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# Living Wage South Bank Report

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The value of becoming an accredited  
London Living Wage employer



# Welcome

**South Bank is a model of successful urban regeneration, achieved through a concerted effort to: transform its once negative reputation and image; improve its public realm and increase visitors to its many attractions; create the right business environment for investment, growth and new jobs.**

**Businesses and employers have led this, and continue to be central to the neighbourhood's ongoing development and economic success. South Bank Business Improvement District (BID) invests locally raised revenues in a number of key services and initiatives to ensure that South Bank is safe, clean and green, and remains attractive to domestic and international visitors.**

South Bank businesses and employers are determined to ensure that the neighbourhood remains economically successful. To achieve this, employers need great people - talented and committed employees help businesses and organisations to succeed, to be competitive, and to develop and grow.

As South Bank's economy continues to intensify and diversify, employers are increasingly engaged in a wide range of employability, recruitment and people development initiatives. It is in this context that South Bank BID wanted to lead an employer-focused project on the London Living Wage.

The project - *Living Wage South Bank* - was designed to support those organisations that are considering the benefits of paying the London Living Wage, and becoming accredited. Working with our partners - Living Wage Foundation and London Citizens - has enabled us to benefit from expertise and insight, on issues as complex as the social impact of low pay on local residents, the links to corporate brand and reputation, and the relationships between business and residential communities.

This report sets out the background to the London Living Wage, the project methodology, and our key findings. It ends with some thoughts on where the research takes us - as we don't see the report's publication as being an end to the project and its aims. We welcome your feedback and thoughts on this.

We would like to thank everyone who has been involved in the project, and we hope that it is of use to employers and others - in South Bank, but also in other parts of London and the wider UK business community. We are particularly grateful to the Walcot Foundation who provided a grant towards the project.

## Our Partners



# London Living Wage

## What it is and what it does

**The London Living Wage is an hourly pay rate. It is independently calculated annually based on a basket of goods method that reflects travel and rent costs and food, clothing and bills. It is currently set at £9.75/hr in London with the wider UK rate being £8.45/hr. The higher rate in London reflects the much higher living costs in the capital.**

**The Living Wage movement started in 2001. Families in East London – brought together by London Citizens - were struggling with life on low pay with many working two or three minimum wage jobs to get by. Today, over 3,000 UK employers have signed up to pay their staff a real Living Wage with 1,018 businesses paying a London Living Wage.**

But 1/5 of the UK's working population is still not earning enough to live on. That is why the Living Wage Foundation works with a diverse range of employers across the country to help them create a plan to ensure all their staff, in-house or subcontracted, earn a real Living Wage.

The real Living Wage is not to be confused with the government's 'national living wage' which is the new legal minimum wage for over 25s. So far, at least 150,000 low paid workers in the UK have had a pay rise that covers the cost of living. Experts estimate that many more are paid the real Living Wage but their employers are not accredited with the Foundation yet.

A recent survey of Living Wage employers found that 93% said their business had benefitted as a direct result of accreditation; with over 75% of large businesses saying it had directly increased retention and motivation of low-paid staff.

A number of South Bank employers are accredited as payers of the London Living Wage. Through the project, we were keen to learn about the perceived and real business and employer benefits of accreditation, and how these benefits can be communicated and shared with others in the South Bank neighbourhood, elsewhere in London, and throughout the UK.

**1,018**

**no. of London businesses who are London Living Wage accredited employers**

**93%**

**of businesses have benefitted as a result of accreditation**



As of November 2016; the real Living Wage is calculated on an annual basis

# Living Wage South Bank

**Living Wage South Bank assesses the impact of the London Living Wage on aspects of the local economy, particularly: *brand* (individual employers, and the neighbourhood as a whole); *recruitment*, and the relationship to local residents; and *competitiveness*, especially in terms of consumer preference and spending.**

**Living Wage South Bank set out a clear objective:**

**To assess the value to South Bank employers of paying the London Living Wage and becoming accredited.**

This has been done through a research and engagement model that included and represented the voices of key stakeholder groups in order to ensure the findings were relevant and live to current business interests.

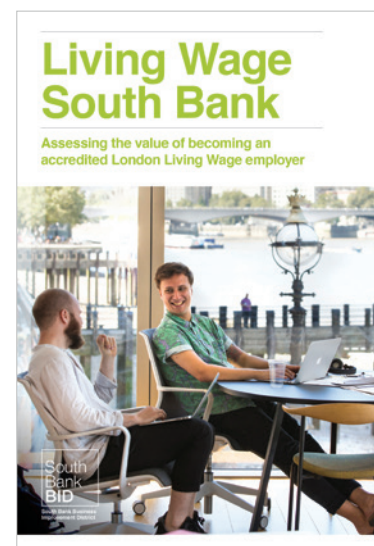
**The four main elements comprised:**

- Researching and testing consumer perceptions of businesses and employers that pay the London Living Wage, and whether accreditation has a financial value / benefit
- Mapping South Bank employers' current thinking around paying London Living Wage and accreditation – a simple review of where employers are with this issue, and what could help them to progress
- Getting a better understanding of how pay levels affect local employers' ability to attract, recruit and retain local residents in South Bank jobs
- Assessing the socio-economic impacts of different pay level among residents, including those below the London Living Wage

Our methodology has included qualitative and quantitative information gathering, focus groups and 1-2-1 meetings.

This report draws together the research findings and provides evidence and insight which we hope will be useful for employers, policy makers, and others with an interest in these issues.

Although the research project has been completed, we are still committed to ensuring the conversation continues and South Bank BID will provide ongoing support to those employers that want to become accredited. As well as this we will continue to be responsive to the interests and needs of all of our members in terms of their employment and recruitment strategies.



Research Announcement brochure

# Executive Summary

## Who we spoke to and what we found

### Residents:

# 100

Qualitative interviews held with residents across Lambeth

# 95%

felt that Living Wage employers would be better to work for

# 68%

felt the London Living Wage would have a positive impact on their lives

# 73%

more likely to consider working in the South Bank if the organisations based there paid them the London Living Wage

**“It would completely change our quality of life. At the moment, we can't afford the food I'd like, it's hard to pay bills”**

Lambeth resident

### Businesses:

# 250

businesses

South Bank BID member businesses were contacted to promote the project and assess their awareness of accreditation

# 3000th

Accreditation

Rambert became the 3000th employer to be Living Wage accredited

# 33

No. of business in the South Bank who are currently Living Wage accredited employers

### 1-2-1 meetings

in depth discussions with employers on their interest and attitudes towards the London Living Wage

### Business Seminar

briefing on Living Wage South Bank with academic research, case studies, research insight and local employers



Accredited businesses asserted that promoting themselves as a Living Wage employer had helped to diversify their recruitment pool, and strengthened their brand

### Consumers:

# 226

face to face interviews

Across four South Bank locations: **Belvedere Road, Waterloo Station, Upper Ground, Gabriel's Wharf**



3/4 more likely to buy a product/service in South Bank if it became known as an area where employees earned a wage that meets the cost of living



3/4 prepared to pay a premium for goods/services from a company which ensured that its staff were paid a wage that they could live on

# Over 1/2

felt staff wages had an impact on where they would choose to shop and buy goods/services

**“You cannot expect staff to work well if not paid well”**

South Bank consumer

# Residents Research

South Bank employers recognise the benefits of recruiting locally, and are keen to have access to a talented and diverse group of potential employees. Evidence shows that local residents stay in jobs longer, have a strong sense of ownership to a local employer, and are dependable and reliable.

For residents, South Bank provides exciting and diverse career opportunities, which can be easily accessed in terms of transport and journey times.

But, there is a recognised gap. Many residents seem unaware of the jobs that are available, and employers are keen to find new ways of attracting local people. Living Wage South Bank tested whether paying the London Living Wage, and achieving accreditation, could be a helpful tool in unlocking access to local talent and employment.

The research undertaken with residents assessed their impression of South Bank, as a neighbourhood and as an economic hub. Respondents were clearly aware of the role that employers play in shaping a community, and reflecting the consumer findings, many residents said that they would feel better about spending money and time in an area if they were aware that employers pay the London Living Wage, and that they would be more likely to use the services of accredited employers.

## Highlights

**95%** felt that Living Wage employers would be better to work for: showing respect for their staff and demonstrating they are responsible employers

**68%** believed the London Living Wage would have a positive impact on their lives, improving their quality of life, allowing them to save money and meaning they would be able to work less and see family more

**89%** felt that if South Bank became known as an area where employers paid the London Living Wage this would enhance their image of the South Bank as a place

**73%** stated that they would be more likely to consider working in the South Bank area if the organisations based there paid the London Living Wage

## Interviewee demographics

Age	Ethnicity	Employment	Socio-Economic
18-29	40% White British	37% Full time employed	43% £0-£20K p/a
30-44	40% White other	18% Part time	22% £20-£40k p/a
45-60	20% BAME*	45% Self-employed	14% £40K + p/a
		12% Unemployed	7%

# Consumer Research

With the changing face of South Bank and its consumer offer, the area now attracts a diverse and varied array of visitors: international to local, long term to brief stopover. A key part of our research has been to engage with these consumers, understand what drives and influences their purchasing preferences, and how these are affected by the London Living Wage.

The research indicated that there could be significant brand benefits for South Bank businesses, who are accredited as Living Wage employers.

The vast majority of consumers were unsatisfied with government minimum wage levels, and signalled their willingness to change consumption patterns based on the London Living Wage. Nearly 90% of consumers were more likely to buy a product or service from an employer that paid the real Living Wage, and 75% were prepared to pay a premium for such goods and services.

There was also strong support for the idea that South Bank is an area where the London Living Wage is the "norm", pointing to the potential for the area to carve a niche for itself as an overt supporter of the benefits of accreditation.

The research revealed differences in opinion among different demographics: women were markedly more likely to be supportive of the idea of the London Living Wage than men, with 93% of women in support versus 55% of men. There were also stronger opinions among the young and lower socio-economic groups.

## Highlights

**75%** in support of London Living Wage



**59%** in support of London Living Wage



**Over 90%** agree people should be paid based on the real cost of living

**75%** would pay a premium for the same product/service from a company that ensures its staff earn a wage that they can live on

# Employer Research

Businesses are at the core of the South Bank community, with a rich and diverse offer for both the visitor and resident economy, hosting international arts organisations, leading hospitality operators, as well as educators and innovators from the institutional to the independent.

South Bank businesses are robust and adapt to demands and change. However, in an ever challenging economic environment, it is crucial that they look at every opportunity to remain competitive and strengthen their position - this applies to the neighbourhood as a whole.

Living Wage South Bank incorporated multiple engagement opportunities, with feedback and contributions from a range of business sectors informing the research and the report. This encompassed: gauging awareness of the Living Wage accreditation process and potential barriers; project promotion; 121 meetings; and business seminars. Overall, more than 250 business were engaged in the project.



Ogilvy & Mather, a Living Wage employer

**“ It is not enough to say ‘well you’re in the arts because you love it’; you should be able to live and work in this city ”**

**Tigho Ayovuare, Rambert**

## Highlights

- There is confusion in understanding the difference between paying the London Living Wage and being an accredited employer
- There is clear appetite and aspiration among businesses to become accredited employers with clear recognition of the benefits this offers
- There are opportunities to work with employers in different sectors to recognise different ways in which wages are calculated, for example, commission payments
- There is an opportunity for certain sectors to use ambassadors - i.e. employers that have achieved accreditation - to demonstrate the benefits on a peer to peer basis
- Employers who are accredited and use this as a recruitment tool have seen a growth in applicants, as well as more diversity among the candidates

Like many businesses, some in South Bank use forms of performance related pay, such as commission or bonuses, and would be keen for the Living Wage Foundation to recognise these payments as part of the Living Wage, where they are guaranteed. The Living Wage Foundation works to accredit employers with diverse business models and can offer guidance and best practice on how to navigate these issues.

# Where we go now

***Living Wage South Bank* was conceived and delivered as a business engagement and research project. The project's partners believe that the work undertaken, and insights gained - as summarised in this report - will provide employers and businesses with valuable evidence and perspectives on the potential benefits of paying the London Living Wage, and in becoming accredited.**

**We hope that *Living Wage South Bank* helps them on this endeavour.**

It is clear that a number of South Bank businesses and employers recognise the value of paying the London Living Wage, as several have become accredited organisations during the course of the project. The project's partners - South Bank BID, Living Wage Foundation and London Citizens - are committed to continuing to offer support to any South Bank employer who is considering becoming an accredited Living Wage employer - by offering advice and guidance, brokering business to business support, or providing further insight into ongoing research.

In many respects, this is the most important outcome of the project. *Living Wage South Bank* has not come to an end; it provides an ongoing network and resource for all employers in the neighbourhoods, as well as a potential template for other business neighbourhoods to follow, and build on.

We look forward to working with employers, business groups, Business Improvement Districts and others in the continuation of this work.



Rambert, a Living Wage employer

## Contact us

**Get in touch if you would like to know more about Living Wage South Bank:**

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