Deborah Littman is a National Officer for UNISON, specialising in bargaining research and campaigning around low pay.

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‘I mean look at my wage level now, its peanuts isn’t it, especially when you work for the NHS. You are doing an important job and you get paid peanuts. It’s hard isn’t it because you have to pay rent and the rest of it. I get paid monthly but it doesn’t last the whole month. I mean I got paid today but there’s just enough money in the bank to pay my loan and the bills with little if anything left over for living’. 1

Before the 1997 election, Tony Blair said, “If the next Labour Government has not raised the living standards of the poorest by the end of its time in office, it will have failed”. The Government made clear that it saw the primary and preferred route out of poverty as through work, and not through increased levels of social benefits.

Yet, even with the overall decline in unemployment over the past nine years and improved incomes for the poorest families, the gap between the bottom and top income earners has continued to grow. At latest count 28% of female employees aged 18 and over and 16% of men are low paid, earning less than £6.50 an hour. 2

It is clear that work is not proving an antidote to poverty. Two-thirds of low-income households have someone in work. Half of all children living in poverty live in households where someone is in paid work. 3 Put simply, the problem is that work for millions of workers in the UK does not pay a living wage.

The reason why so many families are falling behind in comparison to a generation ago is largely due to the changing nature of the labour market. Over the last several years many employers have reduced their costs by dividing their workforce. Core workers retain reasonable wages and benefits, while a second tier of workers hired on as temporary or casual workers or contracted out to a private company are paid at lower rates. Workers on these contracts receive the bare statutory minimum required by law, with no sick pay, carers’ leave, maternity provision or pension.


3 Monitoring Poverty and Social Exclusion 2007
Without unions to bargain on their behalf, they are often powerless to improve their situation.

UNISON, the UK’s largest public service union, has consistently argued that workers should be paid at a rate which provides a ‘living wage’, that is sufficient income to secure an adequate living standard without being dependant on in-work benefits. Over the past five years the union has campaigned along with community organizations such as London Citizens and TCC (Trefnu Cymunedol Cymru) to convince employers that paying a living wage is not just the right thing to do morally, but a sensible policy from a business perspective.

**How much is a living wage**

The government has resisted calls to research the amount needed to meet a ‘minimum income standard’, using instead the figure of 60% of median earnings as the official poverty threshold. A completely different approach has been taken by the Family Budget Unit at York University. Along with colleagues from Loughborough University Centre for Research in Social Policy, they have just completed a major research project funded by the Joseph Rowntree Foundation to determine the level of income needed to provide an acceptable standard of living in Britain. Their report concluded that even a single person with no dependants living in council housing needs at least £13,400 a year before tax to afford a basic, but acceptable standard of living. That would amount to approximately £257 a week or £6.76 an hour.

The method calculates the minimum income needed by a family or individual to ensure good health, adequate child development and social inclusion. Variants of this method have produced figures far in excess of the current minimum wage of £5.73 an hour. In July 2008 the Greater London Authority’s Living Wage Unit produced its annual report saying that a worker in London taking advantage of their full entitlement to tax credits and benefits, would need to earn £7.45 an hour to avoid poverty.

**Employers reluctant to pay**

For many employers, the barriers to adopting a living wage policy are largely to do with accountability and cost. The attraction of outsourcing services is that it frees an organization from the day to day management of large sectors of their workforce. In contrast, implementing a living wage policy requires management to re-think their procurement regime and monitor the employment practices of their contractors. Having ‘washed their hands’ of their contract staff, many employers would rather not take back this responsibility.

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5 For the report of the Minimum Income Standard project see: [http://www.minimumincomestandard.org](http://www.minimumincomestandard.org). Hourly figure based on 38 hour week.

Similarly, employers are reluctant to forego the costs savings associated with low wage contract labour, particularly if they are under pressure to trim budgets or increase profits. To consider raising these costs again, employers need to be convinced that the living wage has ‘something in it for them’.

So, what are the advantages to employers and the wider community of implementing a living wage policy?

**Efficiency and productivity**

Paying a living wage helps employers to combat the recruitment and retention problems which traditionally bedevil low paying private employers. The Chartered Institute of Personnel and Development (CIPD) puts average turnover in private sector services at 22.9% in 2006 and the turnover rate by occupation was highest for service jobs, at 23 per cent.  

Turnover represents a significant cost to contractors and their clients. The CIPD calculates the average cost of turnover (including vacancy cover, redundancy costs, recruitment/selection, training and induction costs) in 2007 as £7,750 per leaver. This ranged from £11,000 for a manager/director or professional worker to £5,000 for a service worker, administrative or clerical worker and £1,174 for a manual or craft worker. The contractor will inevitably pass these costs on to the client in the price of the contract.

According to the CIPD it takes an average of 5.3 weeks to fill a manual/craft vacancy and 7.2 weeks to fill the vacancy of a service worker. During that time workers will often be called on to cover the duties of those who have left.

**Practical implementation of living wage growing**

Employers themselves acknowledge the relationship between improved pay and their ability to meet performance targets. In 2004, Barclays Bank, under pressure from the East London Communities Organisation (Telco) set a specification for its cleaning contract with Rentokil Initial that provided the cleaners moving to Barclays’ new headquarters at Canary Wharf with an hourly rate of £6.00 and 28 days holiday. The new pay and benefits package included pension contributions, sick pay, bonuses, increased holiday entitlement, access to a trade union and training to an industry recognised standard. The deal, agreed in partnership with the Transport and General Workers Union (now merged with Amicus to form Unite) and TELCO, set a precedent for other employers in Canary Wharf as it accepted responsibility for establishing minimum pay and conditions for cleaners employed by a private contractor.  

"When we set up the deal we wanted to ensure that we could recruit and retain quality people, in the same way that we try to do with directly employed staff,"

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7 CIPD Annual Survey Report, Recruitment and Turnover, 2007  
8 IDS Pay Report, 960 July 2007
John Cotton, Barclays’ Canary Wharf programme director explained at the time.9

“Clearly there are some cost consequences of what we’ve done but they for us are completely commercially viable because they provide us with a quality of employee and a commitment of employee which we believe will actually give us a better cleaned building.”10

The new policy resulted in a dramatic drop in absenteeism. Turnover fell from 30% to 4%, while performance and customer satisfaction levels improved11.

In 2006 Barclays announced that it would roll out this ‘fair wage’ package across its 2000-strong UK branch network, and the company recently pledged to pay all of its 1000 cleaning, catering and post room staff across London £7.50 an hour (30p above the London Living Wage in force at the time) indexed linked to rise each January. The suppliers involved in the deal include Mitie, Lancaster, Initial, Mail Source, Restaurant Associates, Aramark, Bannatyne’s and Baxter Storey. Facilities management director Jon Couret said: “Although these employees are not directly employed by Barclays, we have a responsibility to ensure they receive a fair, well-rounded remuneration package, and this deal delivers that.” 12

Like Barclays, KPMG found that its turnover rate was halved after it introduced a living wage policy for all of its in-house and contract staff. “No one abused the new sick pay scheme, said Head of Corporate Services Guy Stallard, and absenteeism is very low. We get the benefit of reduced training costs and staff continuity. It is a much more motivated workforce.”13

A growing number of leading employers have incorporated the living wage into their procurement policies. This includes: HSBC, Morgan Stanley, Lehman Brothers, City Group, Deutsche Bank, Royal Bank of Scotland, KPMG, Lovells, Credit Swisse and Macquerie. Public sector organisations involved include: Greater London Authority, four East London health trusts, Queen Mary University and London School of Economics. A growing group of Third Sector organisations have also adopted living wage policies, including Big Issue, Child Poverty Action Group, ACEVO and IPPR. Westway Development Trust became so convinced of the advantages of becoming a living wage employer that they produced a toolkit to help other organisations adopt living wage procurement practices.14

While the exact terms offered differ from employer to employer, all have signed up to a basic Charter for Socially Responsible contracting, which stipulates that all staff, including contract staff are: paid no less than a living wage as set annually by the GLA (£7.45 in July 2008); eligible for 20 days paid holiday plus bank holidays; eligible for 10 days full sick pay per year; allowed free and unfettered access to a trade union. A

9 It’s time rich City firms cleaned up their act, The Guardian, 7 May 2005
11 Confirmed by Barclays’ Press Office, 14 March 2008
12 Barclays Press releases 24 April, 2006
Barclays has continued to raise its London Living Wage rates ahead of increases set by the GLA.
13 Meeting with KPMG, 14 March 2007
14 http://www.unison.org.uk/file/Westway%20Living%20Wage%20Toolkit%20-%20full%20pack.pdf A full list of employers offering the living wage can be found in Appendix 3.
study has calculated that at December 2007 the Living Wage Campaign had won pay rises for an estimated 5,800 workers, amounting to an estimated total gain of £19,438,500.  

Protecting and enhancing reputation of the institution in the wider community

Private companies and public institutions are conscious of their “brand” image, but high-minded mission statements mean little if the public becomes aware that they hide the exploitation of low paid staff. As multinational clothing firms like Gap and Nike discovered to their cost, it doesn’t help sales to be associated with sweatshop labour. Similar embarrassment lies in store for publicly funded institutions whose employment policies are found wanting. One top university, widely known for its dedication “to improving society through the study of poverty issues and the analysis of inequalities” was warned that its “wider reputation as an institution for the betterment of society” would be tarnished if it did nothing to improve the pay of contract cleaners who received “the lowest hourly wage in real terms of any legally employed adult workers in the UK”.  

Private firms are becoming increasingly aware that commitment to corporate responsibility is essential to their public image. As an American business ethics journal points out:

“Traditionally, firms have been judged on how well they serve stockholders. But in the 21st century -- a new era of ecological limits, corporate ethics crises, and rising societal expectations -- this traditional focus offers too narrow a definition of success. Firms rely upon healthy relations with many stockholders. That means not only creating healthy returns for shareholders but emphasizing good jobs for employees, a clean environment, responsible relations with the community, and reliable products for consumers.”  

"Good corporate governance," they note, "can be as effective a marketing tool as a good quarter".

Fulfilling responsibility to the community

For publicly funded institutions with responsibility for the health and well-being of their communities, the importance of a living wage policy goes beyond good publicity. Local authorities, for example, are required to have a community plan, which sets out how the council will tackle racism, unemployment and poverty, while building social cohesion and encouraging local economic development. It would appear contradictory for an authority to adopt employment policies which

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15 Wills, J (2008), The London living wage campaign: estimates of the numbers of workers covered and the wages gained (December 2007) For a wealth of data on the living wage campaign see: http://www.geog.qmul.ac.uk/livingwage/index.html
16 Submission to the Academic Planning and Resources Committee, LSE, 24 October, 2006. The university subsequently agreed to pay its cleaners the London Living Wage.
17 http://www.business-ethics.com/whats_new/100best.html
condemned large numbers of their own staff (whether directly or indirectly employed) to exactly the conditions they were attempting to eradicate.

Pay that falls below a living wage level not only detracts from the quality of life of individual workers, but has a detrimental effect on the whole community. Poor children do less well in school, have poorer life chances and are more likely to be physically or mentally ill. It is easy to see the connection to greater problems of crime and disorder, wasted skills and an impoverished civil society.

A wide range of studies on the impact of poverty have shown that people are faced with impossible choices when income will not go far enough—buy food or heat the house, feed the children or pay the rent. The result can be constant anxiety, long term health problems and spiralling debt. When people cannot afford the fares to visit elderly relatives, the cost shifts to the state for their care. When the adults in the family have to work long hours or do two or three jobs to pay the bills, they are unlikely to have time to spend with their family, much less to help out at their children’s school, join a tenants’ association or participate in community activities.

According to Martyn Vesey, director general of the Cleaning and Support Services Association (CSSA), which represents many cleaning contractors, two thirds of cleaning jobs are part-time. "The average hours a week a cleaner works in the UK is only 15. And 15 times £5 doesn't make a living wage," he says. "A lot of people, who want to make a living from cleaning, might have as many as three jobs."19

**Wider community costs of low pay**

Child poverty is just one example of the way in which the whole community bears the cost of low pay. Poverty results in poor nutrition in women prior to and during pregnancy. Poor maternal nutrition increases the chances of having a low birth weight baby.

Dr. Michael Crawford, Director of the Institute for Brain Chemistry and Human Nutrition at London Metropolitan University, says that the incidence of low birth weight babies in the UK has risen from 6.6% in 1973 to 8% in 2004. This puts the UK on a par with Romania, Mongolia and Kazakhstan. Low birth weight is probably the strongest predictor of early death, chronic ill health, behavioural problems and educational failure.

Dr. Crawford notes that low birth weight represents a high cost to the nation. The cost of special care for low birth weight, pre-term babies is estimated at £2 to £4 billion a year. The long-term health effects on children born to women with poor maternal nutrition include heart disease, vascular disease, diabetes, stroke and immune disorders. But this is just the tip of the iceberg. Poor nutrition has a direct impact on infant brain development. Scientists believe that poor maternal nutrition is behind the sharp rise in mental ill-health, cognitive disadvantage, poor school

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19 It’s time rich City firms cleaned up their act, The Guardian, 5 May 2005
achievement, behavioural pathology and reduced job opportunities. The total social cost of low birth weight alone is estimated at £30 billion.  

The Association of London Government report Closing the Gap, Combating the causes of child poverty in London (February 2006) explicitly links low pay to child poverty and states ‘While earnings are generally higher in London, the gap between the highest and lowest paid has increased significantly in the last 20 years. This unequal distribution of earnings and the high costs of living in the capital have also had an impact on family incomes.’ The report goes on to highlight that child poverty is particularly a problem for disadvantaged groups such as those from BME communities.

The link between low pay and child poverty has been explicitly recognised by central government. The Department of Work and Pensions recently published a ‘Child Poverty Pledge’ asking employers to make a commitment to measures which will reduce child poverty. One of the proposed actions employers are encouraged to sign up to is a pledge to pay all staff in the organisation, and sub-contracted agencies, the London living wage.  

**Positive benefits from paying a living wage**

The benefits derived from paying a living wage are significant and measurable. A 2005 study of low-paid contract cleaners at the Royal London Hospital found that earning a living wage made a dramatic difference to the ability of workers to support their families. A joint community-union living wage campaign had succeeded in raising wages for this group of private contract staff from £5.25 in 2004 to full NHS rates (£7.48 with London Weighting) in January 2006.

Researchers asked workers what difference the new pay rate made to their ability to pay for food, clothing, housing, child-related expenses and holidays. Less than half of the workers surveyed said that they had been able to afford adequate food on their previous salary. Once they received a living wage 85% were able to pay for the food their family needed. The living wage had a similar impact on workers’ ability to pay for other necessities for themselves, and most importantly, for their children.

It is not surprising that higher levels of pay reduce sickness absence levels. A study published in April 2007 by Marco Ercolani, from Birmingham University, and Martin Robson, from Durham University found that the introduction of the National Minimum Wage boosted the productivity of lower paid workers. The study found that the direct cost of sick leave to the UK economy was more than £11bn a year, about 1 per cent of the country’s gross domestic product. It also concluded that a one percentage point rise in wages cut the rate of sickness absence by about 0.05%.

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20 Dr. Michael Crawford, “Women will eliminate poverty in the UK”, Memorandum to the Treasury, 2005


22 The impact of improved pay and conditions on low-paid urban workers: the case of the Royal London Hospital, April 2006. Geography Department, Queen Mary University, http://www.geog.qmul.ac.uk/staff/pdf/urbanworkers.pdf
The report says: “the analysis suggests that minimum wage legislation can lead to beneficial productivity effects for firms and public sector organisations that employ significant numbers of low-wage employees.”

Better paid workers also boost local economies by spending their money in their neighbourhood businesses. A study by Staffordshire Business School calculated the potential economic impact on Stoke-on-Trent of contracting out their home care service. The study concluded that for every additional £1 an hour earned by a public sector care worker, £1.63 was injected into the local economy. On an annual basis, this would provide Stoke-on-Trent with £1.5 million in additional income.

There is even a link between better pay levels and the need to combat climate change. In August 2007 the Board of Supervisors of Fairfax County, Virginia, unanimously voted to adopt a county-wide living wage, noting that the wage issue was not only a matter of social justice, but of transportation and environment. Better pay meant workers could afford to live closer to work, reducing the impacts on roadways and air quality.

Making work a route out of poverty

The government’s strategy for ‘making work pay’ has been based on a combination of a rising minimum wage and ever more generous in-work benefits, boosting both the number of people helped and the amounts of money they receive. The concern with this approach is that it treats the symptoms of low pay, namely household poverty, without treating the problem itself.

By subsidising the employers of low paid workers, in-work benefits make low paid work economically possible and create disincentives for employers to do anything about it. Low paying employers do not have incentives to invest in training or improve the quality of the job. Access to an available pool of cheap labour, increasingly made up of vulnerable migrant workers, allows employers to avoid addressing problems of poor work organisation and inefficient management.

Tax credits are an expensive way to address poverty. An early Treasury estimate suggested that some £13 billion would be disbursed via child tax credits alone in 2003/04. These funds come, not from the employers who benefit from the labour of the low paid, but from the taxes of better paid workers. This money represents a direct subsidy by the taxpayer to low paying employers. It is ultimately money which is not available to fund public services.

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23 Does Raising the Pay of Low-Wage Employees Reduce their Rate of Sickness Absence? Evidence from the Impact of Minimum Wage Legislation.  
http://www.dur.ac.uk/m.t.robson/resources/Does%20Raising%20Workers%20Pay%20Reduce%20Sickness%20Absence.pdf

24 Ian Jackson and Geoff Pugh, The regeneration effects of ‘fair wages’; The economic benefit to Stoke-on-Trent of closing the gap between private and public sector pay for residential care work, 2005,  

25 Why Worry about the Low Paid, New Policy Institute, 2004  
http://www.npi.org.uk/reports/low%20pay.pdf
And while low paid workers benefit from the extra income they receive in benefits, high marginal tax rates create a poverty trap they may not be able to escape. According to a recent study, more than two million working adults have Effective Marginal Tax Rates of more than 50%. The study found that someone working 35 hours a week at minimum wage, with non-working partner, renting and paying council tax would keep only 42.5p in every extra £1 they earned.\footnote{Stuart Adam, Mike Brewer and Andrew Shephard, The poverty trade-off: work incentives and income distribution in Britain, Institute for Fiscal Studies, October 2006}

Paying a living wage directly to a worker would be much simpler and cheaper to administer than benefits - and it would give people what they really want, which is justice, not charity.

**Conclusion**

Living wage policies can offer concrete benefits to both employers and the wider community. To make this work, government needs to research and adopt a minimum income standard and encourage public authorities and private sector employers to use their procurement regimes to achieve social justice, as well as efficiency and high quality services.
Appendix 1: Good practice models

KPMG

In 2006 KPMG decided to implement a living wage policy for all directly and indirectly employed staff. It required its contractors ISS and Eurest to pay the London Living Wage on its London contracts and a minimum of £6 an hour on contracts outside of London.

KPMG applied the living wage to differentials as well as the minimum rate, giving supervisors the equivalent increase to those on the bottom rates. Because the London living wage figure is announced in March and salaries of most KPMG staff rise in October, the company decided to pay all staff the new LW rate in October, plus the increase in RPI from March.

KPMG advises companies to look for service efficiencies to finance the extra costs of implementing the living wage. For example, they reviewed their own practices and decided to remove bins from under desks. Instead staff were asked to bring rubbish to central collection points. This helped increase recycling as well as saving time for cleaners. The efficiency saving was reinvested in higher pay rates.

KPMG found that after it introduced a living wage policy for all of its in-house and contract staff, its turnover rate was halved. “No one abused the new sick pay scheme”, said Head of Corporate Services Guy Stallard, “and absenteeism is very low. We get the benefit of reduced training costs and increased staff continuity. It is a much more motivated workforce.”

The company has also introduced measures to reduce the divide between in-house staff and those of ‘on-site suppliers’ by including the latter in KPMG induction programmes and making them eligible for reward schemes. KPMG are also looking to merge the uniforms or ‘business attire’ of the two groups with the aim of increasing the identification of contract staff with the company it serves.

Queen Mary University

Over the past year both TELCO (part of London Citizens) and Queen Mary University of London have been working together to develop an action plan which will allow the introduction of the Living wage for contracted cleaning staff.

As part of this discussion it was agreed that not only will Queen Mary introduce the living wage for the contract cleaning staff but that it will also bring the cleaning service in-house and onto the Queen Mary’s terms and conditions of employment. This will give the cleaning staff the opportunity of joining a pension scheme, sick cover entitlements and holiday entitlement.

Therefore as of 1st July 2007 the contractors KGB have been instructed to pay their cleaning staff employed at Queen Mary £7.20 per hour and from the 1st January 2008 all Estate Cleaning services will be provided by in-house staff.

Meeting with KPMG, 14 March 2007
APPENDIX 2

ENDING THE MYTHS ABOUT LEGAL PROCUREMENT AND LIVING WAGE IN LOCAL GOVERNMENT

It is often reported by council officers and elected members that there is nothing they can do with regards to setting a living wage threshold for contracts they let. This is simply not the case as the GLA and Preston have illustrated. Below we list the key points that show that local authorities can and should intervene in these matters.

1. On 12th March 2001 the Labour Government amended section 17 of the Local Government Act 1988. The new regulations (Local Government Best Value (Exclusion of Non-commercial Considerations) Order Statutory Instrument 909/2001 and DETR Circular 02/2001) allows local authorities to take employment issues, such as terms and conditions, staff training and management practices into account when contracting out their services.

2. All local government contracts in force after March 2003 are covered by the Best Value Code of Practice on Workforce Matters. The Code applies to all forms of contracting out and re-tendered contracts. Under the Code, Councils have to ensure that contractors employ new staff working alongside transferred staff on local authority contracts on 'fair and reasonable terms and conditions which are overall no less favourable than those of transferred employees'.

3. In addition to the above legislation, legal guidance indicates that there is no legal barrier to employers using the contracting out process as a means of 'encouraging the pursuit of social objectives'. The European Commission's Interpretive Communication makes it clear that 'relevant social and employment issues can be included as contract conditions provided that they are non-discriminatory and included in the contract notice or contract documents'.

4. The Council can adopt a Living Wage policy that stipulates that quality and good value depend on good employment practices. Choice of bidder should not be based on lowest price alone. Bidders should be evaluated on terms and conditions, training, industrial relations, union recognition, health and safety and social impact. It is important to note that the new general Public Sector Equalities Duties apply to all public authorities in relation to services and functions which are contracted out.

5. Under EU rules, contracts can be awarded on the basis of 'most economically advantageous tender', not just the lowest price. The European Court of Justice in the Helsinki Concordia Bus case (c-513199) decided that 'factors which are not purely economic may influence the value of a tender from the point of view of the contracting authority'.

5. The legal guidance above was followed by Preston City Council, a local authority that has adopted a fair employment policy for directly and indirectly employed staff.
## Appendix 3

The London living wage campaign: estimates of the numbers of workers covered and the wages gained as of December 2007

<table>
<thead>
<tr>
<th>Sector/workplaces</th>
<th>Date</th>
<th>Numbers (est)</th>
<th>Current rates/Comments</th>
<th>Total gained</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hospitals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homerton, Mile End, Royal London*, Whipps Cross</td>
<td>Phased in by 1 April, 2006</td>
<td>1000</td>
<td>Staff now on full NHS pay and conditions, minimum rate (inc. London Weighting) £7.99 as of 1 Nov. 2007</td>
<td>2006: £3,088 million 2007: £3,145 million</td>
</tr>
<tr>
<td><strong>Canary Wharf/City</strong></td>
<td>2005 onwards - rolling</td>
<td>1700 (approx. 3000 cleaners in total but estimate 800 covered at Canary Wharf and 900 in the City)</td>
<td>Barclays -- £7.72 Morgan Stanley -- £7.35 Others on some variant of LLW -- 6.85, 7.05 or £7.20.</td>
<td>2005: not calculated but all workers included for 2006 and 2007 2006: £5,410 million 2007: £5,346 million</td>
</tr>
<tr>
<td><strong>Finance</strong></td>
<td>mid-2007</td>
<td>1000</td>
<td>£7.72</td>
<td>2007: 6 months only £1,572 million</td>
</tr>
<tr>
<td><strong>Higher Education</strong></td>
<td>2007 (phase in to 2009 at LSE)</td>
<td>250</td>
<td>Queen Mary cleaners returned in-house from 1/1/2008. Minimum rate of Higher Education pay and conditions £8.02, inclusive of London Weighting LSE - £6.00 in transition to full LLW.</td>
<td>2007: 6 months only to reflect QM and LSE phase-in £163,800</td>
</tr>
<tr>
<td><strong>Hotels</strong></td>
<td>2008</td>
<td>17 hotels estimate 100 in each: 1700</td>
<td>pending</td>
<td></td>
</tr>
</tbody>
</table>

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* London School of Economics (LSE) School of Oriental and African Studies

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**Institute of Public Policy Research (IPPR) -- progressive think tank**

**Child Poverty Action**
Group -- CPAG is the leading charity campaigning for the abolition of child poverty in the UK and for a better deal for low-income families and children.

- The Big Issue -- The Big Issue is an international entity that works with homeless people all over the world

- UnLtd – non-profit organisation that supports social entrepreneurs.

- Association of Chief Executives of Voluntary Organisations (ACEVO) - the professional body for the third sector’s chief executives, with over 2000 members.

- Westway Development Trust – a non-profit organisation supporting local voluntary organisations and helping innovative new projects get established. A beacon living wage employer, Westway has produced its own living wage toolkit for other organisations wanting to implement a LW. See: [http://www.unison.org.uk/file/Westway%20Living%20Wage%20Toolkit%20full%20pack.pdf](http://www.unison.org.uk/file/Westway%20Living%20Wage%20Toolkit%20full%20pack.pdf)

<table>
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<tr>
<th>Olympics</th>
<th>2007 onwards</th>
<th>?</th>
<th>pending</th>
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<tr>
<th>GLA family</th>
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<tr>
<td>Greater London Authority</td>
<td></td>
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<tr>
<td>Transport for London</td>
<td></td>
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<tr>
<td>London Fire and Emergency Planning Authority</td>
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</table>

The Royal London is included here even though the staff were taken back in-house as part of a PFI deal. This happened after negotiations for a living wage to be paid to cleaners on site. Similarly, cleaners at Queen Mary University London have now been taken back in-house as a result of the living wage campaign.

** The living wage will only reach significant numbers on the Olympics site, at the Hilton Group and at Westway during 2008, hence these figures are not included here.

### A note about the calculations:

Please use advisorily: these are estimates only

These figures are calculated using the difference between NMW and LLW which is not the true picture as some (but by no means all) workers were paid above the NMW at the start of the campaign. There is also a mis-match between the award date for the NMW and the LLW (the former is in October and the latter is in May). The data are likely to be at the top end of gains BUT due to the phasing in of agreed payment of the LLW, it is also likely that there are some under-estimates in the calculations.

The differences between the annual rates of the NMW and the LLW are shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>NMW*</th>
<th>LLW**</th>
<th>Diff</th>
</tr>
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<tbody>
<tr>
<td>2003</td>
<td>4.50</td>
<td>6.40</td>
<td>1.90</td>
</tr>
<tr>
<td>2004</td>
<td>4.85</td>
<td>6.50</td>
<td>1.65</td>
</tr>
<tr>
<td>2005</td>
<td>5.05</td>
<td>6.70</td>
<td>1.65</td>
</tr>
<tr>
<td>2006</td>
<td>5.35</td>
<td>7.05</td>
<td>1.70</td>
</tr>
<tr>
<td>2007</td>
<td>5.52</td>
<td>7.20</td>
<td>1.68</td>
</tr>
</tbody>
</table>

* set by the Government funded Low Pay Commission (http://www.lowpay.gov.uk)

** calculated by the GLA from 2005 (http://www.london.gov.uk/mayor/economic_unit/workstreams/living-wage.jsp)

Workers are assumed to work 36 hours a week for 52 weeks a year: 1872 hours a year (although many do work long hours of overtime which are not included here).

The workers at Queen Mary and the LSE, those in the Third Sector, and those in the GLA family are assumed to work 15 hours a week as the vast majority are part-time: 780 hours a year.

The difference between the NMW and the LLW is applied to each hour worked for each worker for the years when the improvement in pay was agreed.
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For a chronology of the campaign between 2000 and 2007, and further research, see http://www.geog.qmul.ac.uk/livingwage/