



LIVING WAGE ZONES:

EMBEDDING THE LIVING WAGE INTO
REGENERATION DEVELOPMENTS



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A **Living Wage Zone** is a defined geographical area in which multiple employers are based, where all directly employed and regular third-party staff are paid at least the real Living Wage or London Living Wage. Examples of these types of zones are managed campuses, development or regeneration sites and industrial parks in which all businesses located there pay the real Living Wage to all staff.

The Living Wage Foundation is working with local councils, developers, and construction companies across the UK to support them to embed the real Living Wage into city centre regeneration, large scale developments and industrial parks. Post-pandemic, good work has risen up the agenda, and local authorities and

partners are keen to ensure new developments have long-term benefits for their communities. **To be accredited as a Living Wage Zone, all workers based on the site need to be paid at least the Living Wage or London Living Wage rate.** There are currently no accredited Living Wage Zones, but a number of places are on the journey.

This document brings together case studies of three places that are working towards becoming Living Wage Zones - Olympic Park in east London, Elephant Park in south London and Meridian Water in north London - and sets out a checklist for construction sites to become Living Wage compliant.

Living Wage Construction Site Checklist

The starting point for new developments working towards Living Wage Zone status often begins with its construction site. Implementing the real Living Wage at this emergent stage embeds the ethos from the outset, particularly with third-party contractors. There are over **400 construction organisations that are accredited Living Wage Employers**, and the construction sector is one of the most rapidly growing industries in terms of Living Wage accreditation.

Some larger accredited employers include **Lendlease, Barrett Homes and Morgan Sindall**. The complexity of the construction sector, and the use of labour agencies, however, means that commissioning authorities can struggle to implement the Living Wage throughout the multiple tiers of the supply chain and low pay can often be hidden.

Working with major developers and construction businesses, the Living Wage Foundation has created guidance to help ensure construction sites are Living Wage compliant. Outlined are the **five steps to creating a Living Wage Construction site**, beginning with procurement through to implementation across multiple tier tendering and end site use.



5 steps to a Living Wage Construction Site

Embed Living Wage from the start of the development.

1

Build the real Living Wage in at tender and procurement stages through social value contracts with developers and investors. To show their intention, primary developers can seek accreditation as a Living Wage Employer.

Get sub-contractors signed up.

2

The primary developer or council ensures payment of the Living Wage is included in the terms and conditions of all sub-contracted partners and staff working on site, including self-employed workers.

Audit the site.

3

The top tier developer puts in place auditing systems to monitor the compliance of all agencies and sub-contractors. E.g., the Lava method (Labour Agency Vendor Accord) at the Olympic Park.

Put a whistle-blowing system in place.

4

Compliance can be ensured with a whistle-blowing system. E.g., signposting and advertisement of the Living Wage throughout the site and within the induction process.

Talk to suppliers about Living Wage accreditation.

5

The developer encourages suppliers to learn more about the Living Wage Foundation and seek accreditation themselves to create a network of Living Wage businesses in the sector and on sites.



The background features a vibrant teal color with several large, overlapping light grey geometric shapes, including a circle, a triangle, and various polygons, creating a modern, abstract design.

CASE STUDIES OF LIVING WAGE ZONES

The following three case studies detail the work of the Olympic Park in east London, Elephant Park in south London and Meridian Water in north London as they work towards Living Wage Zones accreditation.

QUEEN ELIZABETH OLYMPIC PARK

Who: London Legacy Development Corporation

Where: East London

As the Mayor's strategic regeneration body, the London Legacy Development Corporation (LLDC) is charged with developing a new metropolitan centre for London and driving growth and investment at Queen Elizabeth Olympic Park (QEOP). Since the Park hosted the 2012 Olympic and Paralympic Games, its legacy has seen the LLDC deliver thousands of housing units alongside major sporting venues, community facilities, and a business innovation district.

The LLDC's ambition is to use the physical transformation of QEOP to put inclusive growth at the heart of its regeneration efforts to ensure that the communities that hosted the 2012 Olympic and Paralympic Games benefit from its legacy. The 2012 Olympic Games were the first Living Wage Olympic Games and LLDC, in its role as the UK's first Mayoral Development Corporation, has used its commitment to fair employment standards to maximise the way in which communities and businesses around the park can benefit from the post-2012 investment and growth.

The use of well-structured and clear approaches to procurement are important. Payment of the London Living Wage has been a requirement across all developer agreements, contracts, and construction projects from the start of this development.

The LLDC includes London Living Wage clauses within its developer agreements and tenant leases, mandating that the entire workforce employed at the park must be paid the London Living Wage. This includes sporting facilities such as the Olympic stadium where all directly employed staff, temporary and event day staff receive the London Living Wage. All Park employers are audited annually to ensure compliance and the lead contractor is given responsibility for ensuring compliance throughout its supply chain.



The LLDC has also developed a contractual mechanism to deal specifically with labour agencies involved in construction at the site. The Labour Agency Vendor Accord - LAVA - sets out levers that allow the LLDC to ensure London Living Wage payments by labour agencies and also wider compliance on standards from modern slavery to inclusion and diversity. This has been pivotal in helping the LLDC manage site employment practices particularly within tier three and four of the supply chains. It has enabled them to cascade requirements formally and contractually through agencies working on the site and vet on-site practices.

Tips from Olympic Park:

1. Mandate payment of the Living Wage from the outset through developer agreements and contracts. These allow for stricter compliance than relying solely on Section 106 agreements.
2. It's important to have formal and regular auditing processes in place, which can include trade union representation.
3. Formally contact the finance directors of all contractors and sub-contractors annually and ask them to sign a letter and/or provide evidence of pay rates for their workforce and the workforce of their suppliers.
4. Provide ample signage and information on the payment of the Living Wage to ensure all workers on site know that is the minimum rate of pay.
5. Have Lava-type agreements in place from the start the outset to ensure compliance.

The Labour Agency Vendor Accord

The Labour Agency Vendor Accord (LAVA) forms part of the development contract and is a secondary legal contract for all employers working on a construction site to ensure that payment of the Living Wage and other terms and conditions filter down through the workforce. It's the responsibility of the developer or main contractor to ensure all supply chain sub-contractors and in particular, all labour agencies, sign it. LAVA allows developers and main contractors to reserve the right to vet the practices of agencies to ensure they adhere to fair employment standards.

This can include:

- Wages (Living Wage or Construction Working Rule Agreement)
- Adherence to Modern Slavery Act legislation
- Non-exploitative use of zero hours contracts (where relevant)
- Commitment to workforce and equality targets

The London Legacy Development Corporation (LLDC) has used the accord throughout its developments. It initially prohibited several agencies from providing labour on-site because they didn't meet required standards. When the agencies were able to address those issues, they were then allowed on the site. LLDC has found it a useful tool to highlight the standards to those coming onto a site, to let them know that these core principles are not an afterthought, and that compliance will be monitored.

MERIDIAN WATER DEVELOPMENT

Who: Enfield Council and Vistry Partnerships

Where: Edmonton, North London

At the end of 2019, Enfield Council signed a development agreement with Vistry Partnerships to deliver 'Meridian One', the first phase of the £6bn Meridian Water development. This is a mixed-use development of approximately 10,000 homes as well as over 2000 sq. m of leisure, retail, employment, and community spaces. The aim is to develop a high-quality regeneration project which provides high environmental sustainability alongside sustainable community infrastructure.

The investment includes the creation of a new train station, new parks, schools, and cultural facilities. It hopes to create 6,000 new high-quality jobs and 60,000-80,000 square metres of new commercial space.

The decision to work towards Living Wage Zone status at Meridian Water has its roots in the socio-economic background of the place. According to the index of multiple deprivation, the ward is in the 10% most deprived wards in both London and England; 23.8% of households have an income of less than £15,000 a year and around 40% of employees working and living in Edmonton currently earn below the London Living Wage. Enfield Council wanted to put the London Living Wage at the forefront of the development. The residents of Meridian Water development are the principal benefactors of the project and therefore the ambition to become a Living Wage Zone and ensure the Living Wage for those working on the development was fundamental.



Meridian Water implemented the Living Wage from the outset of the project by ensuring that the 1,000 construction jobs on site are all paid at the London Living Wage. Major development partners - Vistry Partnerships and Taylor Woodrow - are both on board with the implementation of the Living Wage and are on the journey to becoming Living Wage accredited employers.

The council and partners are also working towards a requirement that businesses based in the new development pay the London Living Wage. Meridian Water is incorporating a London Living Wage requirement within its commercial space strategy. The strategy outlines the council's reasoning for requiring compliance with the London Living Wage rate and the aspiration for Meridian Water to become a Living Wage Zone. Meridian Water assesses businesses that wish to be based within the development on the social values those occupants will bring, within which payment of the Living Wage or accreditation as a Living Wage Employer is one factor.

“So why do we want to be Living Wage Zone? Because we want to create a good place to live, work and visit. We want to develop a sustainable, inclusive economy, but mainly we want to lift the residents of Edmonton from poverty.”

***Fernando Court, Regeneration Project
Officer
Enfield Council***

ELEPHANT PARK DEVELOPMENT

Who: Lendlease

Where: Elephant and Castle, South London

Lendlease has been working in partnership with Southwark Council to deliver a £2.3bn regeneration project in Elephant & Castle in south London since 2010. The project aims to create thousands of high-quality new homes, jobs, business opportunities and green space. Elephant Park is part of the wider Elephant & Castle Opportunity Area, one of Southwark Council's ambitious redevelopment programmes.

Lendlease has a long history of placemaking and social impact creation through projects comprising residential, retail, work, public realm, and community amenities. Its founder, Dick Dusseldorp, was an early adopter of the concept of responsible business.

The purpose of Elephant Park is the creation of thriving communities. Lendlease wants to ensure that people working and living within this new development should be paid fairly for the work that they do, that employers act responsibly and transparently, and that there should be security of employment.

In November 2018 Lendlease accredited the Elephant Park development as a Living Wage Employer following an educational campaign, ongoing stakeholder engagement and monitoring of compliance around implementation of the Living Wage. The entire construction workforce within Elephant Park is paid the London Living Wage rate and Lendlease was set the clear aspiration to use that accreditation as a springboard for a larger conversation.



In 2020, Lendlease became the first major developer to become Living Wage accredited throughout its entire portfolio. Contracted companies engaged in their UK developments and all suppliers must be Living Wage compliant, and the group continues to work closely with contract partners to support and educate them on their Living Wage requirements. The company has put in place a Living Wage policy which has clear directives and a rigorous rolling audit system to identify any gaps in compliance.

The requirement of all businesses within the Elephant Park development to be Living Wage has been a more complicated process to implement, particularly since the outbreak of Covid. Many of the commercial spaces offered within the development are aimed at independent SMEs, many of which are struggling economically. However, Lendlease continues to have open dialogue about the transition to the London Living Wage over time and is working towards the park being recognised as a Living Wage Zone.

“The implementation of a Living Wage policy doesn't solve all problems. What it does is provide a mechanism through which you can demonstrate your commitment to the wellbeing of your workforce. It's the first step towards a much bigger ambition; providing people with the opportunity to experience 'good work', whatever that work happens to be.”

Lucille Watkins-Brazier, Head of Social Impact, Lendlease Europe



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