

HOUSE OF COMMONS EXECUTIVE COMMITTEE

London Living Wage: Progress Report

Take Note Paper from the DG of HR & Change

Purpose

1. This take note paper provides gives an update on London Living Wage.
2. The Commission received a detailed report on London Living Wage (LLW) in November 2013 and a monthly progress report until April 2014. A further Commission paper reported progress to 3 November 2014 when a new rate for the LLW was announced by the Living Wage Foundation to take effect no later than 1 May 2015. This paper reports progress over the past 12 months.

Objectives

3. The Speaker, the Commission, the Clerk of the House and the Executive Committee are committed to ensuring that:
 - All House staff, including apprentices, are paid at least the London Living Wage;
 - All agency staff supplied to the House are paid at least the LLW;
 - Contractors with dedicated staff who are based on the Estate are paying those staff at least the LLW;
 - Other contractors that provide services to the House are, in relation to our contracts, paying their staff at least the LLW (or the UK Living Wage if based outside London);
 - The House Service retains accreditation as a Living Wage Employer from Citizens UK.

Summary of Progress

4. The new rate for the LLW was announced on 2 November 2015. The new LLW has been set at £9.40 (an increase of 2.7% from the previous rate of £9.15) and employers have 6 months i.e. until 1 May 2016 to implement this. Likewise, the new living wage, for areas outside of London but within the UK is set at £8.25 (an increase of 5.1% from the current rate of £7.85).

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5. In relation to House staff or agency staff, although our accreditation does not require increases to be implemented until 1 May 2016, we intend to pay the increase to affected House staff, including apprentices, with effect from 1 December 2015. We have informed all agencies through which we hire staff that they should also implement the increase with effect from 1 December 2015. A total of 44 House staff (37 band E2 Cleaners and 7 Commis Chefs) will benefit from this increase which adds circa £3,400 to the annual salary bill. It is also estimated that around 10 agency staff will benefit.
6. An email has been sent to all contractors providing a service to the House to inform them of this increase and to remind them of our expectation that they will pay the new rate to staff, including apprentices, assigned to our contracts, by 1 May 2016 at the latest.
7. Since January 2015 our contracts include a condition which requires the contractor/sub-contractors to pay their staff at least the LLW if working on the Parliamentary premises or based in London (or the Living Wage if based outside London). Another clause added in January 2015, was the requirement for contractors/subcontractors to pay to all staff any increase in respect of the living wage rates for the duration of the contract without incurring additional cost to the House. All of our contracts impose an obligation to produce information about payment of the relevant living wage rates when requested. PPCS carries out periodic spot-checks in order to audit compliance. In October 2015 PPCS carried out a spot check of 50 contracts, all contractors and sub-contractors involved were compliant. Since the implementation of the new rates in May 2015, there have been no reports of contractors/sub-contractors that have been non-compliant.
8. Many of contracts for services are joint and each House will work together during the 6 month implementation period to agree a way forward in relation to contractors who refuse to pay the LLW or UKLW, and in particular, agree whether to pay for the increase from the funds of each House. This applies mainly to contracts awarded before January 2015, prior to the introduction of the condition clauses referred to in the previous paragraph. Both Houses agreed to subsidise the last increase for catering agency staff, contracted cleaners, portering staff and security guards at the Offsite Search facility. We have begun specific discussions with these contractors about the new increase with the aim of ensuring that the increase is cost neutral for each House.

Background: Accreditation Process

9. Accreditation requires us to undertake that we will pay our employees (who are 18 or over and not including interns or apprentices) at least the LLW and that we will, to the extent permitted by law, ensure that contractors and their subcontractors working on our premises for more than 2 hours a day (for at least one day a week) and 8 consecutive weeks are paying not less than the LLW. We are required to pass on the annual uprating of the LLW within 6 months, and to require contractors to do the same.

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10. The House Services secured accreditation on 25 November 2013, on the basis of full compliance in respect of our own staff and “milestones” towards compliance in relation to contractors. These milestones were met and a clean bill of health provided by Citizens UK at the end of April 2014.
11. The Houses continue to work together closely to ensure we meet our accreditation obligations. PPCS maintains an up-to-date database is maintained of all contracts and information about whether contractors are paid the living wage. Incidences of contractors not paying the living wage are acted upon so that the Houses subsidise payment as a last resort. The approach in the Commons goes well beyond what is required by Citizens UK as it covers apprentices and staff delivering contracts for services who do not work on our premises.

Andrew Walker
November 2015