

A Fairer London: The 2015 Living Wage in London



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Foreword

The UK economy is now over 5 per cent larger than it was before the deep recession that began in 2008, and London is powering ahead in jobs growth – accounting for a fifth of the increase in the number of jobs in the UK during the past year to reach a record high of over 5.65 million jobs in the second quarter of 2015.

One of my earliest commitments on election as Mayor of London in 2008 was to support the London Living Wage. In my 2012 Mayoral Election manifesto I made a further commitment to urge as many of London's employers as possible to become Living Wage accredited, with a target of 250 by the end of my second term in office.

As the UK economy continues to grow and employment in London increases, it is essential that all working Londoners receive a fair share of the part they play in London's success. The workers in our shops and restaurants, security staff who keep our offices safe and secure, care workers who provide absolutely vital support and the people who keep our workplaces and schools clean, must all be able to enjoy an acceptable quality of life with their families.

As I pledged in my '2020 Vision' for London, it is my wish that by the end of the decade the London Living Wage will be the norm across the capital. I also accept the case for the London Living Wage to be voluntary, reflecting the different financial pressures on many small firms. Given this, I am most pleased that there are now 700 fully accredited employers in London, which far exceeds my manifesto commitment, and I am very happy to note that high-profile employers in a range of sectors have joined the list in the past year, including Chelsea Football Club, GlaxoSmithKline, and Oliver Bonas. The Living Wage Foundation has calculated that accredited Living Wage employers have now provided over 30,000 workers in London with the benefits of the London Living Wage since 2011.

I am leading by example, as the Greater London Authority (GLA) and functional bodies are paying the London Living Wage to direct employees. But it is time the rest of the public sector did more. I have publicly called on Government to commit to paying the London Living Wage across Whitehall, which some departments are now doing. I encourage other departments to follow its example. This year we should focus on increasing the number of boroughs paying it as well.

Therefore, I am delighted to publish the Living Wage Unit's eleventh annual report and to announce that the 2015 London Living Wage rate is £9.40 per hour.

This eleventh report once more explains how GLA Economics calculates the London Living Wage. As before, officials use a combination of two calculations to work out the 'poverty threshold wage' of £8.20. Then we add a margin of 15 per cent to this figure to protect against unforeseen events.

The Living Wage can benefit both employers and their employees. For employers it can increase productivity, reduce staff turnover and contribute to a positive corporate image, which makes sound business sense. For employees in low-income families, it makes a genuine difference to living standards and quality of life. It is a key part of our work reducing inequality and I call upon employers to take it up and improve the quality of life for hardworking Londoners.

A handwritten signature in black ink, appearing to read 'Boris Johnson', with a long horizontal flourish extending to the right.

Boris Johnson
Mayor of London

Executive summary

This is the eleventh London Living Wage report from the GLA. It unveils the update of the Living Wage in London, calculated (as previously) by combining an assessment of the cost of achieving an adequate standard of living with a threshold (60 per cent) of the median London income of representative London households.

Since 2006 the GLA Group has been implementing the London Living Wage (LLW). The Group continues to include the LLW as a requirement for contracts that are let or renewed. There are now 700 fully accredited employers in London. The Living Wage Foundation has calculated that accredited Living Wage employers have now provided over 30,000 workers in London with the benefits of the London Living Wage since 2011.

As previously we calculate the Living Wage by a combination of two approaches. The first, developed by the Family Budget Unit (FBU),¹ estimates the costs of a 'Low Cost but Acceptable' (LCA) budget for a selection of households and calculates the wage required to meet these costs. This is termed the "Basic Living Costs" approach. The second – the "Income Distribution" approach – calculates the wage required for 11 household types in London (appropriately weighted) to attain an income equivalent to 60 per cent of the median income for London, with that median 'equivalised', that is, adjusted appropriately to reflect the household type.

This year, the Basic Living Costs approach yields an hourly wage of £7.80 per hour and the Income Distribution approach one of £8.60.

The average of these two wages (called the "poverty threshold wage") is £8.20 per hour.

In order to protect against unforeseen events a margin of 15 per cent is added to the poverty threshold wage. This gives a figure of £9.40 per hour (when rounded to the nearest five pence) as the London Living Wage.

If means-tested benefits² were not taken into account (that is, tax credits, housing benefits and council tax support) the Living Wage would be approximately £12.00 per hour. However we believe that in-work benefits and tax credits must be taken into account, as the tax and benefit system is, by design, redistributive.

Data from the Annual Survey of Hours and Earnings suggests that 85.5 per cent of full-time employees in London earn more than the Living Wage of £9.40 per hour. 5.3 per cent earn less than the Living Wage but more than the poverty threshold wage of £8.20. The remaining 9.2 per cent earn a wage below the poverty threshold wage.

50.1 per cent of part-time employee jobs in London receive more than the Living Wage. 10.2 per cent are paid less than the Living Wage but more than the poverty threshold wage. The remaining 39.7 per cent earn a wage below the poverty threshold wage.

Adding full-time and part-time workers together (and weighting appropriately), 77.8 per cent of jobs receive more than the Living Wage and 15.8 per cent receive below the poverty threshold wage.

1. Introduction

The 2015 edition of the annual Living Wage report for London presents the update of the Living Wage in London, calculated by combining an assessment of the cost of achieving an adequate standard of living with the wage needed to attain a threshold (60 per cent) of the median London income.

1.1 Structure of the paper

Chapter 2 outlines the Basic Living Costs approach and presents the resulting calculation. Chapter 3 does the same for the Income Distribution approach. Chapter 4 compares the two results and calculates the London Living Wage. In Chapter 5 we review progress in the adoption of the Living Wage. This is followed by Chapter 6, the concluding chapter, with technical appendices at the end of the report.

2. Basic Living Costs approach

This section explains the Basic Living Costs approach that was developed by the Family Budget Unit (FBU). The FBU calculated the expenditure required to achieve a Low Cost but Acceptable (LCA) standard of living, for a range of 'typical' families³. Depending on the working patterns of a family, the wage rate needed to finance this expenditure is then calculated.

This wage level is not the same as the Minimum Wage⁴ or the new National Living Wage (due to come into effect from April 2016)⁵. It is defined by the FBU as a wage that achieves an adequate level of warmth and shelter, a healthy palatable diet, social integration and avoidance of chronic stress for earners and their dependents⁶.

In this section we assess changes in the various items that contribute to Basic Living Costs over the past year.

2.1 Household types and working patterns

Estimates of basic living costs (also called the LCA budget) were made for four family types:

- a two adult household with two children aged ten and four
- a one adult household with two children aged ten and four
- a couple without children
- a single person without children.

Within each family type we look at all possible combinations of full-time and part-time work; working patterns are important for the calculation of tax credits and benefits. All in all we analyse 14 household types for the calculation, although we only use data for 11 household types to calculate the wage.⁷

In this report as in previous reports we provide calculations of the Living Wage, both including and excluding means-tested benefits and tax credits.

2.2 Costs

Basic living costs are divided into the following sub-categories:

- Housing
- Council tax
- Transport
- Childcare
- All other costs (a 'regular shopping basket').

For the first four sub-categories, cost estimates are based on direct data for London. For the fifth item, we used a comparison of regional price differences produced by the Office for National Statistics (ONS).⁸

Tables 2.1a and 2.1b show our calculation of basic living costs. Details of the calculations can be found in Appendix A.

Table 2.1: Basic Living Costs (LCA budget) for typical families living in London (£ per week)

2.1a: Households with children

	Couple with children					Lone parent	
	2ft	1ft 1pt	2pt	1ft	1pt	ft	pt
Shopping basket costs	216.40	216.40	216.40	216.40	216.40	164.10	164.10
Housing	122.40	122.40	122.40	122.40	122.40	122.40	122.40
Council Tax	25.00	25.00	25.00	25.00	25.00	18.70	18.70
Total Transport Costs	66.80	66.80	66.80	33.40	33.40	33.40	33.40
Childcare Costs	308.00	149.60	149.60	0.00	0.00	308.00	149.60
Total Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30

2.1b: Households without children

	Couple with no children					Single no children	
	2ft	1ft 1pt	2pt	1ft	1pt	ft	pt
Shopping basket costs	129.80	129.80	129.80	129.80	129.80	101.90	101.90
Housing	209.00	209.00	209.00	209.00	209.00	134.10	134.10
Council Tax	25.00	25.00	25.00	25.00	25.00	18.70	18.70
Total Transport Costs	66.80	66.80	66.80	33.40	33.40	33.40	33.40
Childcare Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20

Notes: ft= full-time and pt= part-time

Rounded to the nearest 10 pence

* Total Costs may not sum due to rounding.

Source: GLA Economics based on various data sources: see Appendix A

Tables 2.2a and 2.2b show that Basic Living Costs rose over the period for all the different household types. Households with children experienced a cost increase of between 0.3 and 2.4 per cent, compared to increases of between 1.3 and 2.1 per cent for households without children.

The average of annual inflation from April 2015 to June 2015 was used to update the shopping basket costs. These three months are used as they provide the most up to date data prior to the writing of this report. The costs of individual components within the shopping basket changed by between -6.5 and 2.5 per cent. Some of the highest increases in costs were: +2.5 per cent for NHS charges and +2.4 per cent for household services. However, some costs fell, the largest of which was for fuel (down 6.5 per cent) and leisure goods (down 3.0 per cent) (see Appendix A, Table A4).

Housing costs for households with children – on our assumption that they have access to social housing – have risen by 4.1 per cent since last year's report. Households without children are assumed to be in the private rented sector. For single people, the data suggest that housing costs increased by 5.3 per cent, while for couples the increase was 3.5 per cent. Council tax for all groups also increased, but only marginally by 0.2 per cent.

Transport costs were also higher, rising by 2.4 per cent since the last Living Wage uplift, and childcare costs are also up by 4.3 and 4.4 per cent for part-time and full-time childcare costs respectively.

Table 2.2: Annual percentage change in LCA costs between 2014 and 2015 Living Wage reports

2.2a: Households with children

	Couple with children					Lone parent	
	2ft	1ft 1pt	2pt	1ft	1pt	ft	pt
Shopping basket costs	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0
Housing	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Council Tax	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Transport	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Childcare	4.4	4.3	4.3			4.4	4.3
Total LCA Costs	2.1	1.5	1.5	0.3	0.3	2.4	1.8

2.2b: Households without children

	Couple with no children					Single no children	
	2ft	1ft 1pt	2pt	1ft	1pt	ft	pt
Shopping basket costs	-2.0	-2.0	-2.0	-2.0	-2.0	-1.6	-1.6
Housing	3.5	3.5	3.5	3.5	3.5	5.3	5.3
Council Tax	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Transport	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Childcare							
Total LCA Costs	1.4	1.4	1.4	1.3	1.3	2.1	2.1

Notes: ft= full-time and pt= part-time

Source: GLA Economics based on various data sources: see Appendix A

2.3 Earnings and household incomes

The benefits that households can access and the applicable tax credits depend on the level of earnings and household circumstances. For our analysis we consider the impacts of Working Tax Credit, Child Tax Credit, Child Benefit, Housing Benefit and Council Tax Support (previously Council Tax Benefit). Some benefits depend on childcare costs and housing rental costs.⁹

Box 1 – Changes in the tax and benefits system

The tax and benefits system is inherently complex and there have been a number of changes which have been incorporated in the calculation of the 2015 London Living Wage, and have impacted on the level of the wage.

Income tax and national insurance contributions – This year saw another increase in the personal allowance, from £10,000 in 2014/15 to £10,600 in 2015/16, allowing working households to retain more of their income before they start paying income tax. The primary threshold for National Insurance contributions was also raised from £153 in 2014/15 to £155 in 2015/16.

Tax credits – The basic and second adult/lone parent element of the working tax credits were raised by 1 per cent (to £1,960 and £2,010 respectively) and the 30 hours element was up by 1.3 per cent (to £810). The family element of child tax credit was left unchanged at £545 per year in 2015/16 but the child element was raised to £2,780 from £2,750.

Child Benefit – The rate of child benefit was raised to £20.70 per week in 2015/16 from £20.50 in 2014/15 for the first child, and up 15 pence for the second child to £13.70 per week.

The Summer Budget 2015 also introduced a number of changes to the tax and benefits system due to come into effect from April 2016.¹⁰ While most of these changes are due to take effect from April 2016, all elements of the tax-benefit system for 2016/17 are not yet known. As a result, and in line with previous calculations of the London Living Wage, future changes to the tax and benefit system have not been incorporated into the calculations of the 2015 London Living Wage.

Box 2 – Update on the implementation of Universal Credit (UC) in London

In April 2013, the Government introduced changes to the way means-tested benefits are awarded. Among those, the main change was the introduction of “Universal Credit” (UC), which replaces means-tested benefits and tax credits for working-age individuals. These include Income Support, income-based Job Seekers’ Allowance, income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit. The rates of Universal Credit are the same as their equivalents in legacy support, although they are slightly less for households where all adults are under 25. The difference is that Universal Credit will provide a unified earnings level before earnings are taken into account in the calculation of benefit amount, known as the work allowance, and a single rate at which benefit is reduced with rising earnings (after tax), a taper rate of 65 per cent.

UC was introduced in April 2013 in some pilot areas. National rollout began from February 2015, and is scheduled to be complete by April 2016.

DWP has not announced the timing of expansion of UC across all household types, and nor is there a schedule for the migration of individuals on legacy benefits onto Universal Credit. In July there were 3,304 UC recipients in London of whom 953 were in employment, while the corresponding figures in August were 4,914 and 1,233.¹¹ The numbers in London on UC will expand significantly over 2016/17 with the pace of roll-out.

GLA Economics has not incorporated Universal Credit rates, or taken account of the numbers on UC, in the derivation of the London Living Wage 2015 because the numbers in London on UC are currently very small.

Table 2.3 illustrates the disposable income and basic living costs of 11 different household types, assuming different working patterns, with earnings at £6.95. This earnings level is a weighted average of the National Minimum Wage (NMW) and the National Living Wage (NLW). These two rates represent the wage floor for adult workers from October 2015 to September 2016.¹² Specifically, the NMW (£6.70) is due to take effect for those aged 21 and over from October 2015 to April 2016. From April 2016 onwards the NLW will be the wage floor for workers aged 25 and over. In all calculations that follow, a full-time worker is assumed to work 38.5 hours a week and a part-time worker 17 hours.¹³ The implicit additional assumption is that workers are 25 or over as this has the effect of ensuring that the London Living Wage is above the National Living Wage. Appendix C illustrates the difference between income and basic living costs (the LCA budget standard) at £6.70 (the NMW), £6.95 (the average of the NLW and NMW), £7.20 (the NLW), £8, £9 and £10 per hour.

Table 2.3: Incomes and costs of different households, including and excluding means-tested benefits (£ weekly figures), at the average of the National Minimum Wage (NMW) and the National Living Wage (NLW)
2.3a: Households with children

	Couple with children				Lone parent	
	2ft	1ft 1pt	2pt	1ft	ft	pt
Joint earnings at £6.95 per hour	535.20	385.70	236.30	267.60	267.60	118.20
Total disposable income (earnings net of tax and plus benefits)	767.60	600.40	538.50	483.40	636.00	474.10
Basic living costs	738.70	580.30	580.30	397.20	646.70	488.30
Income minus costs	28.90	20.10	-41.80	86.20	-10.70	-14.20
Excluding means-tested benefits						
Child benefit	34.40	34.40	34.40	34.40	34.40	34.40
Total disposable income (earnings net of tax and plus benefits)	517.00	393.90	270.70	275.70	275.70	152.60
Income minus costs	-221.60	-186.40	-309.60	-121.50	-371.00	-335.70

2.3b: Households without children

	Couple with no children				Single no children
	2ft	1ft 1pt	2pt	1ft	ft
Joint earnings at £6.95 per hour	535.20	385.70	236.30	267.60	267.60
Total disposable income (earnings net of tax and plus benefits)	482.60	420.10	381.40	390.50	273.70
Basic living costs	430.60	430.60	430.60	397.20	288.20
Income minus costs	52.00	-10.60	-49.20	-6.70	-14.50
Excluding means-tested benefits					
Child benefit	0.00	0.00	0.00	0.00	0.00
Total disposable income (earnings net of tax and plus benefits)	482.60	359.50	236.30	241.30	241.30
Income minus costs	52.00	-71.20	-194.30	-155.90	-46.80

Notes: ft= full-time and pt= full-time

All figures rounded to nearest 10 pence

Source: GLA Economics

For some household types, the weighted wage floor of £6.95 together with the assumed working patterns are sufficient to cover weekly basic living costs assuming all relevant tax credits and benefits are claimed. However, as Table 2.4 also shows, for other household groups the average wage floor is not sufficient to cover basic living costs.

Using basic living costs as a target income level, it is possible (through iteration of the tax and benefit model established for this exercise) to calculate the wage required for each household to cover its basic living costs. Table 2.4 shows the hourly wage required for each household type to meet its basic living costs.

Table 2.4: Hourly wages required to meet basic living costs for different households
2.4a: Households with children

	Couple with two children				Lone parent	
Earners	2ft	1ft 1pt	2pt	1ft	ft	pt
Number of adults	236,600	236,900	16,700	255,000	35,800	43,200
Wage level including all the relevant benefits	6.95*	6.95*	9.05	6.95*	8.00	10.80
Wage level excluding means-tested benefits	11.20	11.35	15.80**	11.60	15.80**	15.80**

2.4b: Households without children

	Couple with no children				Single no children	Weighted Average***
Earners	2ft	1ft 1pt	2pt	1ft	ft	
Number of adults	382,900	88,700	10,300	213,800	627,000	2,146,700
Wage level including all the relevant benefits	6.95*	7.65	11.80	8.85	8.55	7.80
Wage level excluding means-tested benefits	6.95*	8.60	13.50	12.90	8.75	10.10

Notes: ft=full-time and pt=part-time

* Average of the NMW (£6.70) and the NLW (£7.20 from April 2016). This average has been used as a lower limit for the wage when calculating the weighted average wage as it is generally illegal to pay wages below either the NMW (for all workers from October 2015 to May 2016 and from April 2016 to September 2016 for those aged 21-24) and/or the NLW (for workers aged 25 and over from April 2016).

**An upper limit of £15.80 has also been applied. This is the median hourly pay (excluding overtime) for all employee jobs in London, taken from the ONS 2014 Annual Survey of Hours and Earnings (provisional results).

***This weighted average covers both households with, and without children and has been rounded to the nearest 5 pence. The number of people in different household groups was updated this year using the Annual Population Survey 2013 Household dataset (itself updated to the results of the 2011 Census), rounded to nearest 100. These updated estimates exclude households with adult children.

From Table 2.4, the weighted average wage across the different household types required to meet basic living costs is £7.80 assuming all benefits are included, compared to £10.10 if means-tested benefits are ignored.

Assuming all relevant benefits and tax credits are claimed, 52 per cent of the working households considered in this analysis would achieve their basic living costs, or LCA standard of living, at the £6.95 weighted average of National Minimum Wage (NMW) and National Living Wage (NLW).

3. The Income Distribution approach

The Income Distribution approach calculates the wage required to place a household on the 60th percentile of median income.

The Department for Work and Pensions (DWP) provides indicators on the average income of households.¹⁴ This measure uses household disposable incomes, adjusted for household size and composition, as a proxy for material living standards or, more precisely, for the level of consumption of goods and services that people could attain given the disposable income of the household in which they live.¹⁵

DWP provides two measures of disposable income: before and after housing costs. This report only considers the disposable income after housing costs. Disposable income after housing costs consists of earnings, all social security benefits (including housing and council tax benefits), pensions, maintenance payments, educational grants, and cash value of payments in kind such as free school meals for all members of the household, less income tax (including national insurance, pension contributions) and maintenance or support payments made to people outside the household. Rent, mortgage interest payments, water charges and structural insurance premiums, are deducted from income on this measure.¹⁶

Based on this measure, the household median income in 2013/14 was £386 per week for a couple with no children. This translates into £544.26 for a couple with two children aged between 2 to 4 and 8 to 10. DWP provide details of the process by which to calculate equivalent incomes for other household types.¹⁷

Using the equivalisation process, incomes for the various household types considered earlier have been calculated. Table 3.1 illustrates the median income and different percentages of median income for the different household types.

Given these income levels and using the same tax and benefit model as in the previous section, wages that achieve the different households' disposable income can be approximated.

Table 3.1: Disposable income thresholds for different types of households (£ per week, 2013/14)

	Couple with children	Lone parents with children	Couple with no children	Single person with no children
Median	544.30	370.60	386.00	212.30
70% of median	381.00	259.40	270.20	148.60
65% of median	353.80	240.90	250.90	138.00
60% of median	326.60	222.30	231.60	127.40

All figures rounded to nearest 10 pence

Source: GLA Economics based on DWP data for 2013/14

Table 3.2 shows the approximate hourly wage required to achieve the level of disposable income that would place each household at 60, 65 and 70 per cent of median income (both including and excluding benefits). The Government's poverty threshold is 60 per cent of median income. Hence, we focus on the wage required to meet this income level.

Table 3.2: Approximate hourly wages required to reach a certain percentage of median income for different households
3.2a: Households with children

	Couple with two children				Lone parent	
Earners	2ft	1ft 1pt	2pt	1ft	ft	pt
Including all relevant benefits						
60% of median income	7.65	8.10	11.70	6.95*	10.35	15.30
65% of median income	8.95	9.45	14.50	12.85	12.15	15.80**
70% of median income	10.25	10.95	15.80**	15.80**	13.95	15.80**
Excluding means-tested benefits						
60% of median income	12.00	12.45	15.80**	14.50	15.80**	15.80**
65% of median income	12.55	13.20	15.80**	15.55	15.80**	15.80**
70% of median income	13.05	13.90	15.80**	15.80**	15.80**	15.80**

3.2b: Households without children

	Couple with no children				Single no children	Weighted Average***
Earners	2ft	1ft 1pt	2pt	1ft	ft	
Including all relevant benefits						
60% of median income	6.95*	9.40	15.00	15.50	7.65	8.60
65% of median income	7.00	9.90	15.80**	15.80**	8.80	10.10
70% of median income	7.35	10.35	15.80**	15.80**	9.25	11.00
Excluding means-tested benefits						
60% of median income	6.95*	9.40	15.00	15.50	8.45	10.85
65% of median income	7.00	9.90	15.80**	15.80**	8.85	11.30
70% of median income	7.35	10.35	15.80**	15.80**	9.25	11.65

3.2c: Numbers of people in London that would attain 60% of median income at various wage levels

	Couple with two children				Lone parent	
Earners	2ft	1ft 1pt	2pt	1ft	ft	pt
Total number of adults of this family type	236,600	236,900	16,700	255,000	35,800	43,200
Number which would attain 60% of median income at a wage of:						
£6.95	0	0	0	255,000	0	0
£8.60	236,600	236,900	0	255,000	0	0

	Couple with no children				Single no children	Total number of people in all households considered
Earners	2ft	1ft 1pt	2pt	1ft	ft	
Total number of adults of this family type	382,900	88,700	10,300	213,800	627,000	2,146,700
Number which would attain 60% of median income at a wage of:						
£6.95	382,900	0	0	0	0	637,900
£8.60	382,900	0	0	0	627,000	1,738,400

Notes: ft=full-time and pt=part-time

*Average of the NMW (£6.70) and the NLW (£7.20 from April 2016). This average has been used as a lower limit for the wage when calculating the weighted average wage.

**An upper limit of £15.80 has also been applied. This is the median hourly pay (excluding overtime) for all employee jobs in London, taken from the ONS 2014 Annual Survey of Hours and Earnings (provisional results).

***This weighted average covers both households with, and without children and has been rounded to the nearest 5 pence.

The number of people in different household groups was updated this year using the Annual Population Survey 2013 Household dataset (itself updated to the results of the 2011 Census), rounded to nearest 100

Source: GLA Economics and APS Household dataset 2013

Data from Table 3.2 indicates that only 30 per cent of adults in the working households considered here would attain 60 per cent of median income at the average wage floor of £6.95 (even assuming all relevant benefits were claimed). The weighted average wage (assuming all relevant benefits are claimed) required to achieve 60 per cent of median income is £8.60. At this wage, 81 per cent of the households considered would achieve the 60 per cent median income threshold. Note that in contrast to the LCA approach (see Chapter 2), relatively high wages are required for families with children to attain the target income required to avoid poverty.

4. Comparison of the two approaches and the wage distribution

This section compares the results of the two approaches and then looks at the wage distribution to see what proportion of the working population in London would be affected by a Living Wage if adopted London-wide.

Under the Basic Living Costs approach, just over 50 per cent of the households considered in this analysis would cover their basic living costs at the average wage floor of £6.95. Under the Income Distribution approach 31 per cent of the households considered would attain 60 per cent of median income at £6.95. We assume that all relevant benefits and tax credits are claimed.

Table 4.1 displays the weighted average hourly wages derived from the two approaches considered, including and excluding means-tested benefits. The weighted average wage (including benefits) from the Basic Living Costs approach is £7.80 per hour compared to £8.60 from the Income Distribution approach. The poverty threshold wage of £8.20 is the mean of the figures given by the Basic Living Costs and Income Distribution approaches, rounded to the nearest 5 pence.

Table 4.1: Weighted average poverty threshold wage (£ per hour)

Approach	Including benefits	Excluding benefits
Basic living costs (1)	7.80	10.10
Income distribution (60%) (2)	8.60	10.85
Average of (1) and (2)	8.20	10.45

Source: GLA Economics

Notes: Figures rounded to nearest five pence.

This indicates that a wage of around £8.20 allows most households (claiming all relevant benefits and tax credits), on average, to move to or above the poverty threshold. With a 15 per cent margin added to the (unrounded) poverty threshold wage, this yields a Living Wage, to the nearest five pence, of £9.40 per hour. This will be implemented in the GLA Group as contracts allow.

Box 3 – Comparison of calculations of the National Living Wage, London Living Wage, and Out of London Living Wage

In the Summer Budget 2015 the Chancellor of the Exchequer announced the National Living Wage of £7.20 in April 2016 and that it would rise to over £9 by 2020. The intention is to link it to around 60 per cent of median earnings. It replaces the National Minimum Wage for all employees aged over 25.

The London Living Wage is payable to employees over 18 working in London of organisations accredited with the Living Wage Foundation. Participation by an employer is voluntary. The calculation attempts to set a wage which provides an adequate living standard for a household. The “poverty threshold wage” is an average of the wages needed to achieve a low cost, but acceptable, family budget, and 60 per cent of median household income.¹⁸ Both calculations take account of the income of all household members, and, in principle, all sources of income, notably income from taxes and benefits and tax credits as well as earnings. In order to protect against unforeseen events a margin is added to reach the living wage. Annual increases reflect an average of changes in the cost of living, and trends in median household income.

The Out of London Living Wage is payable to employees over 18, and working outside London, of organisations accredited with the Living Wage Foundation. Participation by an employer is voluntary. The calculation is based on a measure of minimum household income.¹⁹ Groups comprising members of the public determine annually what households need. Annual increases in this wage also take account of rises in living costs, while ensuring that any increase is not too far out of line with general pay trends.

The next section looks at the wage distribution in London to see what proportion of the working population would be affected at these wage levels (assuming the wage was adopted across London).

4.1 Wage distribution

We use the Annual Survey of Hours and Earnings (ASHE) from the ONS to estimate the proportion of jobs below different hourly wage rates. The survey is based on a sample of employee jobs taken from HM Revenue and Customs PAYE records. Information on earnings and hours is obtained in confidence from employers. It does not include the self-employed. We continue to use the ASHE workplace-based data as recommended by the ONS since it provides the most accurate estimates and is the data which most closely represents the pay experience of London’s employees. There have been some methodological changes to the calculation of the proportions in this year’s report, which are described at Box 4.

Data from the Annual Survey of Hours and Earnings show that in 2014 85.5 per cent of full-time employees in London earn more than the Living Wage of £9.40 per hour. 5.3 per cent earn less than the Living Wage but more than the poverty threshold wage²⁰ of £8.20. The remaining 9.2 per cent earn a wage below the poverty threshold wage.

50.1 per cent of part-time employee jobs in London receive more than the Living Wage. 10.2 per cent receive less than the Living Wage but more than the poverty threshold wage. The remaining 39.7 per cent receive a wage below the poverty threshold wage.

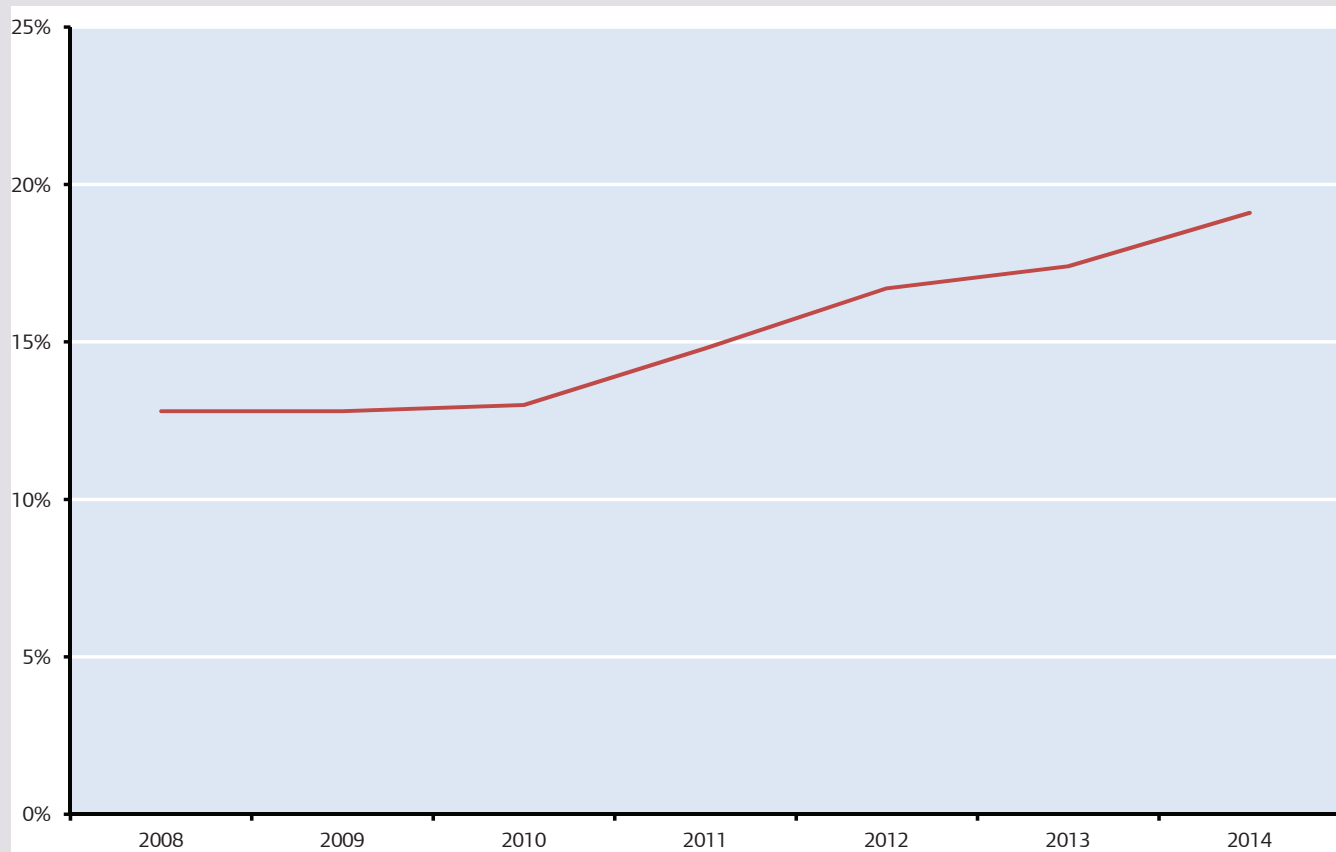
Adding full-time and part-time workers together, 77.8 per cent earn more than the Living Wage and 15.8 per cent earn below the poverty threshold wage.²¹

Box 4 - ONS methodology review of proportion of low wage jobs under the living wage

ONS has conducted a review of approaches to estimate proportions of employee jobs paid less than the living wage.²² The new guidance is still to use data for 'gross pay per hour excluding overtime and shift premium pay' from the Annual Survey of Hours and Earnings (ASHE). There is one change from the methodology used in previous GLA living wage reports. As in previous years, employees paid on youth, training and apprentice rates are excluded from the estimates. Under the new method employees aged 16 and 17 are also excluded because the living wage applies to employees aged 18 and over. The change in methodology means that the results in Table 4.2 of the 2015 London Living Wage report are not directly comparable with those in Table 4.2 of the 2014 London Living Wage report. However, the impact of the change is small, as can be seen by comparing the figures on the '16 and over' and '18 and over' bases in the ONS living wage methodology article (Table 2, page 6): for all employee jobs in London in April 2014, the proportion estimated to be paid less than the living wage was 19.4 per cent on the '16 and over' basis and 19.1 per cent on the '18 and over' basis. ONS published an article with an analysis of estimates of employee jobs paid less than the living wage in London and other parts of the UK on 12 October 2015.²³

Figure 4.1 shows how the proportion of London employee jobs paid less than the London Living Wage has changed over time. Between April 2008 and April 2010 the proportion was relatively stable at around 13 per cent, but has subsequently risen to 19 per cent in April 2014.

Figure 4.1 Proportion of London employee jobs paid less than the London Living Wage



Source: Annual Survey of Hours and Earnings (2014 - provisional), Office for National Statistics.

Table 4.2: Proportion of employee jobs in London where employees earn less than the specified hourly pay threshold

	All		Full-time		Part-time	
All employee jobs = 100%	100	CV	100	CV	100	CV
% earning less than:						
<£8.20 per hour ^a	15.8	1.4	9.2	2.1	39.7	1.6
<£9.15 per hour ^b	20.9	1.2	13.4	1.8	48.1	1.4
<£9.40 per hour ^c	22.2	1.1	14.5	1.7	49.9	1.3

	Men All		Men Full-time		Men Part-time	
All employee jobs = 100%	100	CV	100	CV	100	CV
% earning less than:						
<£8.20 per hour ^a	13.7	2.1	8.4	3.0	48.8	2.4
<£9.15 per hour ^b	18.1	1.8	12.3	2.4	56.1	2.1
<£9.40 per hour ^c	19.3	1.7	13.4	2.3	57.9	2.0

	Women All		Women Full-time		Women Part-time	
All employee jobs = 100%	100	CV	100	CV	100	CV
% earning less than:						
<£8.20 per hour ^a	18.1	1.8	10.4	3.1	35.5	2.1
<£9.15 per hour ^b	24.0	1.6	14.9	2.5	44.3	1.8
<£9.40 per hour ^c	25.4	1.5	16.2	2.4	46.1	1.7

Source: Annual Survey of Hours and Earnings (2014 - provisional), Office for National Statistics.

1: The figures are for employees aged 18 and over on adult rates of pay, whose pay for the survey pay-period was not affected by absence. They exclude the unemployed, unpaid family workers and the self-employed. The proportions show the number of employee jobs in London workplaces where the employee earns less than the different thresholds divided by the number of employee jobs in London workplaces (reporting earnings). Employees may have more than one job. 2: Hourly pay is defined as gross pay per hour excluding overtime, shift premium payments and payments in kind. 3: The quality of an estimate is measured by its coefficient of variation (CV), which is the ratio of the standard error of an estimate to the estimate.

CV ≤ 5% (precise)

CV > 5% and ≤ 10% (reasonably precise)

CV > 10% and ≤ 20% (acceptable)

CV > 20% (unreliable).

a: 2015 poverty threshold, £8.20

b: 2014 London Living Wage

c: 2015 London Living Wage

4.2 What has changed since our 2014 report?

The 2015 Living Wage has increased by 2.7 per cent since the 2014 report, and has risen by 40.3 per cent since its introduction in 2005. Over the year, basic living costs (weighted across all the household types considered) have increased by 1.6 per cent and the 60 per cent median household income by 3.2 per cent.

Prices of some of the items in the shopping basket used in the basic living costs approach have increased whilst others have fallen. The largest increase was in NHS costs (+2.5 per cent) and household services (+2.4

per cent). Meanwhile, fuel saw the largest fall (-6.5 per cent) followed by leisure goods (-3.0 per cent). Overall, prices of items in the shopping basket fell by 1.9%. Transport costs increased by 2.4 per cent, and childcare costs were also up by 4.3 and 4.4 per cent for part-time and full-time childcare costs respectively. Following two years of a freeze and a further two years of a fall, council tax rose slightly this year (by 0.2 per cent). Housing costs have continued their upward movement; social housing costs increased by 4.1 per cent, private rents for single people without children were up by 5.3 per cent, and private rents for couples without children increased by 3.5 per cent.

For the 2015/16 financial year, the personal allowance has increased by 6.0 per cent on last year (to £10,600) and the primary threshold for national insurance contributions is up by 1.3 per cent on last year. These go some way to mitigating the increase required in the London Living Wage to meet the rise in living costs. The basic element of the working tax credit rose by 1 per cent but the childcare element was again frozen as was the family element of the child tax credit. Child benefit was also raised by 1 per cent for the eldest/only child and by 1.1 per cent for other children. The first income thresholds and withdrawal rates for credits remain unchanged.

4.3 Comparison with the National Minimum Wage, inflation and earnings growth

Table 4.3 shows how the London Living Wage (LLW) and the National Minimum Wage (NMW) have increased since 2005, along with inflation and average weekly earnings.

Table 4.3: LLW, NMW, CPI inflation and earnings growth since 2005

	LLW			NMW		Ratio (LLW/NMW)	Average Weekly Earnings growth % Change Year on Year	CPI
	LLW	Change Year on Year (£)	Change Year on Year (%)	NMW	Change Year on Year (%)			
2005	£6.70			£5.05		1.33	4.3	2.0
2006	£7.05	£0.35	5.2%	£5.35	5.9%	1.32	3.9	2.3
2007	£7.20	£0.15	2.1%	£5.52	3.2%	1.30	4.2	2.3
2008	£7.45	£0.25	3.5%	£5.73	3.8%	1.30	3.7	3.6
2009	£7.60	£0.15	2.0%	£5.80	1.2%	1.31	1.7	2.2
2010	£7.85	£0.25	3.3%	£5.93	2.2%	1.32	1.9	3.3
2011	£8.30	£0.45	5.7%	£6.08	2.5%	1.37	2.0	4.5
2012	£8.55	£0.25	3.0%	£6.19	1.8%	1.38	1.7	2.8
2013	£8.80	£0.25	2.9%	£6.31	1.9%	1.39	0.9	2.6
2014	£9.15	£0.35	4.0%	£6.50	3.0%	1.41	1.2	1.5
2015	£9.40	£0.25	2.7%	£6.70 ^a	3.1%	1.40	1.9 ^b	-0.2 ^c

Source: Low Pay Commission, ONS and GLA Economics calculations

^a From October 2015

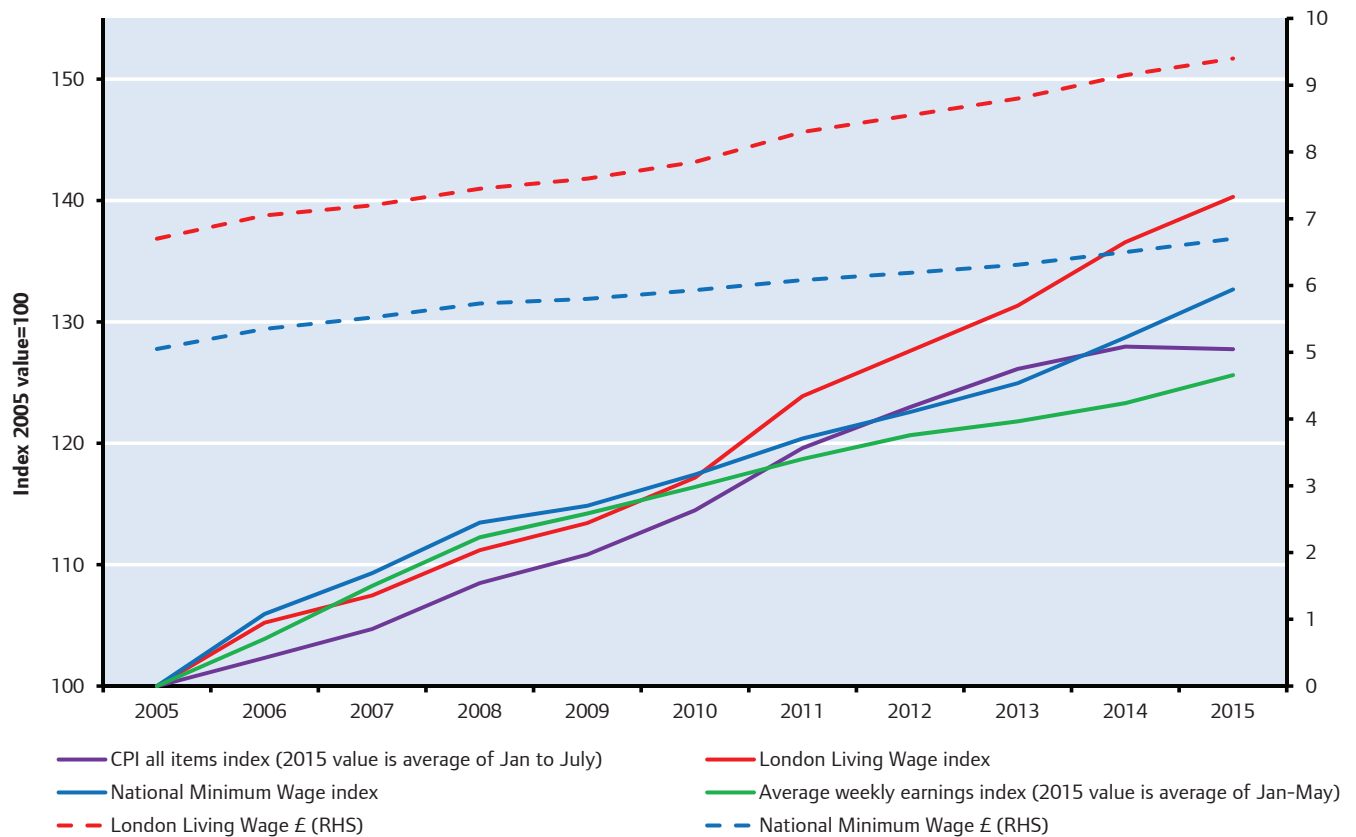
^b 2015 value taken as the average of weekly earnings from January 2015 to May 2015

^c 2014 value taken as the average of CPI from January 2015 to July 2015

In 2005 the London Living Wage was 33 per cent above the NMW of £5.05.²⁴ Since then the differential has risen in absolute terms from £1.65 to £2.70. The 2015 LLW is 40 per cent above the NMW, 31 per cent above the NLW due in April 2016 and 35 per cent above the average of the NMW and NLW (£6.95).

Figure 4.2 compares the growth in the London Living Wage to the NMW, average weekly earnings²⁵ and the Consumer Prices Index. It demonstrates that the LLW has more than kept pace with the growth in both prices and earnings.

Figure 4.1: Growth in the LLW, NMW, Average Earnings and Consumer Price Indices



Source: Low Pay Commission, ONS and GLA calculations

Average Weekly Earnings Index (K54L) is seasonally adjusted and excludes bonuses and arrears

Base year for both is 2005 (2005=100).

5. Implementation of the London Living Wage

In the last 12 months the number of London Living Wage employers has increased very significantly. The GLA has continued to work in partnership with the Living Wage Foundation to promote the Living Wage in London and to offer support to employers considering accreditation. The Mayor has emphasised the potential benefits to employers of paying the London Living Wage, including increased productivity and also reduced staff turnover and absenteeism.

In his 2020 Vision for London, the Mayor stated that the London Living Wage should be the norm in the capital by the end of this decade. Despite the rapid increase in accreditations in the last 12 months, there are still many more business who have yet to sign up before the Mayor's vision becomes a reality. This chapter explores the activity carried out to date by the GLA and the Mayor to promote the London Living Wage.

5.1 The Mayor's manifesto pledges and the London Living Wage

In 2012, the Mayor set out his manifesto commitments in relation to the London Living Wage. The commitments included:

Work constructively with the public and private sector to increase to 250 the number of companies offering the London Living Wage.

This target was exceeded in 2014 and there are now 700 London employers that are fully accredited by the Living Wage Foundation, which means they are committed to paying the London Living Wage to directly employed and contracted staff. This is a very significant increase from the 429 employers accredited at this point last year.

The Mayor has written to over 100 Chief Executives in the past year, primarily in the, retail, legal and service provider sectors, as well as to football clubs, and also a number of FTSE 100 companies. These letters are proactively followed up by GLA officers and the Living Wage Foundation to offer support to recipients to pursue accreditation.

Furthermore the Mayor regularly highlights his London Living Wage objectives in speaking engagements and meetings with individual business leaders or in Mayoral forums with business, such as his International Business Advisory Council.

As a result, many employers in London are in dialogue with the Living Wage Foundation – many have already become accredited and others are beginning the process.

Lobby Government to adopt the London Living Wage across Whitehall.

The Mayor continues to lobby Government to pay the London Living Wage across Whitehall whilst the GLA Group provides an example of how large public sector organisations can overcome their complex contractual arrangements to meet accreditation requirements. The Living Wage Foundation is engaged in ongoing discussions with central Government Departments.

5.2 Additional commitments

In addition to his manifesto commitments, the Mayor made further assurances to support the promotion of the London Living Wage at the London Citizens Mayoral Accountability Assembly (25 April 2012). These included:

Announcing the London Living Wage figure annually in person and ensuring full compliance and Living Wage Employer accreditation across the GLA group.

The Mayor announced the new rate of the London Living Wage in person on 3 November 2014.

The GLA Group of organisations – including the GLA, Transport for London, the Mayor's Office for Policing and Crime, the London Legacy Development Corporation (LLDC) – are accredited London Living Wage employers. Furthermore, the Metropolitan Police Service is undergoing phased implementation of the London Living Wage; it will be rolled out to all contracts as they come up for renewal, such that they will all be fully compliant by January 2016.

Work with London Citizens to sign up 100 new large (>250 employees) London employers, including at least five in the retail sector, five in hospitality and 16 Local Authorities, to become Living Wage Employers through the course of the Mayoral term.

Progress against this measure is strong, as evidenced by the expansion in the number of accredited employers in the past year (see Appendix D).

There are now 700 London employers that have become accredited Living Wage employers. Approximately a quarter of these are employers with over 250 staff nationally. A number of large FTSE100 employers have been contacted directly by the Mayor on the issue of the Living Wage this year.

Outreach to the retail and hospitality sectors remains a priority. A significant number of employers were identified in partnership with the Living Wage Foundation to receive letters from the Mayor during his final year in office urging them to pay the London Living Wage and it is hoped that many of these will begin the process of working towards accreditation as a result.

Ensure that the Living Wage Olympic Legacy continues by negotiating Living Wage commitments with all developers on the Olympic Park.

To support the delivery of the Mayor's commitment, the LLDC requires all of its contractors on the Queen Elizabeth Olympic Park to pay its directly employed workforce a minimum of the London Living Wage. The LLDC will continue to ensure all contractors are committed to the London Living Wage through all future procurement and contracts for the construction, management and operation of the park.

Work with London Citizens to make Living Wage Week the greatest possible success by contributing Transport for London hoardings for promotion.

In 2013, the GLA and Living Wage Foundation began working together to promote Living Wage Week, which takes place every November. That year, the GLA allocated one of its TfL poster circuits (which is made up of 50 sites) to help ensure greater visibility for and recognition of the Living Wage Employer Mark amongst businesses and to increase awareness of the Living Wage in London amongst Londoners. In 2014, the GLA promoted the London Living Wage during Living Wage Week through web and social media outreach, making best use of GLA-owned websites. This approach will be repeated during Living Wage Week 2015.

A list of accredited Living Wage employers and those that are in the process of accreditation can be found at Annex D.

Box 5 - An employer perspective on implementing the London Living Wage

The Drury Tea & Coffee Company is a family-run business based in London that specialises in the production and supply of high quality teas and coffees. It became an accredited London Living Wage employer in January 2015.

The business was established in 1936 by three Italian brothers and supplied first tea and then coffee to the catering establishments of London. It was originally based in Covent Garden (Drury Lane, from where the company took its name). It mainly supplies wholesale markets (restaurants, hotels and coffee shops), and also has a small retail shop in Covent Garden.

Now run by the third generation of the family, it has recently moved into a new factory and headquarters in the Royal Arsenal development in Woolwich. This move has coincided with investment in new coffee roasting and tea packing plants that have quadrupled production capabilities. At present Drury supplies approximately 1,200 individual sites in London and nationwide, and many more through its network of accredited distributors, both domestically and internationally.

As well as employing four people at its Covent Garden retail store, it employs forty people on its Woolwich site, which is likely to increase to over fifty over the coming years as a result of business growth.

The company has always been a family business, and because of this family ethos, it seemed a natural progression to sign up to become an accredited London Living Wage employer. The senior management were aware of the Living Wage Foundation and its work, but the final prompt for Drury came from a prospective client, who preferred to deal with accredited Living Wage suppliers.

Drury found the accreditation process to be very simple and straightforward, with a clear and concise pathway explained by the Living Wage Foundation. The positive impact has been dramatic. Those members of staff who received an unexpected pay rise were pleased and the company's ongoing commitment to pay the London Living Wage reassures all employees that the firm is pulling together in the right direction. Amongst senior management there is also a very strong feeling that Drury is both more attractive as an employer (two recent vacancies were filled very rapidly) and as a supplier, as Corporate Social Responsibility policies and ethical sourcing become ever more important. Overall, it has added enormously to the feel-good factor in the business.



6. Conclusions

The London Living Wage has increased by 2.7 per cent this year, to £9.40 per hour. In the ten years since 2005, it has increased by 40.3 per cent.

Since our last report, household median disposable income in London after housing costs has increased by 3.2 per cent. There has been inflation in the basket of goods of between -6.0 and 2.5 per cent. Overall, prices fell by 2.0 per cent. Housing costs have risen by 4.1 per cent for families with children, 3.5 per cent for couples without children and by 5.3 per cent for single people. Transport costs are up 2.4 per cent and childcare costs have risen by 4.3 and 4.4 per cent for part-time and full-time childcare costs respectively.

There have also been a number of changes to the tax and benefits system. For the 2015/16 financial year, the personal allowance has increased by 6.0 per cent on last year (to £10,600) and the primary threshold for national insurance contributions is up by 1.3 per cent on last year. The childcare element of the working tax credit was again frozen as was the family element of the child tax credit. The child element of the child tax credit increased by 1.1 per cent. The first income thresholds and withdrawal rates for credits remain unchanged.

The calculations incorporate the introduction of the National Living Wage announced in the Summer Budget by the Chancellor of the Exchequer. Changes in entitlement to tax credits announced at the same time, along with other tax and benefit changes due for 2016/17, have not been taken into account in the calculation of the 2015 London Living Wage. This is consistent with the methodology used in living wage calculations in previous years. Receipt of Universal Credit has not been included in the analysis as numbers in receipt are currently very small.

Other changes this year include a revision of the household weights using data from the latest ONS Annual Population Survey Household dataset 2013, which has been updated in line with results from the 2011 Census .

There are now 700 fully accredited employers in London. The Living Wage Foundation has calculated that accredited Living Wage employers have now provided over 30,000 workers in London with the benefits of the London Living Wage since 2011.²⁶

Appendix A: Details of cost calculations

This appendix provides more information about the calculation (see Section 2) of the five subcategories of Basic Living Costs.

A.1 Housing costs

Social housing rent

Housing costs in London were updated using the same methodology as in previous Living Wage reports. The assumptions about what type of accommodation different family types occupy are unchanged, with couples and lone parents with two children assumed to live in a three-bedroom social housing property. This is based once more on the FBU method, which attempts to estimate the rent that a model family needs to pay, in order to obtain access to affordable but adequate housing.

As in previous reports we used data from the Chartered Institute of Public Finance and Accountancy (CIPFA) which provides, for each London borough, the average council rent on a three-bedroom property and the number of such dwellings in the council stock. The current report has been updated using the most recent data from CIPFA on net rents for three bedroom properties in London. Table A.1 shows the median, weighted mean²⁷ and unweighted mean of these rents, covering the majority of London boroughs for 2014, and for comparison the 2013 data has also been included.

Table A.1: Median, weighted and un-weighted mean weekly rents for three-bedroom council houses in London in 2013 and 2014

	2013	2014
Median	114.09	118.25
Weighted Mean	112.93	117.39
Unweighted Mean	114.83	121.03

Source: CIPFA and GLA Economics calculations

We are aware that Council housing does not represent the only source of affordable housing available to such families and therefore, as in the previous reports, other social housing is also taken into account. As in last year's report, this data came from the Homes and Communities Agency (HCA). The weighted average weekly net rent for three-bedroom other social housing in London was £127.68 per week in 2014.

To derive our estimate of the social rent for three-bedroom houses in London, we used the average (weighted by dwellings in each borough) of rent for council houses at £117.39 per week and rent for other social housing at £127.68 per week. This was weighted by 406,390 council houses in London and 392,430 units of other social housing in 2014 (using DCLG dwelling stock data).

The calculation was:

$$£117.39 \times (406,390/798,820) + £127.68 \times (392,430/798,820) = £122.45$$

This gives an average social housing rent for affordable three-bedroom dwellings in London of £122.45 per week, a rise of 4.1 per cent from £117.62 in the 2014 report. This figure is used for the housing costs of couples and lone parents with children.

Private rent

As in previous reports it was assumed that single people and couples without children are more likely to live in private accommodation, since they have less access to social housing than families with children. For private rental data we use Private Rental Market Statistics produced by the Valuation Office Agency.

We assume that single people will require a single room or studio to attain an acceptable living standard whilst a couple will require a single bedroom self-contained dwelling. The range of dwelling types includes maisonettes, one-bedroom houses and cottages in the range of accommodation available to a couple. Similarly, our estimate of rents for single people includes rooms, shared rooms, bed-sits and studios.

In each case the first quartile of the rent distribution has been used as an estimate of the typical cost of private rented accommodation. This yields a typical rental of £134 per week for a single person (a 5.3 per cent increase since last year) and £209 per week for a couple (an increase of 3.5 per cent from last year's report²⁸).

A.2 Council tax

According to the Department for Communities and Local Government (DCLG) the majority of London houses are band D or above.²⁹ This report assumes a band D council tax and calculates the average council tax band D using DCLG data. This yields a figure of £24.96 per week for 2015-16. People living on their own or lone parents are entitled to a 25 per cent single person's discount (to £18.72).

A.3 Childcare

We again base our calculation of childcare costs for our different household types on data published by the Family and Childcare Trust. As in previous reports we have assumed that all households with children, where both parents or the sole parent work, incur childcare costs. We assume that parents working full-time need 40.5 hours of childcare per week and that parents working part-time need 19.5 hours. In addition, we assume parents working full-time need 15 hours of out-of-school care and those working part-time need 7.5 hours.

The Family and Childcare Trust provides the following data:

Table A2: Childcare costs in London in 2015

Nursery 25 hours (under 2)	£152.06
Nursery 25 hours (over 2)	£140.64
Childminder 25 hours (under 2)	£146.31
Childminder 25 hours (over 2)	£144.27
Afterschool club (15 hours)	£53.65
Childminder after-school pick up	£89.94

Source: Family and Childcare Trust Annual Childcare Costs Survey, 2015

These data enable us to calculate two hourly rates for childcare i.e. one for a preschool-aged child and one for a school-aged child in full-time education:

Preschool child cost (25 hours)	Preschool child cost (per hour)	Schoolchild cost (15 hours)	Schoolchild cost (per hour)
£145.82	£5.83	£71.80	£4.79

Source: As above and GLA Economics calculations

Using the hourly rates above we calculate the cost of childcare for two children (one preschool and one at school) as follows:

Full-time childcare for two children: $(40.5 \times £5.83) + (15 \times £4.79) = £308.02$

Part-time childcare for two children: $(19.5 \times £5.83) + (7.5 \times £4.79) = £149.64$

Compared with last year's report, full-time and part-time childcare costs have risen by 4.4 and 4.3 per cent respectively.

In its 2015 survey, the Family and Childcare Trust found that childcare costs in London are again the highest in Britain and that these costs have risen by well above the rate of inflation (up by an average of 38 per cent for a nursery for a child under two over the last five years).

A.4 Transport

We used the weekly equivalent cost of a monthly Zone 1-3 Oyster Travel Card (see Table A.3). This year the cost of travel has risen by 2.4 per cent.

Table A.3: Transport costs (£ weekly)

Type of households	£ per week
Couples with children	66.83
Lone parents	33.42
Couples without children	66.83
Single individuals without children	33.42

Source: Based on Transport for London fares 2015

A.5 Regional price differentials for the standard shopping basket

We use ONS regional price differentials from 2004. After 2004 we update the 2004 estimates applying the growth in national prices to the subcomponents of London's shopping basket.

Rising costs since last year's report

Over the past year all prices of goods and services in the Living Wage shopping basket have risen. Table A.4 provides details.

Table A.4: Annual percentage growth in prices of items in the CPI shopping basket

Item	Average annual % growth in prices (April-June 2015)
Price rises	
Food	-2.5
Clothing	-0.4
Personal care	2.0
Household goods	-1.0
Household services	2.4
Leisure goods	-3.0
Leisure services	2.0
Energy	-6.5
NHS charges	2.5
Insurance/pension contributions	0.6
Pets	1.0
Charitable donations	0.0

Source: Office for National Statistics (ONS) and GLA Economics calculations

Note: To uprate the cost of each item of the shopping basket we used the average of annual price increases for April-June.

Appendix B: Benefits and tax credits

This section describes how we incorporate tax credits and benefits in our estimate of Basic Living Costs. The methodology is explained in more detail in Appendix C of the 2005 Living Wage report.

B.1 Earnings and benefits

For households with someone in work, all benefits included within the living wage calculation are means-tested. These cover:

- Working tax credit
- Child tax credit
- Housing benefit
- Council tax support
- Child benefit (although the earnings threshold for means-testing to have an impact (£50,000) is significantly above the earnings of all households considered in the living wage analysis).

The amount a household receives depends on various factors including household income, hours worked, type of household (couple or lone parent) and number and age of children.

To calculate main benefits for different family types, we follow the same methodology as outlined in Appendix B of the 2005 Living Wage report.

The working tax credit has several elements that are applied based on the circumstances of households, as outlined in Table B.1.

Table B.1: Working tax credit, 2015/16

Working tax credit elements	Maximum amount	
	£ per year	£ per week
1. Basic	1,960.00	37.69
2. Second adult/lone parent	2,010.00	38.65
3. 30 hour	810.00	15.58
4. Childcare (per cent of eligible cost covered 70%)		
Maximum eligible cost for one child		175
Maximum amount given two children		300
5. Disability	2,970.00	57.12
6. Severe disability	1,275.00	24.52

Source: HMRC

The working tax credit has a childcare element that is given to those households who are working and have children. The childcare element of the benefits system means that 70 per cent of eligible childcare costs incurred are covered up to a maximum of £175 per week for one child. This means that a family with one child can get a maximum of £122.50 per week from the childcare element. Similarly, families with two children can receive up to a maximum of £210 per week (70 per cent of £300).

Families with disabled members get extra help, in the form of additional disability or severe disability elements.

A representative couple, therefore, working more than 30 hours per week, with two children and incurring childcare costs will be generally entitled to:

- the basic element;
- the second adult element;
- 30 hour element;
- 70 per cent of childcare costs incurred (or up to 70 per cent of the maximum £300).

However, the amount received depends on household income. The next section considers the child tax credit and then details how to calculate the working tax credit, given information on household income.

B.2 Child tax credit

Child tax credit is mainly for families on low (or middle) incomes who are responsible for one or more children, under 16 years old (or a child under 20 in approved education or training).

Child tax credit can be granted in addition to the childcare element of the working tax credit. The main elements of the child tax credit are the family element and the child element (see Table B.2). A family responsible for a child or children is entitled to receive the family element, which has been frozen at £545 per year since 2010/11. In addition, a family can get £53.46 per week for each additional child (over one year old).

Table B.2: Child tax credits, 2015/16

Child tax credit elements	Maximum amount	Maximum amount
	£ per year	£ per week*
Family	545	10.48
Child	2,780	53.46
Disabled child	3,140	60.38
Severe disabled child	1,275	24.52

Source: HMRC

* Weekly figures are only approximate as tax credits are based on rounded daily amounts

As with working tax credit, the amount received in child tax credits depends on the household's income.

Common thresholds of household income for working tax credit and child tax credit

Families with a household income below £123.46 per week are entitled to the maximum amount as shown in Tables B.1 and B.2. Families with a household income above this first income threshold will receive less with their award being reduced at the rate of 41p for every £1 of gross income over this threshold (see Table B.3). This award is calculated using the following formula:

Tax credit = maximum amount of child tax and working tax credits – 41%*(gross household income – £123.46 per week)

Table B.3: Common features to derive child and working family credits, 2015/16

Common Features	Maximum amount	Maximum amount
	£ per year	£ per week*
First income threshold	6,420	123.46
First withdrawal rate (%)	41	
Second income threshold	abolished	
Second withdrawal rate (%)		
First threshold for those entitled to Child tax credit only	16,105	309.71

Source: HMRC

* Weekly figures are only approximate as tax credits are based on rounded daily amounts

Child benefit

As of April 2013 Child Benefit became means-tested for those households with an income above £50,000. The households used to calculate the London Living Wage are all significantly below this threshold. Child Benefit is paid for children up to the age of 16 or up to 19 for those in full-time education (up to and including A level standard). Table B.4 shows the amount couples or lone parents are entitled to receive depending on the number of children they have. There is a higher rate of benefit for the first child of £20.70 per week. For each subsequent child, couples receive £13.70 per week.

Table B.4: Child Benefit, 2015/16

Number of children	Couple
	£ per week
1	20.70
2	34.40
3	48.10
Each extra child above 3	13.70

Source: HMRC

Note: Since April 2007, lone parents have received the same amount of child benefits as couples.

B.3 Housing benefits

We include a family specific amount of housing benefit calculated by the following formula:

Housing benefits = eligible rent – 65% *(net income – applicable amount)

where:

Net income = (gross income – tax – earnings disregard) + child tax and working tax credits

and

Applicable amount = total personal allowances + total premiums

The applicable amount represents the minimum income viewed by the government as sufficient for a person under given circumstances. This is made up of two components: personal allowances and total premiums, depending on the particular circumstances of the household.

Housing benefit is calculated by reference to household income and any other benefits received. The amount of housing benefit also depends on eligible rent and council tax paid.

To derive the total applicable amount, information from Table B.5 is used and depends on the size of the family or type of household. For instance, a couple family with two children are entitled to receive £114.85 per week in personal allowances, and £133.80 per week for both children under 16. In addition, families receive the family premium (for couples) of £17.45 per week.

Table B.5: Housing Benefits, 2015/16

	Maximum Amount
Personal Allowance	£ per week
Single person (under 25)	57.90
Single person (25 or over)	73.10
Lone parent (18 or over)	73.10
Couple (one/both 18 or over)	114.85
Children:	
- Under 16	66.90
- 16-18	66.90
Premiums	
Family	17.45
Family (lone parent)	22.20

Source: HMRC

B.4 Council tax support

In April 2013 the Council Tax Benefit scheme operated by central government was abolished and replaced by a localised Council Tax Reduction scheme, whereby councils design their own scheme. In light of this policy change the income towards council tax costs, for different households, in London is estimated as follows:

The council tax reduction entitlement for each household type in each local authority is estimated. A weighted average for London is then calculated using the number of housing benefit caseloads (as a proxy for recipients of council tax support) from Jan-Dec 2014 for each household type in each local authority.³⁰ This data is derived from DWP's Stat-Xplore.

The general format of council tax support calculations across boroughs is:

Council tax support = council tax – taper rate*(net income – applicable amount),

where:

Net income and applicable amount are the same as that described above in the section on housing benefits.
and

The applicable amount includes an earnings disregard which is determined by each council; commonly this is £10 per week for a couple, £5 for a single person and £25 for a single parent.

Most councils have adopted a minimum contribution requirement for residents such that there is an upper limit to the amount of support that can be claimed. Some councils have also included a lower limit e.g. Haringey, where households whose council tax support entitlement is less than £1 receive no council tax support. As with Council Tax Benefit, there remains a 25 per cent single person's discount.

Appendix C: LCA required income and actual income at different hourly wages

This appendix sets out the difference between basic living costs and income approaches at different hourly wages. Table C.1 includes all relevant benefits and tax credits in the calculation for the first approach. Table C.2 excludes all means-tested benefits from the calculation.

Table C.1: Weekly earnings, taxes, benefits, disposable income and costs for different hourly wages including all applicable tax credits and means-tested benefits
C.1a: Households with children

	Two parents with two children					Single parent	
Hourly wages	2ft	1ft 1pt	1pt 1pt	1ft	1pt	ft	pt
£6.70							
Total disposable income	762.40	595.30	533.50	482.90	445.50	633.40	472.60
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	23.70	15.00	-46.80	85.70	48.30	-13.30	-15.60
£6.95							
Total disposable income	767.60	600.40	538.50	483.40	447.00	636.00	474.10
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	28.90	20.10	-41.80	86.20	49.80	-10.70	-14.20
£7.20							
Total disposable income	772.80	605.50	543.50	483.90	448.50	638.60	475.60
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	34.10	25.20	-36.80	86.60	51.20	-8.10	-12.70
£8.00							
Total disposable income	789.40	621.90	559.60	485.60	453.20	646.90	478.60
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	50.70	41.60	-20.70	88.30	56.00	0.20	-9.70
£9.00							
Total disposable income	810.20	642.30	579.60	488.00	459.20	657.30	482.10
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	71.50	62.00	-0.70	90.80	62.00	10.60	-6.20

£10.00							
Total disposable income	831.00	660.90	596.10	491.00	464.50	667.70	485.00
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	92.30	80.60	15.80	93.80	67.30	21.00	-3.30

C.1b: Households without children

	Couple no children					Single person	
Hourly wages	2ft	1ft 1pt	1pt 1pt	1ft	1pt	ft	pt
£6.70							
Total disposable income	469.60	416.30	379.90	389.70	356.00	271.40	242.40
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	38.90	-14.30	-50.80	-7.60	-41.20	-16.70	-45.70
£6.95							
Total disposable income	482.60	420.10	381.40	390.50	357.50	273.70	243.00
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	52.00	-10.60	-49.20	-6.70	-39.70	-14.50	-45.20
£7.20							
Total disposable income	495.70	423.90	383.00	391.40	359.00	276.00	243.60
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	65.10	-6.80	-47.60	-5.80	-38.20	-12.20	-44.60
£8.00							
Total disposable income	537.60	436.00	389.80	394.20	363.80	283.30	245.40
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	107.00	5.30	-40.80	-3.00	-33.50	-4.80	-42.80
£9.00							
Total disposable income	590.00	451.10	401.40	397.80	369.40	295.00	247.80
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	159.30	20.40	-29.20	0.50	-27.90	6.80	-40.40
£10.00							
Total disposable income	642.30	489.40	412.00	406.70	371.40	321.20	250.60
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	211.70	58.70	-18.60	9.50	-25.80	33.00	-37.50

Source: GLA Economics

All figures rounded to nearest 10 pence

Table C.2: Weekly earnings, benefits, disposable income and costs for different hourly wages, including only child benefits**C.2a: Households with children**

	Two parents with two children					Single parent	
Hourly wages	2ft	1ft 1pt	1pt 1pt	1ft	1pt	ft	pt
£6.70							
Total disposable income	504.00	383.10	262.20	269.20	148.30	269.20	148.30
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	-234.70	-197.20	-318.10	-128.10	-248.90	-377.50	-340.00
£6.95							
Total disposable income	517.00	393.90	270.70	275.70	152.60	275.70	152.60
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	-221.60	-186.40	-309.60	-121.50	-244.70	-371.00	-335.70
£7.20							
Total disposable income	530.10	404.70	279.20	282.30	156.80	282.30	156.80
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	-208.50	-175.60	-301.10	-115.00	-240.40	-364.40	-331.50
£8.00							
Total disposable income	572.00	439.20	306.40	303.20	170.40	303.20	170.40
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	-166.70	-141.10	-273.90	-94.00	-226.80	-343.50	-317.90
£9.00							
Total disposable income	624.40	482.40	340.40	329.40	187.40	329.40	187.40
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	-114.30	-97.90	-239.90	-67.80	-209.80	-317.30	-300.90
£10.00							
Total disposable income	676.70	523.80	370.80	355.60	202.60	355.60	202.60
LCA Costs	738.70	580.30	580.30	397.20	397.20	646.70	488.30
Total disposable income minus LCA costs	-61.90	-56.50	-209.50	-41.70	-194.60	-291.10	-285.70

C.2b: Households without children

	Couple no children					Single person	
Hourly wages	2ft	1ft 1pt	1pt 1pt	1ft	1pt	ft	pt
£6.70							
Total disposable income	469.60	348.70	227.80	234.80	113.90	234.80	113.90
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	38.90	-82.00	-202.80	-162.40	-283.30	-53.40	-174.30
£6.95							
Total disposable income	482.60	359.50	236.30	241.30	118.20	241.30	118.20
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	52.00	-71.20	-194.30	-155.90	-279.10	-46.80	-170.00
£7.20							
Total disposable income	495.70	370.30	244.80	247.90	122.40	247.90	122.40
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	65.10	-60.40	-185.80	-149.40	-274.80	-40.30	-165.80
£8.00							
Total disposable income	537.60	404.80	272.00	268.80	136.00	268.80	136.00
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	107.00	-25.80	-158.60	-128.40	-261.20	-19.40	-152.20
£9.00							
Total disposable income	590.00	448.00	306.00	295.00	153.00	295.00	153.00
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	159.30	17.40	-124.60	-102.20	-244.20	6.80	-135.20
£10.00							
Total disposable income	642.30	489.40	336.40	321.20	168.20	321.20	168.20
LCA Costs	430.60	430.60	430.60	397.20	397.20	288.20	288.20
Total disposable income minus LCA costs	211.70	58.70	-94.20	-76.10	-229.00	33.00	-120.00

Source: GLA Economics

All figures rounded to nearest 10 pence

Table C.3 presents the wage level that different types of families require to achieve 60 per cent of median income, 65 per cent of median income and 70 per cent of median income. These calculations include all benefits and tax credits.

Table C.3: Weekly incomes (£) for different types of families including benefits in the measure of disposable income

		Required hourly wage rate			
Household type	Weekly income	2ft	1ft 1pt	2pt	1ft
60% of median (Relative poverty measure)					
With two children aged 2-4 and 8-10					
1) Couple parents	326.55	7.65	8.10	11.70	<6.95
2) Lone parent	222.35	N/A	N/A	N/A	10.35
With no children					
1) Couple	231.60	<6.95	9.40	15.00	15.50
2) Single person	127.40	N/A	N/A	N/A	7.65
65% of median					
With two children aged 2-4 and 8-10					
1) Couple parents	353.75	8.95	9.45	14.50	12.85
2) Lone parent	240.85	N/A	N/A	N/A	12.15
With no children					
1) Couple	250.90	7.00	9.90	>15.8	>15.8
2) Single person	138.00	N/A	N/A	N/A	8.80
70% of median					
With two children aged 2-4 and 8-10					
1) Couple parents	381.00	10.25	10.95	>15.8	>15.8
2) Lone parent	259.40	N/A	N/A	N/A	13.95
With no children					
1) Couple	270.20	7.35	10.35	>15.8	>15.8
2) Single person	148.60	N/A	N/A	N/A	9.25

Source: GLA Economics

All figures rounded to nearest 5 pence

Similarly, Table C.4 shows the wage levels in the income distribution approach as above, but including only child benefits.

Table C.4: Weekly incomes (£) for different types of families including only child benefits in the measure of disposable income

Household type	Weekly income	Required hourly wage rate			
		2ft	1ft 1pt	2pt	1ft
60% of median (Relative poverty measure)					
With two children aged 2-4 and 8-10					
1) Couple parents	326.55	12.00	12.45	>15.8	14.50
2) Lone parent	222.35	N/A	N/A	N/A	>15.8
With no children					
1) Couple	231.60	<6.95	9.40	15.00	15.50
2) Single person	127.40	N/A	N/A	N/A	8.45
65% of median					
With two children aged 2-4 and 8-10					
1) Couple parents	353.75	12.55	13.20	>15.8	15.55
2) Lone parent	240.85	N/A	N/A	N/A	>15.8
With no children					
1) Couple	250.90	7.00	9.90	>15.8	>15.8
2) Single person	138.00	N/A	N/A	N/A	8.85
70% of median					
With two children aged 2-4 and 8-10					
1) Couple parents	381.00	13.05	13.90	>15.8	>15.8
2) Lone parent	259.40	N/A	N/A	N/A	>15.8
With no children					
1) Couple	270.20	7.35	10.35	>15.8	>15.8
2) Single person	148.60	N/A	N/A	N/A	9.25

Source: GLA Economics

All figures rounded to nearest 5 pence

Appendix D: Accredited Living Wage employers November 2015

Organisation Name	Sector
11KBW	Private Sector
161 Food+Drink	Private Sector
38 Degrees	Third Sector
3i Group	Private Sector
89up	Private Sector
A View Opticians	Private Sector
A1 Pharmaceuticals plc	Private Sector
Aberdeen Asset Management PLC	Private Sector
ABTA	Private Sector
Accenture	Private Sector
ACEVO	Third Sector
Action Aid	Third Sector
Advantage Accreditation Limited	Private Sector
Advising London	Third Sector
Aequitas Consulting	Third Sector
Age UK Camden	Third Sector
Age UK Enfield	Third Sector
Age UK Kensington and Chelsea	Third Sector
Al Rayan Bank PLC	Private Sector
Alford House	Third Sector
Allen & Overy LLP	Private Sector
Allford Hall Monaghan Morris	Private Sector
Allpay	Private Sector
Altitec Ltd	Private Sector
Ambler Primary School and Children's Centre	Public Sector
Amnesty International (UK)	Third Sector
Amnesty International International Secretariat	Third Sector
Angel Trains Ltd	Private Sector
Anglo American Services UK Ltd	Private Sector
Ankura (Make it Home) Limited	Private Sector
Anthony Gold Solicitors	Private Sector
Anthony Nolan	Third Sector
AoC	Private Sector
Aquaterra	Third Sector
Aquila Oasis Housing	Third Sector
Ark	Third Sector

Ark Academy, Brent	Public Sector
ARK UK Programmes	Private Sector
Armour Intelligence Ltd	Private Sector
Arup	Private Sector
Ascham Homes	Public Sector
Aspire Community Works	Third Sector
Asra Housing Group	Third Sector
Association of Teachers and Lecturers	Third Sector
Attic Removals	Private Sector
Attic Storage	Private Sector
Aviva Plc	Private Sector
Bangla Housing Association	Third Sector
Bank of England	Private Sector
Barclays Bank PLC	Private Sector
Barking & Dagenham Council for Voluntary Service	Third Sector
Barnet, Enfield and Haringey Mental Health NHS Trust	Private Sector
Barrow Cadbury Trust	Third Sector
Barts Health NHS Trust	Public Sector
Bastows Ltd	Private Sector
Bates Wells Braithwaite	Private Sector
BCD Travel	Private Sector
BCS (Electrical and Building) Ltd	Private Sector
Beazley Insurance	Private Sector
Bethnal Green Academy	Public Sector
Better Bankside	Private Sector
BG Group	Private Sector
Bhatt Murphy Solicitors	Private Sector
Big Lottery Fund	Third Sector
Bilmes Solicitors	Private Sector
Bindmans LLP	Private Sector
Blackstone Chambers Ltd	Private Sector
Blenheim CDP	Third Sector
Bloomsbury Central Baptist Church	Third Sector
BLP Law	Private Sector
Blue Cross	Third Sector
Bootstrap Company Ltd	Third Sector
Boundary Community Launderette	Third Sector
Brent Private Tenants' Rights Group (t/a Advice4Renters)	Third Sector
Brewdog	Private Sector
Bridges Ventures	Private Sector
Bright Blue	Private Sector
Bristows LLP	Private Sector
British Bankers' Association (BBA)	Private Sector
British Chamber of Commerce	Third Sector
British Cleaning Council	Private Sector
British Horseracing Authority	Private Sector
British Medical Association	Private Sector
British Private Equity and Venture Capital Association (BVCA)	Private Sector
Bromley-by-Bow Centre	Third Sector
Brook Young People	Third Sector

Buddy Enterprises Ltd.	Private Sector
Building Societies Association	Public Sector
Bulb	Private Sector
Burberry	Private Sector
Burke Hunter Adams LLP	Private Sector
Burma Campaign UK	Third Sector
Business in the Community	Third Sector
CAFOD	Third Sector
CAM Specialist Support Limited	Private Sector
Cambridge House & Talbot	Third Sector
Camden Town Brewery	Private Sector
Camfil Ltd	Private Sector
Canary Wharf Group	Private Sector
Capital Roofing Co Ltd	Private Sector
Capstone London Limited	Private Sector
Cardinal Vaughan Memorial School	Public Sector
Carers Network	Third Sector
Caritas Social Action Network (CSAN)	Third Sector
Castlefield	Private Sector
Casual Films	Private Sector
Catholic Children's Society (Westminster)	Third Sector
Catholic Trust for England and Wales	Third Sector
Catlin Group	Private Sector
Cause4	Third Sector
CCLA Investment Management	Third Sector
CDF - Community Development Foundation	Third Sector
Cedar Communications Limited	Private Sector
Centra Pulse and Connect - ON HOLD	Private Sector
Central Finance Board of the Methodist Church	Third Sector
Central Hall Westminster	Third Sector
Centre for Strategy and Communication Ltd (The Centre)	Private Sector
Centre for Theology and Community	Third Sector
Centrica PLC	Private Sector
Cereal Partners	Private Sector
Channel 4	Public/Private Sector
Charity Finance Group	Third Sector
Charity People	Private Sector
Chartered Society of Physiotherapy	Third Sector
Chatsworth Road Market	Private Sector
Chelsea FC plc	Private Sector
Children England	Third Sector
Christ the King Primary School	Public Sector
Christian Aid	Third Sector
Church House Conference Centre Ltd	Private Sector
CIFAS	Private Sector
CIPD	Third Sector
Citi	Private Sector
Citizens UK	Third Sector
City of London Corporation	Public Sector
City of Westminster College	Public Sector

Clapham Park Group Practice	Third Sector
Claremont Communications	Private Sector
Clear Channel UK	Private Sector
Click Entertainment Ltd	Private Sector
Clifford Chance	Private Sector
Cloisters	Private Sector
Code Enigma	Private Sector
Comic Relief	Third Sector
Communication Workers Union	Third Sector
Community Action Southwark	Third Sector
Community Links Trust	Third Sector
Community Transport Waltham Forest	Third Sector
Community Union	Third Sector
Compass School Southwark	Public Sector
Contract Security Services Ltd	Private Sector
Co-op Bank	Private Sector
Copenhagen School	Public Sector
Corelli College	Public Sector
Council of Lutheran Churches	Third Sector
CPAG	Third Sector
Craving Coffee	Private Sector
Creature of London	Private Sector
Cripplegate Foundation	Third Sector
Crisis UK	Third Sector
Cromwell Clean Ltd	Private Sector
CTS Cleaning Solutions Ltd	Private Sector
Curzon Central	Private Sector
Dallington School	Public Sector
Dalston Bread and Wine Ltd.	Private Sector
DANBRO	Private Sector
Databarracks Ltd	Private Sector
Deloitte	Private Sector
Dentons UKMEA LLP	Private Sector
Department of Energy & Climate Change	Public Sector
Deptford Reach	Third Sector
Devereux Chambers Services Ltd	Private Sector
D'Eynsford TMO	Public Sector
Disability Action in Islington	Third Sector
Disk To Print UK Ltd	Private Sector
Domestic Angels Cleaning Services	Private Sector
Dot Dot Dot Property Ltd	Third Sector
Dragados SISK Joint Venture	Private Sector
Dulwich Books	Private Sector
Dyslexia Action	Third Sector
East London Business Alliance (ELBA)	Third Sector
East London Community Land Trust	Third Sector
East London Liquor Company Ltd	Private Sector
Ecclesiastical Insurance	Private Sector
Eden McCallum LLP	Private Sector
ELATT	Third Sector

Elfrida Rathbone Camden	Third Sector
eLife Skills Limited	Private Sector
Ellis of Richmond	Private Sector
Enventure	Private Sector
Epigeum Ltd	Private Sector
Ernst & Young LLP	Private Sector
Ethical Trading Initiative	Third Sector
Evangelical Alliance	Third Sector
Everis Consultancy	Private Sector
Exterion Media	Private Sector
Fabian Society	Third Sector
Fairtrade Foundation	Third Sector
Family and Childcare Trust	Third Sector
Farrer & Co LLP	Private Sector
Faucet Inn Limited	Private Sector
FDA Union	Third Sector
Fellowes Associates	Private Sector
Field Fisher Waterhouse	Private Sector
Fifth Column Ltd	Private Sector
Finchley Reform Synagogue	Third Sector
First Step Trust	Third Sector
Firstco Ltd	Private Sector
FIT Remuneration Consultants LLP	Private Sector
Fleet Acre Ltd / The Fields Beneath	Private Sector
Flexiform (Incorporating Asgard)	Private Sector
Folklore	Private Sector
Football Supporters' Federation	Private Sector
Forbes Protect Ltd	Private Sector
FormFormForm Ltd	Private Sector
Forster Communications	Private Sector
Foster & Partners	Private Sector
Foundation Property & Capital	Private Sector
Freshwater UK	Private Sector
Friends of the Earth England, Wales & Northern Ireland	Third Sector
Frontline	Third Sector
Futerra Sustainability Communications	Private Sector
G F Smith	Private Sector
G. Baldwin & Co Ltd	Private Sector
G2G Ltd	Private Sector
General Medical Council	Public Sector
Generation Rent	Private Sector
Get Planning Ltd	Private Sector
Gingerbread	Third Sector
Glasgow Caledonian University	Public Sector
Glencore (UK) Ltd	Private Sector
Global Partners Governance	Private Sector
Global Payments	Private Sector
GMB	Third Sector
Goldman Sachs International	Private Sector
Google	Private Sector

Gophr	Private Sector
Grafton Primary School	Public Sector
Grafton UK	Private Sector
Granger Hertzog Ltd	Private Sector
Grant Saw Solicitors LLP	Private Sector
Grant Thornton UK LLP	Private Sector
Great Ormond Street Hospital for Children NHS Foundation Trust	Public Sector
Greater London Authority (GLA)	Public Sector
Green Element Ltd	Private Sector
Green Roots	Third Sector
Greenwich Action for Voluntary Service (GAVS)	Third Sector
Greenwich Co-operative Development Agency (GCDA)	Third Sector
Greenwich Pantry Limited	Private Sector
GSK	Private Sector
Guardian News and Media	Private Sector
Guy Chester Centre	Third Sector
Hackney Brewery Ltd	Private Sector
Hackney Cooperative Developments CIC	Third Sector
Hackney CVS	Third Sector
Hamilton Brown	Private Sector
Hammersmith and Fulham Mind	Third Sector
Hangar Seven Ltd	Private Sector
Hansen Palomares	Private Sector
Hardwicke	Private Sector
Hargrave Park School	Public Sector
Harton Services Limited	Private Sector
Hatching Dragons	Third Sector
Helpful Technology Ltd	Private Sector
Henderson Global Investors	Private Sector
Herbert Smith LLP	Private Sector
Hermes Fund Managers	Private Sector
Hodge Jones & Allen	Private Sector
Hogan Lovells LLP	Private Sector
Hogarth Architects	Private Sector
Holman Fenwick Willan LLP	Private Sector
Holy Cross Centre Trust	Third Sector
Homes for Haringey	Public Sector
Homui Limited	Private Sector
Hope Worldwide	Third Sector
House of Commons	Public Sector
House of Lords	Public Sector
Housing Justice	Third Sector
Housmans	Private Sector
HSBC Bank Plc	Private Sector
Humphries Kerstetter LLP	Private Sector
ICAEW	Private Sector
ICAS	Private Sector
iKhofi Ltd	Private Sector
Indoamerican Refugee Migrant Organisation (IRMO)	Third Sector

Infinis Energy PLC	Private Sector
ING Bank	Private Sector
Ingle & Rhode Ltd	Private Sector
Innisfree Housing Association	Third Sector
Innovision Events Ltd	Private Sector
Insight Public Affairs	Private Sector
Intentionality Community Interest Company	Private Sector
Investment Technology Ltd	Private Sector
IPPR	Third Sector
Iris & June Limited	Private Sector
Irvine Thanvi Natas Solicitors	Private Sector
Islington & Shoreditch Housing Association	Third Sector
Islington CCG	Public Sector
Islington Law Centre	Third Sector
Itper - The Education Recruiter	Private Sector
ITV plc	Private Sector
Ivy House Community Pub Limited	Private Sector
J.P. Morgan	Private Sector
James Ince & Sons (Umbrellas) Ltd	Private Sector
Jesuit Refugee Centre	Third Sector
John Good Limited	Private Sector
John Lyon's Charity	Third Sector
Joseph Rowntree Foundation	Third Sector
Jubilee Hall Trust	Third Sector
Kaffeine Ltd	Private Sector
Kaldor Ltd	Private Sector
Kartoffel Films	Private Sector
Kayleigh Plant Hire	Private Sector
Keep Britain Tidy	Third Sector
Kelda Group	Private Sector
Keytree Limited	Private Sector
Kings College London Students' Union	Public Sector
Kingsley Napley LLP	Private Sector
Kingsmith Care Ltd	Private Sector
KJ Tait Engineers	Private Sector
KPMG	Private Sector
KPMG Foundation	Third Sector
Kudos Records Limited	Private Sector
Kudox Limited	Private Sector
Labour Party	Third Sector
LAMABUILD LTD	Private Sector
Lancashire Insurance	Private Sector
LankellyChase Foundation	Third Sector
Lantei Compliance Service	Private Sector
LASA	Third Sector
L'Atypique Wines	Private Sector
Laycock Primary School	Public Sector
Leap Confronting Conflict	Third Sector
Legal and General Assurance Society Limited	Private Sector
Lewis Silkin	Private Sector

Liberal Democrats (Federal Party)	Third Sector
Liberal Judaism	Third Sector
LICC	Third Sector
Linklaters Business Services	Private Sector
Live Holidays Ltd	Private Sector
Living Space Project	Third Sector
Living Streets	Third Sector
Lloyd's of London	Private Sector
Local Trust	Public Sector
Localgiving.com Limited	Third Sector
Locality	Third Sector
London & Partners Ltd	Private Sector
London Borough Lambeth	Public Sector
London Borough of Brent	Public Sector
London Borough of Camden	Public Sector
London Borough of Ealing	Public Sector
London Borough of Enfield	Public Sector
London Borough of Hounslow	Public Sector
London Borough of Islington	Public Sector
London Borough of Lewisham	Public Sector
London Borough of Tower Hamlets	Public Sector
London Borough Southwark	Public Sector
London Business School	Public Sector
London Capital Credit Union	Third Sector
London Community Foundation	Third Sector
London Diocesan Fund (Diocese of London)	Third Sector
London Fire & Emergency Planning Authority	Public Sector
London First	Third Sector
London Funders	Third Sector
London Housing Trust	Third Sector
London Legacy Development Corporation	Private Sector
London Metropolitan Students' Union	Public Sector
London Metropolitan University	Public Sector
London Mutual Credit Union	Private Sector
London School of Hygiene & Tropical Medicine	Public Sector
London TravelWatch	Third Sector
londonprintstudio	Third Sector
LSE Student Union	Public Sector
Lush (London)	Private Sector
LVSC	Third Sector
Lyndon Goode Architects	Private Sector
MAC -UK	Third Sector
Macmillan Cancer Support	Third Sector
Macquarie Group	Private Sector
Mapledown School	Private Sector
Martin Arnold Limited	Private Sector
Marylebone Books Ltd	Private Sector
Masorti Judaism	Third Sector
Mass1 Ltd	Private Sector
Match Solicitors	Private Sector

Matrix Chambers	Private Sector
Maudsley Learning	Public Sector
Maulyte Limited	Private Sector
Max Fordham LLP	Private Sector
Mayer Brown International LLP	Private Sector
Mayor's Fund for London	Third Sector
MDS Battery Ltd	Private Sector
MedExpress	Private Sector
Membership Engagement Services	Private Sector
Merton Voluntary Service Council	Third Sector
MetaValue	Private Sector
Middlesex University Students' Union	Public Sector
Millwood Servicing Ltd	Private Sector
Mind in Camden	Third Sector
Mishcon de Reya	Private Sector
Money Advice Trust	Third Sector
MOPAC	Public Sector
Morgan Stanley	Private Sector
Mousetrap Theatre Projects	Third Sector
Mowgli London Ltd	Private Sector
MSH Health & Wellbeing Community Interest Company	Private Sector
Musicians' Union	Third Sector
MyLondonHome Property	Private Sector
Nanny Network	Private Sector
National Audit Office	Public Sector
National Grid	Private Sector
National Housing Federation	Third Sector
National Literacy Trust	Third Sector
National Portrait Gallery	Third Sector
Nationwide Building Society	Private Sector
NCVO	Third Sector
NEST Corporation	Third Sector
Nesta	Third Sector
New Economics Foundation	Third Sector
New London Synagogue	Third Sector
New Park Childcare	Private Sector
New Unity	Third Sector
nfpSynergy	Private Sector
NKD Learning LLP	Private Sector
Nomura	Private Sector
Norton Rose Fulbright LLP	Private Sector
Nu Ingredient Ltd	Private Sector
NW Systems Group Limited	Private Sector
Objective Productions	Private Sector
Octopus Community Network	Private Sector
O'Donovan Waste Disposal Ltd	Private Sector
Off Centre	Third Sector
Ogilvy & Mather	Private Sector
O'Keefe Construction (Greenwich) Ltd	Private Sector
Oliver Marketing	Private Sector

Olswang	Private Sector
OneE Group Limited	Private Sector
Only Connect UK	Third Sector
Orbit Brewing	Private Sector
Orcs Nest	Private Sector
Organise Consulting	Third Sector
Outer Temple Chambers	Private Sector
Overseas Development Institute	Third Sector
Oxfam GB	Third Sector
Oxford Scientific Films	Private Sector
PACE	Third Sector
PAG	Private Sector
Pakeman Primary School	Public Sector
Panacea Applications Limited	Private Sector
Parish of Waterloo	Third Sector
Participle	Third Sector
Party Ingredients Catering Services Ltd	Private Sector
Pearson Plc	Private Sector
Penrose Care	Private Sector
People Potential Possibilities	Third Sector
People's Health Trust	Third Sector
Phases Social Enterprise	Third Sector
Plan UK	Third Sector
PLMR	Private Sector
Poached Creative	Private Sector
Policy Research Unit	Public Sector
Pooles Park Primary School	Public Sector
Poplar Harca	Third Sector
Population Matters	Third Sector
Positive East	Third Sector
Positive Parenting and Children (Positive Partners Ltd)	Third Sector
Post and Packing (Acton) Ltd.	Private Sector
Powell & Co Solicitors	Private Sector
Powerful Procurement Solutions	Private Sector
Prime Direct Distribution	Private Sector
Principles for Responsible Investment (PRI)	Private Sector
Prior Weston School and Children's Centre	Public Sector
Profile Books Ltd	Private Sector
Progarda Security Services Ltd	Private Sector
Proinsight Research Ltd	Private Sector
Proper Oils	Private Sector
Publica Associates Limited	Private Sector
Purpose	Private Sector
PwC	Private Sector
QCC Global Ltd	Private Sector
Quaker Social Action	Third Sector
Queen Mary UoL	Public Sector
Radley Yeldar	Private Sector
Rare Recruitment Limited	Private Sector
Rathbone Brothers Plc	Private Sector

Ravensbourne	Public Sector
RCJ Advice Bureau and Islington CAB	Third Sector
Real	Third Sector
Reconstruct	Private Sector
Red Loft LLP	Private Sector
Redemption Brewing	Private Sector
Reform Research Trust	Third Sector
Regent's Park Healthcare	Private Sector
RehabWorks Ltd	Private Sector
Religious Society of Friends (Quakers in Britain)	Third Sector
RELX Group plc	Private Sector
Resolution Capital Limited	Private Sector
Resolution Foundation	Third Sector
Resource for London	Third Sector
Restless Development	Third Sector
Resurgo Trust	Third Sector
Rethink Mental Illness	Third Sector
Return Marketing Limited	Private Sector
Reward Gateway	Private Sector
Reyker	Private Sector
RGE Services Ltd	Private Sector
RGL Forensics	Private Sector
Richard Cloudesley School	Public Sector
Ricoh UK Limited	Private Sector
Rival Colour	Private Sector
Rocking Horse Pictures Ltd	Private Sector
Royal Borough of Greenwich	Public Sector
Royal College of Midwives	Third Sector
Royal College of Veterinary Surgeons	Public Sector
Royal Town Planning Institute	Private Sector
RPA	Private Sector
Rushey Green Time Bank	Third Sector
S.H.Barnett	Third Sector
SafeSec	Private Sector
Safestay	Private Sector
Sage (UK) Limited	Private Sector
Saint Gabriel's College	Public Sector
Samuel Rhodes School	Public Sector
Santander UK	Private Sector
Sarasin	Private Sector
SAUL Pension Services	Private Sector
SAUL Trustee Company	Third Sector
Save the Children	Third Sector
Sayer Vincent	Private Sector
School for Social Entrepreneurs	Third Sector
Schools Offices Services	Private Sector
Schroders	Private Sector
SCOR	Private Sector
Second Home	Private Sector
SELDOC (South East London Doctors Cooperative Ltd)	Third Sector

SGW Global	Private Sector
ShareAction	Third Sector
Shared Assets Limited	Third Sector
Shopperpedia UK Ltd	Private Sector
Simons Muirhead & Burton	Private Sector
SINCE 9/11	Third Sector
Siobhan Davies Dance	Third Sector
Skills Enterprise	Third Sector
Skills for Care	Third Sector
Skoob Books	Private Sector
SkyWay Charity	Third Sector
Slaughter and May	Private Sector
Smith and Nephew	Private Sector
Snorestore Ltd	Private Sector
SOAS Students' Union	Third Sector
Social Enterprise UK	Third Sector
Social Investment Business	Private Sector
Society and College of Radiographers	Public Sector
Society of Authors	Third Sector
Soho Parish Primary School	Public Sector
Solarcentury	Private Sector
Sotheby's	Third Sector
Sound Connections	Private Sector
South London Church Fund & Southwark Diocesan Board of Finance	Third Sector
South London Gallery	Third Sector
South London Liberal Synagogue	Third Sector
Southgate Progressive Synagogue	Third Sector
Squirrel Financial Wellbeing	Private Sector
St Andrew by the Wardrobe	Third Sector
St Charles Sixth Form College	Public Sector
St James's Church Piccadilly	Third Sector
St John's Highbury Vale C of E Primary School	Public Sector
St Mary Magdalene Academy	Public Sector
St Marylebone Parish Church	Third Sector
St Mary's University	Public Sector
St Paul's Cathedral	Third Sector
St Stephen's Church, Canonbury	Public Sector
St Thomas of Canterbury	Third Sector
St Ursula's Convent School	Public Sector
St. James's Place Wealth Management Group plc	Private Sector
Standard Chartered	Private Sector
STEP Academy Trust	Third Sector
Stepney City Farm	Third Sector
Strategy & Technology Ltd	Private Sector
Stripe OLT Consulting Ltd	Private Sector
SUARTS	Third Sector
Swan Housing Association Limited	Third Sector
Syd Bishop & Sons (Demolition) Ltd	Private Sector
Synergy Vision	Private Sector

Table Talk and Blue Strawberry	Private Sector
Taylor Wessing	Private Sector
TBP LTD	Private Sector
Techclean Services Limited	Private Sector
The Abbeyfield Society	Third Sector
The Anslow Partnership Group Limited	Private Sector
The Arthouse Crouch End	Private Sector
The Athenian	Private Sector
The Bike Project	Third Sector
The Boston Consulting Group UK LLP	Private Sector
The Boxing Academy	Public Sector
The Brightside Trust	Public Sector
The Brokedown Palace	Private Sector
The Building Futures Group	Third Sector
The Campaign Company	Private Sector
The City Academy, Hackney	Public Sector
The College of Podiatry	Public Sector
The Conservation Volunteers	Third Sector
The Corner Surgery	Public Sector
The Crocodile Integrated Marketing Ltd	Private Sector
The Crown Estate	Public Sector
The Drury Tea & Coffee Company Ltd	Private Sector
The Equality Trust	Third Sector
The Financial Conduct Authority	Public Sector
The Five Points Brewing Company Ltd	Private Sector
The Goodwork Organisation	Third Sector
The Green Party	Third Sector
The Greenwich Enterprise Board	Private Sector
The Honourable Society Of The Inner Temple	Private Sector
The House of St Barnabas	Third Sector
The Hurley Group	Public Sector
The I Am Group	Private Sector
The Law Society	Private Sector
The London School of Economics and Political Science	Public Sector
The Mediation Business	Private Sector
The Meridian Dental Practice	Private Sector
The New Cross Gate Trust	Third Sector
The Nuffield Foundation	Third Sector
The NUS Group	Third Sector
The Open University	Public Sector
The Passage	Third Sector
The Pensions Trust	Third Sector
The Pentecostal Credit Union Ltd	Third Sector
The Phone Co-op Limited	Private Sector
The Risk Advisory Group	Private Sector
The Rooted Forum	Third Sector
The Royal Bank of Scotland	Private Sector
The Royal College of Nursing	Third Sector
The Royal College of Radiologists	Public Sector
The Scotch Malt Whisky Society	Private Sector

The Society of Chiropractors and Podiatrists	Public Sector
The Truscott Arms	Private Sector
The Young Foundation	Third Sector
Theatre Delicatessen	Third Sector
Threadneedle Investments	Private Sector
Timewise Foundation	Third Sector
Tower Hamlets Community Transport	Third Sector
Tower Hamlets CVS	Third Sector
Tower Hamlets Homes	Third Sector
Toynbee Hall	Third Sector
Transport for London	Public Sector
Triodos Bank	Private Sector
Trust For London	Third Sector
TUC	Third Sector
Tudor Trust	Third Sector
Tulloy Group Services Ltd	Private Sector
TV Edwards LLP Solicitors	Private Sector
twentysix	Private Sector
Twist London Ltd	Private Sector
UCL Student Union	Public Sector
UK Community Foundations	Third Sector
UK India Business Council	Private Sector
Ultimate Staffing	Private Sector
UNICEF	Third Sector
Unison	Third Sector
Unity Trust Bank	Private Sector
University & College Union	Third Sector
University of East London	Public Sector
University of East London Students' Union	Public Sector
UnLtd	Third Sector
Up Market Community Charity Shop	Third Sector
Urban Partnership Group	Third Sector
Urban	Private Sector
Usdaw	Third Sector
Vauxhall One	Private Sector
Veritas Investment Management LLP	Private Sector
Village Underground	Private Sector
vInspired	Third Sector
Visit Greenwich	Private Sector
Voluntary Action Harrow Co-operative	Third Sector
Voluntary Action Islington	Third Sector
Volunteer Centre Greenwich	Third Sector
Walcot Foundation	Third Sector
Walthamstow and Chingford Almshouse Charity	Third Sector
WDP	Third Sector
Wellcome Trust	Third Sector
We Made That LLP	Private Sector
Wenlake Management Ltd	Private Sector
West End in Schools / Blue Box Entertainment Limited	Third Sector
West London Mission	Third Sector

Westminster Advisers	Private Sector
Westway Trust	Third Sector
White & Case LLP	Private Sector
WIDE IO Consulting LTD	Private Sector
Wild Card Brewery	Private Sector
Wilson Solicitors LLP	Private Sector
Winton Primary School	Public Sector
Withers LLP	Private Sector
Wixted & Co	Private Sector
Woodford Liberal Synagogue	Third Sector
Working Families	Third Sector
Working With Men	Third Sector
Wragge Lawrence Graham & Co LLP	Private Sector
Xanta Limited	Private Sector
Yeomans Pubs & Bars Limited	Private Sector
Yerbury Primary School	Public Sector

Abbreviations and endnotes

Abbreviations

APS	Annual Population Survey
ASHE	Annual Survey of Hours and Earnings
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
DCLG	Department for Communities and Local Government
DWP	Department for Work and Pensions
FBU	Family Budget Unit
GLA	Greater London Authority
LCA	Low Cost but Acceptable
LFS	Labour Force Survey
LLW	London Living Wage
NES	New Earnings Survey
ONS	Office for National Statistics
RPI	Retail Price Index

Endnotes

- 1 The Living Wage is defined by the Family Budget Unit as, “a wage that achieves an adequate level of warmth and shelter, a healthy palatable diet, social integration and avoidance of chronic stress for earners and their dependents”.
- 2 Although child benefit is now a means-tested benefit the earnings threshold at which this kicks in is significantly above the earnings for all households in our analysis. As a result, we continue to treat child benefit as a universal benefit for the purposes of this document.
- 3 The LCA budget standard was produced following work in 1997/98 by the FBU, then based in the Department of Nutrition and Dietetics at King’s College London. The funding for the work was provided by the Zacchaeus 2000 Trust. The work was based on two model families – a two adult household with two children aged ten and four and a one adult household with two children aged ten and four. The first study was carried out in York with later studies being carried out in East London, Swansea and Brighton.
- 4 For a discussion of the minimum wage and its determinants see, for example, the Low Pay Commission (1998) ‘The National Minimum Wage: First Report of the Low Pay Commission’, p15. (<http://collections.europarchive.org/tna/20010924163314/lowpay.gov.uk/er/lowpay/>)
- 5 The National Living Wage is, in effect, the new minimum wage for workers aged 25 and over due to come into effect from April 2016 at £7.20. For future years, the Low Pay Commission has been tasked with setting out how the National Living Wage will reach 60% of median earnings by 2020.

- 6 Parker, H. (1998), *Low Cost but Acceptable. A minimum income standard for the UK: Families with young children*, London: Zacchaeus Trust. More details on this are provided in the first Living Wage report published in April 2005 by GLA Economics Living Wage Unit.
- 7 For single persons without children, working part-time is not considered for the purposes of estimating the living wage. This is because people in this situation could work full-time to supplement their income. For the same reason couples with and without children where only one person works, and that person works part-time, are not considered.
- 8 Wingfield, D., Fenwick, D. and Smith, K. (2005), 'Relative Regional Consumer Price Levels in 2004', *Economic Trends* 615. London: Office for National Statistics (ONS). <http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/no--615--february-2005/index.html>
- 9 Appendix B provides further details. For an explanation of the methodology used to calculate entitlement to these benefits and tax credits, see the 2005 Living Wage report - appendices B and C provide more information on the various tax credits and benefits and how they fit into these calculations.
- 10 A list of the full set of measures and descriptions is at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443195/Policy_costings_summer_budget_2015.pdf [3 September 2015]
- 11 August figures are provisional.
- 12 This period (i.e. from October in the year of calculation to the following September) is consistent with the period for which a wage floor was used in previous LLW calculations
- 13 This follows the assumptions used in the initial Family Budget Unit (FBU) work.
- 14 See <https://www.gov.uk/government/collections/households-below-average-income-hbai--2>
- 15 See Chapter 2 of Households Below Average Income, available here <https://www.gov.uk/government/statistics/households-below-average-income-19941995-to-20132014>
- 16 It should be noted that this measure does not take into account childcare costs.
- 17 Details of this process (called 'equivalisation'), and the Income Distribution approach more generally are discussed in Appendix E of the 2005 Living Wage report.
- 18 The first Living Wage report provides the methodology http://legacy.london.gov.uk/mayor/economic_unit/docs/a_fairer_london.pdf
- 19 The Minimum Income Standard produced by the Centre for Research in Social Policy at Loughborough University <http://www.lboro.ac.uk/research/crsp/mis/thelivingwage/>
- 20 To recap: The Living Wage equals 1.15 times the Poverty Threshold Wage. In turn the Poverty Threshold wage is an average of two calculations.
- 21 This is likely to overestimate the proportion of employee jobs below the 2015 London Living Wage, and poverty threshold wage in 2016/17, as well as the proportion below the 2014 London Living Wage in 2015/16. This is because the analysis has been done using earnings data for 2014, the latest available, and cannot take account of subsequent rises in earnings. In contrast, the analysis at Figure 4.1 is historical, and so uses earnings information for the rate of the living wage in effect in that year.

- 22 <http://www.ons.gov.uk/ons/guide-method/method-quality/specific/labour-market/annual-survey-of-hours-and-earnings/low-pay-estimates/index.html>
- 23 London Analysis, Estimates of employee jobs paid less than the living wage in London and other parts of the UK, ONS <http://www.ons.gov.uk/ons/rel/regional-trends/london-analysis/estimates-of-employee-jobs-paid-less-than-the-living-wage-in-london-and-other-parts-of-the-uk/index.html>
- 24 The NMW was introduced in April 1999, and was set at the “deliberately cautious level of £3.60 an hour” – see National Minimum Wage, Low Pay Commission Report 2007
- 25 ONS - whole economy, seasonally adjusted (excluding bonuses and arrears) (K54L)
- 26 Estimates from the Living Wage Foundation
- 27 The weighted mean takes into account the different number of (three-bedroom) council houses in each borough, and weights the average by this number. The unweighted mean is a simple average of all boroughs for which data is available.
- 28 As with previous reports, categories of housing thought to be available to couples without children include one bedroom houses and cottages.
- 29 Based on Valuation Office Agency data
- 30 Unfortunately, this data does not allow for a differentiation of households based on the working patterns of each adult member. As a result, within each household composition type, the corresponding number of housing benefit caseloads for that household composition type has been allocated equally across the different working patterns e.g. the number of working lone parent households receiving housing benefit in a given borough is split equally across lone parents working full-time and lone parents working part-time.

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