

# The Living Wage

26 February 2009

## Poverty in Britain, by cause, 1899-1960

	1899	1936	1950	2001/2
Death of wage earner	16	n/a	n/a	6
Illness or old age	5	19	90	26
Unemployment	2	29	-	7
Low Wages	55	38*	1	31
Large family (5+ children)	22	5*	3	2
Other	-	8	6	27

Source: Glennerster *et al.* (2004, 49) data for 1899 and 2001/2; Atkinson (1973, 103) data for 1936 and 1950 drawing on Rowntree (1901, 1941); Rowntree and Lavers (1951); Abel-Smith and Townsend (1965) \* indicates an estimated figure.

In the early period, poverty was caused by low pay and large families. In the 1920s and 1930s, unemployment was important. After the War, poverty was a phenomenon of old age. This changed in the 1980s when unemployment and lone parenthood increased, as did worklessness and low pay.

## The London living wage campaign:

### estimates of the numbers of workers covered and the wages gained (December 2008)

Sector/workplaces	Date	Numbers (est)	Total gained
<b>Hospitals</b> Homerton, Mile End, Royal London*, Whipps Cross	Phased in by 2006	1000	2006: £3,088 million 2007: £3,145 million 2008: £3,220 million
<b>Canary Wharf/City</b> Barclays, HSBC, Deutsche Bank, Morgan Stanley, Lehman Bros, PWC, KPMG, Macquarie, RBS, Citigroup, Lovells	2005 onwards - rolling	1700 (estimate 800 covered at C. Wharf and 900 in City)	2005: not calculated but all workers included for 2006-8 2006: £2,705 million 2007: £2.673 million 2008: £2,737 million
<b>Finance</b> Barclays (London wide)	mid-2007	1000	2007: 6 months only £1,572 million 2008: £3,220 million
<b>Higher Education</b> QMUL and LSE SOAS from Sept 2008	2007 (phase in to 2009 at LSE)	250 (QM and LSE) 50 (SOAS)	2007: 6 months only to reflect QM and LSE phase-in £163,800 2008: QM and LSE £335,400 2008: 4 months SOAS £22,360
<b>Third sector</b> IPPR, CPAG, Big Issue, UnLtd, ACEVO	2005 onwards	estimate 50	2006: £66,300 2007: £65,520 2008: £67,080
<b>Olympics</b>	2007 onwards	**	3000 workers on site (2008) 134 not living wage (in review)
<b>GLA family</b> City Hall, LDA, LFPEA, Police, TfL	2006 onwards	100 (2006) 200 (2007) 900 (2008)	2006: £132,600 2007: £262,080 2008: £1,207 million
<b>Retail</b> Westfield Shopping Centre	2008	**	Info pending
<b>Dept for Children, Families and Schools</b>	April 2009	**	Info pending
<b>TOTAL</b>		5250**	<b>£24,682,140</b>

\* 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.

\*\* The living wage will only reach significant numbers on the Olympics site, at the Hilton Group, at the DCFS and at Westfield during 2009.

The GLA family have introduced living wages as recontracting has allowed. The largest being the Facilities Management Services contract with the Metropolitan Police Service covering 800 cleaners by 2008 (GLA 2008).

Ealing Council have agreed to implement a living wage for their dinner staff but this is being introduced gradually and will be recorded once they reach a living wage.

Talks with the Hilton Group (17 hotels) are ongoing, small increases have been made in pay and cuts have been made in the number of agencies used.

## ***A note about the calculations:***

### **Please use advisarily: these are estimates only**

These figures are calculated using the difference between NMW and LLW except for those working in Canary Wharf and City as research suggests that these workers were already paid about £1 more than the LLW and half the difference has been used for this group. There is a mis-match between the award date for the NMW and the LLW (the former is in October and the latter is in May and this will affect the detail of the calculations).

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

	<b>NMW*</b>	<b>LLW**</b>	<b>Diff</b>	<b>Half Diff</b>
<b>2003</b>	4.50	6.40	1.90	.95
<b>2004</b>	4.85	6.50	1.65	.83
<b>2005</b>	5.05	6.70	1.65	.83
<b>2006</b>	5.35	7.05	1.70	.85
<b>2007</b>	5.52	7.20	1.68	.84
<b>2008</b>	5.73	7.45	1.72	.86

\* 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](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 work long hours of overtime which are not included here).

The workers at Queen Mary, SOAS 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.

## **References and resources**

Atkinson A.B. (1973) *Low pay and the cycle of poverty*, in F. Field (ed) *Low Pay*. London: Arrow Books Ltd, 101–117.

Glennerster, H., Hills, J., Piachaud, D. and Webb, J. (2004) *One hundred years of poverty*. York: Joseph Rowntree Foundation.

Global Cities at Work research project (with Kavita Datta, Yara Evans, Joanna Herbert, Jon May and Cathy McIlwaine) <http://www.geog.qmul.ac.uk/globalcities/index.html>

London Citizens <http://www.londoncitizens.org.uk/>

Living Wage Research <http://www.geog.qmul.ac.uk/livingwage/index.html>

The Poverty Site (New Policy Institute, supported by the Joseph Rowntree Foundation) <http://www.poverty.org.uk/15/index.shtml>

You can read more about the story of the living wage at Queen Mary:

*The business case for the living wage: The story of the cleaning service at Queen Mary, University of London*. London: Queen Mary. 2009. Available as PDF download from <http://www.geog.qmul.ac.uk/staff/willsj.html>