City Solicitor's (C&CS) have undertaken the following activities to implement the required changes:
  - The City Corporation's Procurement Code (Parts 1 and 2) have been updated to reflect the new Living Wage Policy.
  - The City Corporation's internal Living Wage Policy has been updated.
  - City Corporation's external Living Wage policy statement has been updated and re published on the website.
  - Contract Management guidance and training materials have been developed for role out to the organisation in January 2019.
  - New Living Wage standard terms and conditions have been developed individually for goods, services and works contracts to bring Living Wage to the forefront for suppliers when bidding for the City Corporation's contracts.

- Living Wage has been incorporated into the standard procurement Request for Quote (RFQ) process and as a result Living Wage provisions are now part of the RFQ standard documents used for purchases valued over £10,000 to £100,000 for services and purchases valued over £10,000 to £400,000 for works.
- Standard procurement documents for purchasing above £100,000 or services or above £400,000 for works which contained existing Living Wage provisions have been updated with the enhanced living wage requirements.
- Procurement Awareness training for officers with purchasing responsibilities has been updated and is currently being rolled out across the City Corporation.
- Communications have been carried out internally at Category Boards and separately to the DCCS commissioning team with external partners via our Social Value Panel. With further communications planned across the organisation using various channels in January 2019.

### **Corporate and Strategic Implications**

7. The enhancements undertaken to the City Corporation's Living Wage Policy are aligned to the Corporate Plan theme of Supporting a Thriving Community. They deliver against the targeted outcome of '*Businesses are trusted and socially and environmentally responsible*'. Living Wage is a component part of the Corporation's Responsible Procurement Strategy and is consistent with the aims of the emerging Responsible Business Strategy.

### **Conclusion**

8. The City Corporation has been committed as an accredited Living Wage employer since 2014. This report outlines the activities undertaken to date to implement the changes agreed by Members of the Policy and Resources Committee in October 2018 to enhance our existing Living Wage commitment.

### **Background Papers**

- *Living Wage Accreditation – Potential Enhancements – Policy and Resources Committees, 4 October 2018*

### **Report Author**

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