

Item No. 11.	Classification: Open	Date: 19 July 2016	Meeting Name: Cabinet
Report title:		London Living Wage Symposium Report and Recommendations	
Ward(s) or groups affected:		All wards	
Cabinet Member:		Councillor Johnson Situ, Business, Employment and Culture	

FOREWORD – COUNCILLOR JOHNSON SITU, CABINET MEMBER FOR BUSINESS, EMPLOYMENT AND CULTURE

As part of our council's vision to create a fairer future for all in Southwark, we've committed to paying the London Living Wage and encouraging others to do the same. The Living Wage is important to us because we believe a "fair days work deserves a fair days pay", we see the impact of low wages across our residents lives. People in low paid employment can struggle in maintaining healthy diets, heating their homes properly and living fulfilled lives. That's why the council has successfully implemented a Living Wage pay policy for people directly employed by the council and is committed to doing the same throughout our supply chain.

Whilst we are proud of our achievements, we recognise our residents can't afford for us to be complacent. To address this, we organised a successful Living Wage Symposium to examine the wider context of the Living Wage and the challenges of implementing an effective Living Wage policy for businesses. The symposium allowed people from across different disciplines to collaborate on potential solutions to the challenges of paying the Living Wage.

This report represents the learning from the symposium and the council's commitment to using our role as a community leader by encouraging and supporting other local businesses to pay the London Living Wage.

RECOMMENDATIONS

1. That cabinet note and endorse the 'London Living Wage Symposium report' at Appendix 1, following the council's London Living Wage Symposium which took place in March 2016.
2. That cabinet note and endorse the recommendations within the report that seek to contribute to a higher-wage economy, and specifically those recommendations for local government, which should:
 - Celebrate good practice in their local area and lead by example by becoming a Living Wage accredited employer
 - Make local arguments for pay and productivity, helping businesses to understand how they can gain more value from their workforce through a living wage policy
 - Align local skills with the productivity agenda, ensuring further and higher education provision is linked to employer need and demand
 - Join up pay campaigns with other cost of living issues, including housing.

BACKGROUND INFORMATION

3. In November 2012, cabinet agreed that Southwark Council would become an accredited Living Wage employer. This means that all directly employed council staff are paid at least the London Living Wage and the council expects the London Living Wage to be adopted by contractors and sub-contractors through all procurement activity.
4. The Living Wage is a voluntary minimum hourly pay rate. In order to reflect the true and changing cost of living, it is set independently through the Living Wage Foundation and is updated annually. The Living Wage is calculated by independent experts based on the basic cost of living in the UK, using pre-set indicators determined by public opinion on what is needed to ensure a decent standard of living. There are two Living Wage rates to recognise the higher costs associated with living in London. The current London Living Wage is £9.40 an hour while the UK Living Wage is £8.25 an hour.
5. The Living Wage is based in grassroot activism and maintains strong links to voluntary principles. Unlike the government's mandatory 'National Living Wage', employers choose to pay the Living Wage on a voluntary basis. Accredited employers are responsible for updating their pay policy as the wage changes.
6. Southwark Council is one of thirteen London Boroughs who are Living Wage Foundation accredited. The council has made good progress to embed the principles of the Living Wage in all parts of the organisation but we are ambitious to go beyond the accreditation criteria and use our role as convener and influencer to further the London Living Wage for the benefit of local businesses and residents.
7. Since becoming a Living Wage accredited employer the council has focused its activity on ensuring all directly employed staff are paid the London Living Wage and has embedded the London Living Wage into procurement policy.
8. Beyond this the council has successfully implemented local initiatives to encourage take up of the Living Wage. Particular success has come through the council's:
 - SEEDS project
 - Southwark Apprenticeship Standard
 - Southwark Business Forum.
9. The **Southwark Employment, Enterprise and Development Scheme (SEEDS)** aims to stimulate business growth with local employers while at the same time generating sustainable employment opportunities for young people. The project helps small, local businesses give young Southwark residents one year job opportunities or apprenticeships that are paid at the London Living Wage. The businesses receive a subsidy to help pay the London Living Wage as well as being offered mentoring and support to help their business grow. At the end of the 12 month contract, the employer will be supported to either take on their fully trained employee or to help them to find further employment with their new skills. Over 30 young people with significant barriers to employment have so far been employed at London Living Wage under the scheme.
10. The council implemented the **Southwark Apprenticeship Standard** in March

2015. The standard seeks to promote a better quality of employment and training for Southwark apprentices. One of the criteria employers must meet is to pay their apprentices at least the London Living Wage. Since its introduction, over 150 apprentices have been recruited under the Standard by employers across the borough.

11. The **Southwark Business Forum** was established in May 2015, bringing together major corporate employers based in the borough to discuss the key issues facing business locally and identify opportunities for aligning corporate responsibility agendas with local priorities across the borough. Many of the participants are Living Wage employers and the issue of cost of living, including housing costs, has been raised as an area of concern. It is partly to take these debates forward that the council set up the Living Wage Symposium.
12. Most recently, in February 2016 the cabinet also adopted the **Southwark Diversity Standard**, for roll-out with key partners and suppliers across the borough. This includes a commitment to paying London Living Wage where appropriate to do so, reinforcing the council's leadership role in promoting the London Living Wage in Southwark.

KEY ISSUES FOR CONSIDERATION

13. To further our ability to implement an effective London Living Wage policy locally, the council organised a London Living Wage Symposium in March 2016.
14. The symposium was convened in partnership with the Living Wage Foundation and hosted by Helen Hayes MP at the House of Commons. It brought together over 50 people from employers, business groups, local government, trade unions, community groups, charities and think tanks to debate some of the key issues around the Living Wage and help to identify tangible steps for different groups to help implement effective London Living Wage policy.
15. The symposium sought to discuss three core issues, in the London context:
 - The relationship between the Living Wage, benefits system and housing
 - The challenges for business in paying the living wage and the benefits and costs of paying the Living Wage
 - The employee's perspective, which is often excluded from the discourse.
16. The report from this symposium is at Appendix 1. The report addresses how living wage policy and campaigns can work effectively at national and local levels. It sets out the key messages from the debate that took place during the symposium, grouped by themes. It goes on to propose a set of recommendations for government, local authorities, businesses, employees and consumers to help develop approaches to developing and implementing Living Wage policies that deliver benefit for all.
17. The council is now in a position to move forward with those recommendations from the report that apply to local authorities. We have already progressed well in implementing many of these, and now have the opportunity to go further in reinforcing the council's commitment to promoting the London Living Wage locally. The key recommendations for the council are as follows:
18. **Celebrate good business practice in the local area.** As a longstanding Living

Wage employer and local champion for the Living Wage, the council will play an active role in celebrating the national Living Wage Week and encourage local businesses and residents to do the same. The Living Wage Symposium report will be used as a launchpad to engage businesses and wider stakeholders in the Living Wage debate. Through existing initiatives such as the Southwark Apprenticeship Standard, SEEDS and the Southwark Diversity Standard the council will continue to promote the payment of London Living Wage directly with local employers.

19. **Make local arguments for higher pay and productivity.** The council communicates with local businesses through the Southwark Business Forum and networks including the five Business Improvement Districts and the Chamber of Commerce. Through these relationships the council will engage with local businesses to better understand the productivity, pay and skills challenges they are experiencing. In particular, we will focus on helping smaller businesses understand how they can gain more value from their workforce through a Living Wage policy.
20. **Align local skills provision with the productivity agenda.** The Leader of the Council is currently chairing the Central London Area Based Skills Review, convened by the Department for Business, Innovation and Skills. This review aims to establish the appropriate set of institutions to offer high quality skills provision based on the current and future needs of learners and employers within the local area. It is proposed that the council uses the outcomes from this review to support its growing role in ensuring that further and higher education provision is linked to employer needs and demand. In particular, to take the opportunity to influence skills provision towards higher-skill, higher-pay career outcomes and to support relationships between skills providers and employers, in support of a locally-led agenda for enhanced learner progression, higher productivity and pay.
21. **Join up pay campaigns with other local cost of living issues, including housing.** Officers from across council departments will continue to work together with local partners to understand the impacts of government welfare reform and housing legislative changes on low-paid residents, and work together to develop activity that will mitigate negative consequences for those in low paid employment.
22. In addition to progressing with the recommendations as set out the report, the council will continue to work with other key private and public sector stakeholders, including business, schools, colleges and other partner organisations, to set out the benefits of paying the London Living Wage and in doing so contribute to a higher-wage, higher skill economy that works for all.

Policy implications

23. The council's leadership has made a strong commitment to promoting a 'Fairer Future' for all residents. Through implementing the recommendations set out in this report, the council will be able to deliver against the promises of a strong local economy as set out in the council plan.

24. The project will also deliver against the Council's Economic Wellbeing Strategy's ambitions:
- We will increase and improve employer engagement, making sure residents receive training relevant to the jobs market and to employer needs
 - Local skills provision and training is of the highest quality and backed by a local college of choice with strong employer and community links
 - Business needs are better understood across the council and our services are more accessible
 - Families in challenging circumstances and vulnerable residents are independently able to manage their money better.
25. As well as the policies set out above, by implementing these recommendations the council will be able to respond to welfare changes and universal credit as we help residents become less reliant on welfare and more financially resilient.
26. Additionally, the council recently committed to implementing the 'Southwark Diversity Standard'. One of the key commitments in this standard is to 'Ensure that (where it is appropriate to do so) all our workers and subcontractors in Southwark are paid at least the London Living Wage, or where employed outside London, at least the Living Wage'. Implementing the recommendations set out in this report will complement this commitment.

Community impact statement

27. It is intended that community benefits will accrue through the implementation of the recommendations set out within paragraphs 18 to 21. Paragraph 31 confirms that the symposium had comprised a wide cross-section of representatives from the administrative, commercial and voluntary sectors.
28. Due regard has been paid to the Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 specifically; to have due regard to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct; advance equality of opportunity; and foster good relations between people with protected characteristics and those who do not.
29. The purpose of this report is to set out the way in which the council will promote the implementation of living wage pay policies in order to promote socio-economic equality in Southwark, in particular for the benefit of low-paid residents, apprentices and young people engaged in local employment initiatives.

Resource implications

30. There are no additional costs to the council to implementing these recommendations, any additional costs will be met through existing departmental budgets.

Consultation

31. The recommendations in this report arise from the council's London Living Wage Symposium, held on 2 March 2016. Developed and convened in partnership with the Living Wage Foundation and supported by Southwark Citizens, the

symposium was attended by more than 50 people representing large and small employers, business groups, local government, trade unions, community groups, charities and think tanks.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

32. This report requests that cabinet note and endorse the London Living Wage Symposium report at Appendix 1.
33. The key recommendations arising from the symposium report are summarised within paragraphs 18 to 21 and are consistent with the various corporate initiatives described within paragraphs 9 to 12 and current corporate policy as noted in paragraphs 23 and 24. Cabinet is advised that:-
- There is a presumption that the London Living Wage will apply to all new contracts for the provision of services or works, which are to be performed either on council premises, or in the Greater London area;
 - In such contracts, the London Living Wage will apply to all relevant staff working directly on the contract in question, and will also apply to any relevant staff employed by sub-contractors;
 - 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.

Strategic Director of Finance and Governance (FC16/003)

34. This report is requesting cabinet to note and endorse the 'London Living Wage Symposium report' at Appendix 1 and agree the steps set out in paragraphs 18 to 21 of this report.
35. The strategic director of finance and governance notes that there are no immediate financial implications arising from this report.
36. It is also noted that staffing and any other cost connected with this report to be contained within existing departmental revenue budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Economic Wellbeing Strategy 2012-2020	Strategy and Partnerships Team (Local Economy) , Hub 4, 5 th Floor, 160 Tooley Street, London, SE1 2QH	Danny Edwards 020 7525 5105
Link: http://www.southwark.gov.uk/download/downloads/id/8013/economic_wellbeing_strategy		

APPENDICES

No.	Title
Appendix 1	London Living Wage Symposium Report

AUDIT TRAIL

Cabinet Member	Councillor Johnson Situ, Employment, Business & Culture		
Lead Officer	Stephen Gaskell, Head of Strategy and Partnerships		
Report Author	Nick Wolff, Principal Strategy Officer Liz Gardiner, Senior Strategy Officer		
Version	Final		
Dated	7 July 2016		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
	Officer Title	Comments Sought	Comments Included
	Director of Law and Democracy	Yes	Yes
	Strategic Director of Finance and Governance	Yes	Yes
	Cabinet Member	Yes	Yes
	Date final report sent to Constitutional Team		7 July 2016