Recommendations for Living Wage Leadership
Citizens UK & The Living Wage Foundation

The Living Wage: Good for business, good for families, good for society
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“The Living Wage is a movement of citizens taking action and employers taking responsibility.”
Mike Kelly, Head of Corporate Responsibility, KPMG LLP
Citizens UK and the Living Wage

In 2001 the charity London Citizens brought parents together to share stories on the pressures on family life.

It emerged that too many parents were working two jobs just to make ends meet and so had no time to spend with their children.

They worked hard but couldn’t earn enough to afford a decent standard of living. From these discussions the Living Wage campaign was born.

There are now over 400 accredited Living Wage Employers across the UK. We have seen the first ever Living Wage Olympics and the campaign has put £200 million into the pockets of 45,000 low paid workers1.

After twelve years of campaigning on the Living Wage we would now like to share some proposals for Government. These proposals are the result of extensive consultation with our Principal Partners, with employers, and with the member communities of Citizens UK.

This is a call on Government to show leadership on the Living Wage.

“An idea whose time has come”
Prime Minister
David Cameron

“By building motivated, dedicated workforces, the Living Wage helps businesses to boost the bottom line and ensures that hard-working people who contribute to London’s success can enjoy a decent standard of living.”
Boris Johnson
Mayor of London

1Wills, J. Queen Mary, University of London www.geog.qmul.ac.uk/livingwage
Good for families

Approximately one in five workers in the UK earns less than the Living Wage. This is the second highest rate of low pay in the OECD\(^2\).

Those receiving the Living Wage can afford a decent quality of life.

For some this means working fewer hours and having time to see their families, time to volunteer in their communities, or time to look after their health.

Research has found that those working in Living Wage workplaces have better psychological wellbeing than those in non-living wage workplaces. The same research found that two-thirds of the workers interviewed in Living Wage workplaces reported improvements in either their work, family life or finances\(^3\).

“The Living Wage makes such a difference to families and children. Whether it is a little extra time to play together or money to spend on healthy meals, the Living Wage should be a core part of our strategy against child poverty.”

Helen Berresford, UK Head of Campaigns and External Affairs, Save the Children

“The move to the Living Wage has changed my life for the better in more ways than one.

Instead of every penny that comes in having to go straight out again, it has given me a little extra to spend on my wife and kids, and that brings joy to my life.

It means we have a proper family life, we can do things together like going to the cinema or a play centre.”

John, Security Guard, Bootstrap Company Ltd

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\(^2\)Markit Group for KPMG, 2012  

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The Living Wage Foundation & Citizens UK, 2013
Who is behind the Living Wage?

Citizens UK is the national home of community organising. We bring together diverse organisations from across civil society and help them to work for the common good. Our members are churches, mosques and synagogues; schools, colleges and universities; unions and housing associations; GP surgeries, charities and migrant groups. We train leaders to work on a range of issues from local to national, from street safety to affordable housing, contributing to the health of our democracy and the good governance of the nation.

In 2011 Citizens UK launched the Living Wage Foundation.

The Living Wage Foundation supports, recognises and celebrates the leadership shown by Living Wage Employers. We offer accreditation to employers that pay the Living Wage by awarding the Living Wage Employer Mark. There are over 400 accredited Living Wage Employers: colleges and universities; banks and theatres; FTSE 100 companies; councils, shops and pubs.

What is the Living Wage?

The Living Wage is an hourly rate of pay. It is set independently and uprated annually. Employers choose to pay the Living Wage on a voluntary basis, setting themselves apart as businesses with a commitment to their people.

The rate is calculated to provide a basic but acceptable standard of living. We’re not talking about luxuries, but acceptable standards; a warm home, a healthy diet and time to see your family.

Historical Living Wage data

“This works for everyone – the people who get decent pay, the employers who get a more committed workforce and the government that saves money on tax credits.”

Ed Miliband MP
Leader of the Opposition
Good for business

There is growing evidence that businesses benefit from implementing the Living Wage. 75% of employees reported an increase in the quality of their work after receiving the Living Wage, with 80% of employers noticing an increase in productivity.

Employers also report positive effects on recruitment and retention, on staff wellbeing, and on consumer awareness of the CSR commitments of their business.

Companies paying the Living Wage have also identified improvements in the stability, attitudes and characteristics of workers. In addition, research has found that the wage cost increases associated with the Living Wage can be mitigated by changes in workplace organisation and practice, service specification and reductions in overheads.

“If you know that times are hard for your people and that the cost of living is going up, the Living Wage makes total sense.

Putting this standard into place in our supply chain made 120 people’s lives a little better one month at a time.”

Graham Precey, Head of Corporate Responsibility and Ethics, Legal & General Group Plc

“Paying the Living Wage makes absolute sense to us as an organisation – it’s part of our aim of being an employer of choice which helps us to protect the long term success of our business.”

Marie Sigsworth, Group Corporate Responsibility Director, Aviva

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4 London Economics for the Greater London Authority, 2009
5 Ibid

The Living Wage Foundation & Citizens UK, 2013
The call on Government to show leadership

Over 12 years Citizens UK has built a national movement of committed campaigners, responsible employers and cross-party supporters.

We have lifted the wages of tens of thousands of people but there is still a long way to go. Over 5 million workers earn less than the Living Wage. It’s time that Government plays a strong role in supporting this growing movement.

Following extensive consultation with our member communities and partner organisations we have the following recommendations for Government:

**Leadership**

We recommend Government implement the Living Wage in the civil service and across departmental buildings including in service contracts.

We recommend that Government encourage and enable implementation of the Living Wage across the rest of the public sector.

**Voluntarism**

We support a strong National Minimum Wage which provides a simple, well enforced statutory floor.

Alongside the National Minimum Wage the Living Wage provides a more ambitious standard for employers who can and want to do better than the legal minimum.

As such the Living Wage should remain a voluntary and non-statutory standard that is calculated independently of Government.

**Encouragement and incentive**

We recommend that Government use the full range of policy instruments at its disposal to encourage, support and incentivise employers to adopt the Living Wage.

This includes political leadership, procurement, the planning system, tax incentives, corporate governance, transparency obligations and pension fund investor influence.

We support moves to increase the personal allowance for the low-paid and to adapt the benefits system to allow low-paid workers to retain a higher proportion of their earned income. Both measures make the Living Wage easier to attain.
Good for society

Employees earning the Living Wage are more likely to spend, to save, and to have greater faith in the economy.”

The Living Wage supports families and also saves the tax-payer money. As each employee is moved up to a Living Wage, the Treasury will on average save £1000 from reduced tax credit spend and increased National Insurance. As employers choose to adopt the Living Wage there are up to £3.6bn savings to be made for the tax-payer.

“We are offering you a chance to lead the way in being a positive force for change. We have to stop dragging our feet and get hard-working people out of poverty.”

Rabbi Miriam Berger, Finchley Reform Synagogue

“Before, I had to work two jobs to put food on the table and pay the rent. I had no time for my family or my community. When the Living Wage was introduced I was able to prioritise the one job and that means I’ve been able to be there for my family and set up a youth group in my community. What I’ve been given, I’m now able to give back.”

Amin, Cleaner and Youth worker

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1 London Economics for the Greater London Authority, 2009
2 The Institute of Fiscal Studies, October 2010
3 IPPR & Resolution Foundation, 2012, What price a living wage?
Frequently asked questions

Who does the Living Wage apply to?
Living Wage Employers pay all of their direct staff the Living Wage and commit to implementing the rate for onsite sub-contracted staff such as cleaners and caterers.

Who is accredited?
There are now over 400 accredited employers, spanning the UK and representing a host of different industries. We are proud of each and every Living Wage Employer, from local colleges and shops through to KPMG, The National Portrait Gallery and Great Ormond Street Hospital.
A full list is available at www.livingwage.org.uk/employers.

Who is affected by low pay?
Women, migrants, part-time workers and young people are all disproportionately represented in the group of employees earning less than the Living Wage. Nearly half of all low paid workers are employed in just two sectors: Wholesale and Retail, and Hotels and Restaurants.

How is the rate calculated?
The UK Living Wage rate is set by the Centre for Social Policy at Loughborough University. The London Living Wage is set by the Greater London Authority. The calculation is based on a basket of goods and services which are essential to achieving a basic but acceptable standard of living.

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10 London Economics for the Greater London Authority, 2009
11 Ibid
“It is shocking that in this day and age one in five workers is still earning less than is needed to maintain a decent standard of living. The living wage means that low-paid workers do not have to make tough choices over whether they can afford the everyday things that most of us take for granted, such as their fuel bill or a winter coat for their children.”

Francis O’Grady, General Secretary, TUC

“I am greatly attracted by the idea of a living wage. In London especially, it offers an acceptable minimum living standard which the minimum wage does not. And if widely adopted, it would lift millions above the qualifying level for tax credits.”

Ferdinand Mount, Former Head of Policy Unit in 10 Downing Street

“It is not just the right thing to do, it makes absolute business sense. It ensures that we attract and retain the best and most motivated people, whether directly employed by us or by others. We want good people and the Living Wage is an excellent way of getting and keeping them.”

Matt Sparkes, Global Head of Corporate Responsibility, Linklaters
“Paid work is the most important route out of poverty, but a substantial number of workers are still paid wages that are simply not enough to support them and their dependants.”

Bharat Mehta, Chief Executive, Trust for London
“Our commitment to paying the Living Wage makes complete sense to us, not just because it’s the right thing to do but because we also believe that staff who are valued through receiving the Living Wage are more engaged and productive.”

Shaun Rafferty,
Director of Central Services,
Joseph Rowntree Foundation