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| <b>Committee:</b><br>Finance Committee   | <b>Date:</b><br>10 May 16 |
| <b>Report title:</b><br>Living Wage – Update   | <b>Public</b>             |
| <b>Report of:</b><br>Joint report of the Chamberlain and the Director of<br>Community and Children’s Services                      | <b>For Information</b>    |
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### **Summary**

Members approved a revised City of London Corporation Living Wage Procurement Policy in May 2015. One key element of the new policy was:

- To accelerate the implementation of the Living Wage across all eligible contracts with an aim to be fully compliant with the policy by 1 April 2016. To avoid a protracted transition and to mitigate the risk of service quality inconsistencies and avoid comparability issues which were causing issues at the Barbican Centre on the security and cleaning contracts in particular.

This report sets out the progress to achieve this target and the current overall position with regards the Living Wage across our contract portfolio. The report confirms that the Corporation is has now fully implemented Living Wage across all services with the small exception of residential care home services where despite good progress more time will be needed to complete the transition due to legal and operational complexities.

### **Recommendations**

Members are asked to note:

- a) Progress across all contracts, with full implementation in all bar residential care homes. Within residential care homes, 40 contracts have been confirmed as now compliant with our Living Wage Policy, with work continuing with the remaining 13 to transition or find alternative providers.
- b) the legal reasons, restrictions and operational complexities involved for those contracts which to date have are not yet compliant with our Living Wage Policy.
- c) the future interventions and actions that are in place to ensure where possible the remaining contracts will become compliant with our Living Wage policies as soon as possible.

## **Main Report**

### **Background**

1. At Finance Committee in May 2015, Members approved a new City of London Corporation Living Wage Procurement Policy. This was to ensure that all future procurements relating to eligible service contracts would be contracted to include Living Wage provisions for the life of the contract. Members also approved that all existing eligible contracts be updated or re-negotiated with incumbent suppliers to include Living Wage provisions with a target date of 1 April 2016 for completion of this exercise.
2. The report of May 2015 advised that there were 53 existing and newly planned contracts that would need to be varied or procured to achieve this target by 1 April 16. These were summarised as follows:
  - a. 48 existing contracts related to social care activities including residential care, supported living and domiciliary care (including homecare),
  - b. One existing corporate contract for Refuse collection and street cleansing
  - c. One existing corporate contract for security services (manned guarding)
  - d. One existing contract for grazing services within Open Spaces
  - e. One new corporate contract for cleaning services
  - f. One new corporate contract for window cleaning services

### **Current Position**

3. City Procurement has been working closely with service departments and contract managers to progress the 53 identified contracts and as at 31 March 2016, have good progress seeing 40 being resolved. The latest summary position is as follows:
  - a. All 48 existing contracts related to social care activities including residential care, supported living and domiciliary care (including homecare) have now been reviewed. 31 have been revised to include Living Wage provisions in line with our Policy. A further five contracts have since terminated and have not been renewed. The 12 outstanding contracts are explained in the next section of the report.
  - b. One existing corporate contract for Refuse collection and street cleansing has now been concluded with contract terms revised accordingly to include Living Wage provisions in line with our Policy.
  - c. One existing corporate contract for security services (manned guarding) has now been concluded with contract terms revised accordingly to include Living Wage provisions in line with our Policy.

- d. One existing contract for grazing services within Open Spaces is still outstanding with details provided in the next section of the report.
  - e. One new corporate contract for cleaning services has been procured in line with our Living Wage Policy.
  - f. One new corporate contract for window cleaning services has been procured in line with our Living Wage Policy.
4. All future procurements will include a requirement for Living Wage provisions in eligible contracts as standard.

### **Contracts that have not been resolved by 1 April 2016**

#### Social Care contracts

5. There are 12 outstanding contracts that are all in the area of residential care and supported living.
6. The Corporation has no residential care homes within the City of London boundary and therefore places all clients in need of residential care or supported living in homes outside of the City of London.
7. This means that there are no care homes where the Corporation is the sole commissioner/placer of clients. These care homes cannot pay their staff the Living Wage as they are also providing services to clients coming from a range of Boroughs, many of which do not require the payment of the Living Wage, without incurring significant additional costs that could not be recovered from those Boroughs
8. In addition the Corporation cannot restrict the choice of care homes as this would contravene the Care Act as the supported person (or their nominated carer) has that choice. For these reasons there remain 12 residential care/supported living placements that cannot currently pay in line with our Policy.
9. Moving forward, The Corporation will explain to future clients and their families which care homes do pay Living Wage and which therefore support the Corporation's policy. We will also work with the London Living Wage Foundation and our Social Care colleagues across London to promote the adoption of the London Living Wage by supported living and residential care providers across the capital.

#### Grazing Contract

10. This contract has not been concluded in line with our targeted date of 1 April 2016 as there has been on-going performance related issues wider than the Living Wage element, these complexities are being managed at present with the supplier. The Living wage requirement will be pursued once/if contract

performance levels are improved otherwise the contract will be terminated due to poor performance and a new contract let that will as standard include the requirement to meet our Living Wage Policy provisions.

### **Future proofing for all contracts for Living wage Compliance**

11. In future the provision of Living wage contractually will be managed through standard contract management monitoring procedures and TUPE procedures when contracts are transitioned to new suppliers. All contracts are let with Living Wage annual increases included as standard terms.

### **Conclusion**

12. The Corporation has now progressed all service contracts to meet our Living Wage Policy by 1 April 16 with the exception of 13 contracts. The outstanding contracts are either in the final stages of being resolved or are not able to be resolved due to service complexities or legal restrictions on our ability to enforce Living Wage on contracted suppliers, in particular in the area of residential care and supported living.

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