

# MAYOR OF LONDON

## Mayor of London's response to the recommendations of the London Assembly's Economy Committee report on low pay and in-work poverty

### Recommendation 1

#### Supporting people to transition back into the labour market

The Mayor should include supporting transition back into the labour market as one of the listed priorities in the Skills for Londoners Innovation Fund prospectus for future rounds of funding applications, with a focus on groups at risk of being in low-paid work or in in-work poverty.

More Londoners are already benefiting from Adult Education Budget (AEB) policy changes the Mayor has made, including fully funding courses for eligible learners earning below the London Living Wage. Proposals are currently being developed for future AEB investment, which will respond to the labour market and Londoners' needs and will recognise the change in circumstances caused by the pandemic.

### Recommendation 2

#### Understand which industries have a high prevalence of low pay in London's economy

The Mayor should provide a commitment and timeframe for establishing a working group tasked with looking into and developing solutions to the challenges present in the low pay sectors of London's economy by March 2020.

London's approach to recovery includes the 'Helping Londoners into Good Work' mission. This is co-led by London Councils and the Greater London Authority (GLA) working with Job Centre Plus, National Careers Service, London boroughs, sub-regional partnerships, London's Further and Higher education and training providers, unions, businesses and civil society. This mission will promote the living wage as a key plank of 'good work' with a focus on sectors that are key to London's recovery. A task and finish group is being convened to further this agenda as a sub-group of the Skills for Londoners Board.

A cross GLA Steering Group has looked at issues of economic fairness (inequality and discrimination) since 2016. This has brought together the Mayor's Office and GLA officers working on policy and delivery to support Low Income Londoners. The London Datastore is used to track data trends, including pages on Economic Fairness which includes a section on pay gaps and pay below the London Living Wage: <https://data.london.gov.uk/economic-fairness/labour-market/>.

This does not include sectoral analysis, but the Living Wage Foundation cover this in their annual report: <https://www.livingwage.org.uk/employee-jobs-paid-below-living-wage-2020>. This describes that in April 2020 the sectors with the highest proportion of jobs paid below the living wage were hospitality, arts, entertainment and recreation and wholesale and retail. However, the fact that the wholesale and retail sector is much larger means that it accounted for the largest number of below Living-Wage jobs (1.3 million).

This data is collected in April, which this year was at the height of the lockdown and when the original furlough scheme was in place. The Living Wage Foundation consider that below living wage rates in these sectors are likely to have been pushed up as a result of furlough and employers who did not 'top up' to the full wage. The ONS has also found it more difficult to get responses

# MAYOR OF LONDON

due to lockdown businesses closures. The GLA team are working with the ONS to understand this better and how to present this data.

Throughout this year the GLA teams have been providing updates on available data trends, including a socio-economic analysis considering household finances and labour market analysis that monitors job support and jobs at risk by median pay rate, see here: <https://data.london.gov.uk/dataset/socio-economic-impact-of-covid-19> and here: <https://data.gov.uk/dataset/76bb4972-b0ec-4c19-bfdc-0859a24aabe4/gla-economics-covid-19-labour-market-analysis>.

More generally, London's employers have shown their commitment to the Living Wage campaign – there are now over 2,000 accredited Living Wage employers in the capital. This means that almost 30% of the living wage employers in the whole country are based in London. But we have further to go. The Mayor has been calling on all the influential employers in London to sign up, including major institutions in London such as councils, hospitals, football clubs and major sporting organisations. Celebrating the participation of key London employers such as Chelsea and Westminster NHS Trust; Guy's and St Thomas' NHS Trust; University of London; Crystal Palace FC; and Tideway joining the movement is another stepping stone for the Mayor's ambitions to make London a fairer city.

City Hall will continue to work closely with the Living Wage Foundation and their campaign for a real Living Wage for Key Workers, many of whom, such as carers and supermarket workers, are often in low pay work. The Foundation has also formalised its area-based living wage campaigns. Living Wage Places has recognised buildings such as International House in Brixton, boroughs such as LB Southwark and cities such as Cardiff. The Mayor's manifesto included a commitment to making London a Living Wage city, and the GLA and City of London are working with the Living Wage Foundation as they formalise their campaign for Making Living Wage City Regions.

### **Recommendation 3**

#### **Encourage the development of high-quality work at the local level**

The Mayor should use his convening powers to support London boroughs to develop solutions to low pay and in-work poverty – ideally through a broader adoption of the London Living Wage by March 2020.

As referenced above, London's approach to recovery includes the 'Helping Londoners into Good Work' mission. This is co-led by London Councils and the GLA working with London boroughs and sub-regional partnerships. This mission has a focus on supporting good work and tackling structural inequalities of low pay and in-work poverty.

Through the Good Work Standard accreditation scheme, the Mayor has been encouraging all employers in London to do more for their employees, particularly on fair pay and working conditions. The London Living Wage is a mandatory requirement to become accredited and the Economic Development team is working closely with the Living Wage Foundation to support employers through both programmes. There are now eight accredited London Boroughs, and the Mayor has encouraged them to work with their supply chains and the business community to promote good work and the London Living Wage. The Good Work Standard also works to combat in-work poverty by modelling best practice in employment terms and conditions, financial wellbeing measures and investment in skills progression.

City Hall is in ongoing dialogue with the Living Wage Foundation about supporting the living wage campaign across the London economy and with London boroughs.

# MAYOR OF LONDON

## **Recommendation 4**

### ***Enforce employer compliance with the National Minimum Wage***

The Mayor should:

- (i) Direct the GLA to engage in greater cross-agency working (for example to work closely with local authorities, HMRC and so on) to ensure there is a more proactive, intelligence-led approach to enforcement; and as part of this
- (ii) By March 2020, call for local authorities to work more closely with enforcement agencies to enforce Minimum Wage legislation
- (iii) By March 2020, write to the Financial Secretary to the Treasury to lobby the national Government to ensure that HMRC has an adequate number of trained staff as a priority.

The Mayor recognises that times are tough for employers but strongly opposes any race to the bottom in terms of pay and workers' rights. The government's own Job Retention Scheme has seen some furloughed staff receiving an income less than the National Living Wage as only 80% of income is maintained. This cannot be right. The Mayor is meeting with central government on how best to support London's workers through the COVID-19 pandemic. Enforcement must be part of the fair recovery.

The Robust Safety Net mission of the London Recovery programme will seek to connect more Londoners experiencing financial hardship with holistic advice and support, including on enforcing their rights if their employers are not complying with the National Minimum Wage.

The Mayor has long advocated for much stronger protections from exploitation, and a much more activist enforcement regime that genuinely roots out bad practice and prosecutes criminal behaviour by employers. London needs a good enforcement regime where employers understand their responsibilities, employees know what their rights are and where relevant authorities are empowered and resourced to proactively enforce non-compliance. This is part of the Mayor's Roadmap to the safe reopening of the economy over the next 12 months following the COVID-19 crisis, with a lobby to fast-track the plan for setting up a Single Enforcement Body, with the powers and resources needed to act as an effective defender of people's rights at work.

The Mayor and his officers will work with Government and continue to feed into the development of a Single Enforcement Body for employment rights, to ensure the system works for London's workforce and is resourced with an adequate number of trained staff.

The Low Income Londoners working group will engage with our expert stakeholders at London Councils and the Employment Law Advice Network on the best way for the Mayor to support a proactive, intelligence-led approach to enforcement. This will include writing to London Councils to further the Director of Labour Market Enforcement's recommendation that there should be further engagement between HMRC and Local Authority inspectors to share information on identifying the signs of non-compliance and the channels for actionable information.

## **Recommendation 5**

### **Ensure workers know their employment rights**

The Mayor should:

- (i) Build upon the employments rights hub and consider how information campaigns could ensure the employments rights hub reaches a wider audience
- (ii) Support the Taylor Review's call for legislation on the rights of workers and use City Hall's influence to encourage public and business support, before the end of the current mayoral term.

# MAYOR OF LONDON

Employment rights are key at this time. The vast majority of employers are doing the right thing, but the Mayor supports Trade Unions in calling out the minority who are not. No one should be penalised for following the government advice or caring for others, and workers should be able to trust that their rights will be enforced if they are being treated unfairly at work.

The Mayor's teams have worked with employment law experts to ensure the Employment Rights Hub now includes information and resources related to "coronavirus and your work", including maternity leave and pay, health and safety, redundancies, whistleblowing and time off from work. The page is being promoted to stakeholders and London's workers. Information is available in 20 languages including Easy Read and is available in video and audio format.

The Taylor Review made a number of useful and important recommendations about both immediate measures and longer-term strategic shifts to help us meet the ambition of all work being good work. City Hall has responded to a number of Good Work Plan consultations and the Mayor has urged the Government to implement these proposals as soon as practically possible.

## **Recommendation 6**

### **Expand employer adoption of the London Living Wage**

The Mayor should:

- (i) Provide an update on the timelines for the feasibility of making London Living Wage accreditation a requirement for businesses in receipt of capital funding from the GLA, TfL, or those whose services are procured by the GLA group by March 2020
- (ii) In consultation with representatives from London boroughs, establish a case to offer business rates discounts to London Living Wage accredited businesses across London boroughs. The Mayor should set out a plan to work with London boroughs by March 2020, with a view to have the next Mayorality present the business case to the Minister for London and HM Treasury by December 2020.

Through the Responsible Procurement Policy and Implementation Plan, work is underway across the GLA Group to ensure goods and services procured deliver social value, and paying the London Living Wage is a key component of this. More recent work addresses applying these same conditions to capital funding over the value of £100k. The Central Responsible Procurement Team are developing guidance for commissioners applying the Responsible Procurement themes where relevant and proportionate. This considers the size of the recipient organisations, the size of the grant and the period of grant delivery. In practice, there are already examples of the Living Wage being made a requirement of capital funding in areas such as the new Affordable Housing grants.

Living Wage Foundation accreditation covers all employees in organisations, not just those staff working on GLA contracts. So, while the GLA requires that all staff working on GLA contracts are paid at least the London Living Wage, full accreditation is something the Mayor strongly encourages because it is the right thing to do.

Any employer paying the living wage makes a difference – they are guaranteeing a wage that covers the cost of living. The Mayor is encouraging all employers who are doing this to pursue accreditation with the Living Wage Foundation. Living Wage accreditation not only guarantees a Living Wage to directly employed staff, but crucially, it includes indirectly employed staff like cleaners, catering staff and security guards. The accreditation badge gives staff and customers the confidence that the organisations are committed to fair pay, and an annual pay rise for staff in line with the cost of living. Finally, accredited employers become part of the Living Wage movement. Once a large employer in an industry signs up it encourages others to follow suit.

# MAYOR OF LONDON

London Councils, business groups and the Mayor are clear on the need for responsibility for business rates to be controlled at a London-level. This will allow local authorities to better respond to local business needs, including incentivising London Living Wage-adoption by offering relief to accredited businesses. Several London boroughs have already introduced discretionary business rates discounts for living wage accredited employers and the Mayor would encourage other boroughs to do the same. The Mayor will continue to consult with representatives from London boroughs on the most practical ways to enact this, within the changing context of wider COVID-19 business support programmes.

## **Recommendation 7**

### **Encourage employers to take up the Good Work Standard**

The Mayor should produce a plan for encouraging more businesses to sign up to the Good Work Standard, as well as how its effectiveness will be measured, by March 2020.

Promoting the Good Work Standard remains as important to the Mayor as ever. So far over 90 employers have become accredited in sectors as diverse as retail, care, finance, government, engineering, design, transport and events. As a result, 210,000 Londoners now work for Good Work Standard employers. The Mayor is in contact with these employers about how they can support his #LondonTogether campaign and share their good practice with others. While this is clearly a difficult time for employers, several have successfully started and completed the accreditation process even during the COVID-19 crisis.

To conclude, the Mayor understands that Londoners are concerned as we face the worst public health crisis for a generation. This requires us all to make unprecedented changes in how we live, travel and work. It is vital for us all to follow the latest advice from the experts, including social distancing and avoiding non-essential use of public transport. This way we can keep the most vulnerable people in our city safe and, ultimately, helps save lives.

The Mayor is hugely grateful to those Londoners who are working tirelessly to nurse and protect people, as well as those keeping London moving at this great time of need. More information for Londoners, businesses and employers can be found on the Coronavirus hub on the City Hall website at: <https://www.london.gov.uk/coronavirus>.

The Mayor and his teams at City Hall continue to speak to business leaders and trade unions to hear their concerns and what needs to be put in place to protect employers and workers. London is the business capital of the world, and, while it is too early to accurately predict the longer-term impacts, with the right support, our employers can recover and continue to power our economy for many decades to come.