RECOMMENDATION

That the Cabinet Member for Finance, Resources and Community Safety:

1. Authorises officers to submit an application for London Living Wage accreditation for Southwark Council from Citizens UK.

BACKGROUND INFORMATION

2. The London Living Wage (LLW) is a voluntary minimum hourly rate set by the Greater London Authority. It was introduced in 2005 to provide headroom above the National Minimum Wage (NMW) to prevent working Londoners from falling into poverty. The LLW is currently £8.30 per hour. Southwark Council has already agreed to implement the LLW for its own staff and its contractors. Therefore this paper is now seeking approval to submit a bid for accreditation. Living wage employer accreditation is managed by Citizens UK and provides employers with a licence to use the living wage employer mark. The accreditation process is simple and is open to employers already paying the living wage, or those committed to an agreed timetable of implementation.

Decisions made on the London Living Wage in Southwark to date

3. In June 2011 the cabinet agreed a Medium Term Resources Strategy (MTRS) 2011/12 – 2013/14. Appendix A of that document contained a bullet point “To ensure that all staff employed by the council are employed at or above the London Living Wage.”

4. In February 2012 the Policy and Resources 2012/13 to 2014/15 Revenue Budget was agreed. The foreword explained a change to the February 2011 version of the 2012/13 budget which was that the budget included the introduction of clear plans to ensure that the LLW should also apply to those contracted through employment agencies or through contractors.

Implementation of the London Living Wage

5. From 2011/12, Southwark has been one of a minority of councils in London to pay all its permanent employees at or above the £8.30 level of the LLW. From April 2012 the minimum spinal column point payable was amended to reflect the council's commitment to pay the LLW as a minimum salary. Some changes were also made to the spinal column ranges for grades 1-4.
6. In the planning of all contracts, the appropriateness and best value/cost implications of including the LLW must be considered on a case-by-case basis, recorded in writing and set out in any required gateway one procurement report.

7. Where London Living Wage is included, gateway reports and contract documents must include how the requirement for LLW will be evaluated, and how the payment of the LLW, associated quality improvements and cost implications will be monitored.

KEY ISSUES FOR CONSIDERATION

What benefits are there to the employer?

8. Studies by the Greater London Authority and Queen Mary University of London, found clear evidence that employers have benefited across a wide range of areas after implementing the LLW. The most significant impacts noted were improved recruitment and retention, higher worker morale, motivation and productivity, in addition to the reputational benefits of being an ethical employer.

Does Southwark meet the criteria?

9. In order to gain accreditation an organisation needs to meet the following criteria:
   - Ensure that all directly employed people over the aged 18 or over (other than apprentices or interns) are paid no less than the Living Wage
   - Increase the amount it pays to employees by the same amount as any increase to the Living Wage, within six months of the date on which any increase in the Living Wage is officially announced
   - Ensure that its contractors and sub-contractors adopt the measures above.

10. Southwark already pays the LLW to its entire directly employed staff, and where possible the council will make it a contractual requirement for contractors to do the same.

11. Having initially adopted the LLW in 2008, the council has now taken the necessary steps to be able to seek accreditation and will be able to promote the LLW amongst other employers in the borough where possible.

Schedule of contracts

12. As part of the council’s 2012 Budget, Appendix A of the Budget (Commitments) document shows that the need for additional resources over the next four to five years has been identified. The Contracts Register includes details of when all of the council’s major contracts end and will need to be re-procured.

Process and next steps

13. This report asks that officers be authorised to submit an application for LLW accreditation for Southwark Council from Citizens UK. Subject to agreement of this report, an application will be submitted on 1 November 2012. The final agreed accreditation license application will be published on the Southwark website.
Policy implications

14. As the decision to adopt the principles of the LLW have already been adopted by the council there are no further policy implications involved. The purpose of this paper is to request that a decision is made on whether or not to seek accreditation from Citizens UK who promote the LLW.

Community impact statement

15. Encouraging employers in the borough to adopt the LLW should have a positive impact on everyone employed under the scheme in the borough as it ensures that all employees are paid a sufficient rate that will help to prevent them from falling into poverty.

Resource implications

16. The fee to apply for accreditation is £400 annually. This can be met from existing resources. Either party may terminate this Agreement without cause at any time upon 3 month’s written notice. On termination of the license the council must cease to use the trade mark on any materials in electronic form including on any websites. Within six months of the termination date the council must cease all other use of the trade mark including on printed materials. LLW will refund the fee pro-rata in respect of the period of time in which the Licensee is no longer entitled to use the trade mark. There are no other resource implications as the decision to implement LLW principles in Southwark has already been made.

Legal implications

17. Officers from the contracts team in legal services have advised on the terms of the license agreement to be entered into with Citizens UK to seek accreditation. The final amendments to the accreditation license application will be agreed by the contracts team in legal services. It will then be published on the Southwark website.

Consultation

18. No consultation has taken place concerning this decision to seek accreditation as the principles of the LLW have already been adopted by the council.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

19. There are no specific legal implications in relation to application for accreditation. Officers from the contracts team in legal services have advised on the terms of the licence agreement to be entered into with Citizens UK to seek accreditation, and will continue to advise officers when including LLW requirements in its contracts.
Strategic Director of Finance and Corporate Services (CR/F&CS/12/10/12)

20. The strategic director of finance and corporate services notes the progress made to date on LLW and confirms that the costs of annual registration fees can be met within existing resources.

21. Based on contract schedules the financial impact of future procurements will be assessed and consideration will be given to provide extra funding to those departments letting contracts as necessary.

BACKGROUND DOCUMENTS

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<th>Background Papers</th>
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<tr>
<td>Supplemental Payment IDM - 18 May 2011</td>
<td><a href="http://moderngov.southwark.gov.uk/">http://moderngov.southwark.gov.uk/</a></td>
<td>Everton Roberts Constitutional Team</td>
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<td>Supplemental Payment for Low Paid IDM - 28 May 2012</td>
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APPENDICES

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AUDIT TRAIL

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<tr>
<td>Eleanor Kelly, Chief Executive</td>
<td>John Morteo, Project Officer</td>
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER

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<tr>
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Date final report sent to Constitutional Team 18 October 2012