

|                |   |   |   |   |
|----------------|---|---|---|---|
| <b>MDA No.</b> | 1 | 0 | 9 | 9 |
|----------------|---|---|---|---|

**Title:** Low-paid Work and In-work Poverty and Outsourcing and Procurement in London

**Executive Summary**

On 7 May 2019, the Economy Committee resolved:

*That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree an output from the discussion. [Low-paid Work and In-work Poverty in London]*

On 18 June 2019, the Economy Committee resolved:

*That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any outputs from the meeting. [Outsourcing and Procurement in London]*

Following consultation with party Group Lead Members, the Chair of the Economy Committee agreed to publish the report, 'Low Pay and In-Work Poverty: Steps to help Londoners struggling to make ends meet', on 2 March 2020. This will be reported to the next appropriate meeting of the Economy Committee.

**Decision**

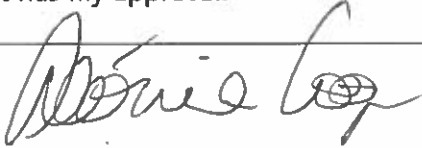
That the Chair, in consultation with party Group Lead Members, agree the Committee's report 'Low Pay and In-Work Poverty: Steps to help Londoners struggling to make ends meet'.

**Assembly Member**

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

---

**Signature**  **Date** 19/3/20

**Printed Name** Léonie Cooper AM, Chair of the Economy Committee

## Decision by an Assembly Member under Delegated Authority

### Notes:

1. The Lead Officer should prepare this form for signature by relevant Members of the Assembly to record any instance where the Member proposes to take action under a specific delegated authority. The purpose of the form is to record the advice received from officers, and the decision made.
2. The 'background' section (below) should be used to include an indication as to whether the information contained in / referred to in this Form should be considered as exempt under the Freedom of Information Act 2000 (FoIA), or the Environmental Information Regulations 2004 (EIR). If so, the specimen Annexe (attached below) should be used. If this form does deal with exempt information, you must submit both parts of this form for approval together.

### Background and proposed next steps:

On 7 May 2019, the Economy Committee resolved:  
*That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree an output from the discussion. [Low-paid Work and In-work Poverty in London]*

On 18 June 2019, the Economy Committee resolved:  
*That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any outputs from the meeting. [Outsourcing and Procurement in London]*

Following consultation with party Group Lead Members, the Chair of the Economy Committee agreed to publish the report, 'Low Pay and In-Work Poverty: Steps to help Londoners struggling to make ends meet', on 2 March 2020. This will be reported to the next appropriate meeting of the Economy Committee.

### Confirmation that appropriate delegated authority exists for this decision

Signed by Committee  
Services



Date 4 / 3 / 20

Print Name: Lauren Harvey

Tel: x4383

### Financial implications

**NOT REQUIRED**

Signed by Finance

N/A

Date .....

Print Name

N/A

Tel: .....

### Legal implications

The Chair of the Economy Committee has the power to make the decision set out in this report.

Signed by Legal



Date 5 / 3 / 20

|            |                                 |      |        |
|------------|---------------------------------|------|--------|
| Print Name | Emma Strain, Monitoring Officer | Tel: | X 4399 |
|------------|---------------------------------|------|--------|

Additional information should be provided supported by background papers. These could include for example the business case, a project report or the results of procurement evaluation.



**Supporting detail/List of Consultees:**  
Susan Hall AM (Deputy Chairman of the Economy Committee) and Caroline Russell AM.

**Public Access to Information**  
Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website within one working day of approval.  
If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 – Deferral**  
**Is the publication of Part 1 of this approval to be deferred? No**  
Until what date: (a date is required if deferring)

**Part 2 – Sensitive information**  
Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.  
**Is there a part 2 form - No**

**Lead Officer/Author**

|                           |   |      |          |
|---------------------------|---|------|----------|
| Signed                    |  | Date | 6/3/20   |
| Print Name                | Vasu Khanna   | Tel: | x4393    |
| Job Title                 | Senior Policy Adviser   |      |          |
| Countersigned by Director |  | Date | 06.03.20 |
| Print Name                | Ed Williams   | Tel: | x4399    |

# LONDON ASSEMBLY

## Low Pay and In-Work Poverty

Steps to help Londoners struggling to make ends meet



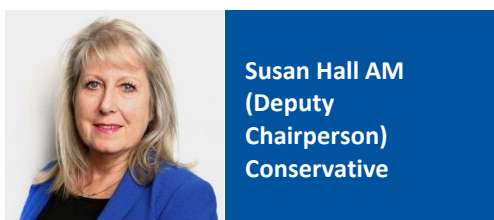
**Economy Committee**

March 2020

Holding the Mayor to  
account and  
investigating issues that  
matter to Londoners

**LONDON**ASSEMBLY

# Economy Committee Members



The Economy Committee scrutinises the work of the Mayor and investigates matters of importance to Greater London relating to economic development, wealth creation, social development, culture, sport and tourism in London.

## Contact

Vasu Khanna  
Senior Policy Advisor  
Email: [vasu.khanna@london.gov.uk](mailto:vasu.khanna@london.gov.uk)  
Contact: 020 7893 4393

Follow us:

[@LondonAssembly](#)

[facebook.com/london.assembly](https://facebook.com/london.assembly)

# Contents

|   |    |
|---|----|
| Foreword .....  | 2  |
| Summary.....  | 3  |
| Recommendations .....                                       | 4  |
| 1.Why are some Londoners affected more than others? .....   | 7  |
| 2.Which jobs and sectors are most affected by low pay? .... | 10 |
| 3.Why is London so badly affected? .....                    | 12 |
| 4.Inhibitors to addressing low pay and in-work poverty..... | 14 |
| Our approach .....  | 21 |
| References .....  | 23 |
| Other formats and languages .....                           | 25 |

# Leonie Cooper AM

## Chair of the Economy Committee



The number of people in working families in poverty in London has risen dramatically over the last decade, and rising housing, childcare and transport costs mean that the wages needed in London to cover the basic household budget are considerably above those needed in the rest of the UK.

The London Assembly Economy Committee met in May and June 2019 to investigate the growing proportion of Londoners that now find themselves in low pay work and in-work poverty.

This report lays out the circumstances and factors that are denying Londoners the opportunities for decent livelihoods, for themselves as well as their families. It also sets out recommendations for the Mayor to take up.

I would like to thank my Economy Committee colleagues and all those who provided evidence to the Economy Committee during its investigations.



# Summary

Poverty has traditionally been associated with worklessness, but is increasingly a risk faced by Londoners already in employment. Recent research, from the Institute for Fiscal Studies, indicates that the proportion of working Londoners in poverty has risen from 15 per cent in 1994/95, to 24 per cent in 2017/18.<sup>1</sup>

The Mayor stated, in June, that poverty is neither inevitable nor acceptable in our capital.<sup>2</sup> The London Assembly Economy Committee agrees with this statement. Low pay and in-work poverty are denying Londoners the opportunities for decent livelihoods, for themselves as well as their families.

The Committee recognises and applauds the Mayor on the actions he has taken to try and tackle low pay and in-work poverty in London. However, more must be done to meet the challenge.

In June 2019, the Committee concluded investigations into low pay and in-work poverty to better understand the issue and identify what actions the Mayor needs to take to help Londoners struggling to make ends meet.

## What is low pay and in-work poverty?

Low pay is defined by the Nuffield Foundation, as pay that is less than two-thirds of the average median hourly earnings. In London, the Office for National Statistics assesses low pay by looking at earnings below the London Living Wage (LLW) – which was increased to £10.75 in November by Trust for London.<sup>3 4</sup> In 2018, 875,000 Londoners were paid below the LLW. This is 20.4 per cent of London's working population.<sup>5</sup>

In-work poverty occurs when a working household's total income does not meet their needs.<sup>6</sup> The latest available data for London's Poverty Profile shows that 1.3 million Londoners in poverty live as part of a working family, which is a 50 per cent increase over the last decade.<sup>7</sup>

Through the Committee's investigation, we heard from experts, and conducted comprehensive research to develop recommendations that we feel will make a positive difference for those Londoners who are living in difficult financial circumstances despite the opportunities provided by London's high performing economy.

# Recommendations

**Support people to transition back into the labour market**

## **Recommendation 1**

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

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

## **Recommendation 2**

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

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

## **Recommendation 3**

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

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

## **Recommendation 4**

**The Mayor should:**

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

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

##### **Recommendation 5**

###### **The Mayor should:**

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

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

##### **Recommendation 6**

###### **The Mayor should:**

- (i) Provide an update on the timelines for the feasibility of making London Living Wage accreditation a requirement for businesses in receipt of capital funding from the GLA, TfL, or those whose services are procured by the GLA group by March 2020**

- (ii) In consultation with representatives from London boroughs, establish a case to offer business rates discounts to London Living Wage accredited businesses across London boroughs. The Mayor should set out a plan to work with London boroughs by March 2020, with a view to have the next Mayoralty present the business case to the Minister for London and HM Treasury by December 2020.**

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

#### **Recommendation 7**

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

# 1. Why are some Londoners affected more than others?

## Key findings

- Low pay and in-work poverty disproportionately affect some Londoners more than others
- Londoners with protected characteristics are more likely to be affected by low pay and in-work poverty

Evidence provided to the Committee in its meetings suggests that low pay and in-work poverty disproportionately affects some Londoners more than others. Protected characteristics like gender, ethnicity and age appear to be a factor.

## Gender

Women were identified as one of the groups detrimentally affected by low - pay in London.<sup>89</sup> When women take time away from work to have children, coming back into work can be difficult and may result in them not being able to fully utilise their skills, qualifications and experience for employment. This is an issue for both the individual, as they are not earning wages to their market potential, and in wider society, as they are not contributing as optimally as possible to the productivity of organisations and the UK economy. As a result, women have less earning power, and lower wages, which can affect the rest of their careers.

## Ethnicity

As a proportion of employees of each ethnic group that are paid below the London Living Wage, Black, Asian and minority ethnic (BAME) people, particularly those with Pakistani, Bangladeshi, African or Caribbean heritage, are disproportionately affected.<sup>10</sup> 46 per cent of Pakistani and Bangladeshi employees are paid below the LLW, which is double the low pay rate for white British employees at 19 per cent. Employees from Black, African, Caribbean or Black British backgrounds have a low pay rate of 35 per cent.<sup>11</sup>

## Age

Young people are more adversely affected by low pay. For example, 18 to 21-year olds face a 70 per cent likelihood of receiving less than the LLW.<sup>12</sup> There is no requirement for LLW accredited employers to pay apprentices and interns the LLW amount. Apprenticeships are a key entry route into the labour market for young people (aged under 19). In 2017/18 young people accounted for 28 per cent of all apprenticeship starts, compared to 25 per cent in 2016/17.<sup>13</sup> Under the National Minimum Wage regulations, they are entitled to a minimum of £3.90 per hour.<sup>14</sup> Through its investigation, the Committee heard evidence that some apprentices are not even receiving this minimum amount.<sup>15</sup>

Those who are disabled, as well as migrant workers from various backgrounds, were also mentioned as being particularly affected by the phenomenon of low paid work and in-work poverty.<sup>16</sup> The Economy Committee's previous work on the disability employment gap has also highlighted the importance of making work fairer and more accessible for disabled people.<sup>17</sup>

*We know that when women leave the labour market to have children, they generally come back in at a lower grade or part-time so they lose wages, and that is a permanent loss throughout the rest of their careers. We need to perhaps think about how we keep those who take time out to look after children and the elderly, how they can be incorporated into the workforce and not lose a lot of their expertise and skills or get penalised for doing so.*

Tim Butcher (Chief Economist, Low Pay Commission)

## Recommendation

The Mayor's Skills for London Innovation Fund currently supports those affected by job displacement and redundancies. While the second round of the fund applications closed in December, we believe the fund must continue to account for the provision of skills and training for those in need. It must also include as a criterion for success in its application process, a requirement to support people transitioning back into employment – currently, the 2019/20 Skills for Londoners Innovation Fund Prospectus does not include such a requirement.<sup>18</sup> Including this requirement would not only assist people into better work opportunities but could also lead to broader changes in the business practices of London's employers.

The flexible nature of this fund would also be ideal for investing in concept/market testing projects and the scaling up of promising interventions. This could enable women and those who have been out of work for extended periods to return to the labour market to fully utilise their talents and skills. We would urge you to consider this priority for future funding rounds.

### **Recommendation 1:**

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

## 2. Which jobs and sectors are most affected by low pay?

### Key findings

- Certain sectors in London's labour market have higher concentrations of low pay jobs
- The 'gig economy' is a growing sector in which low pay is an on-going issue



Based on the evidence gathered by the Committee, it has become clear that certain sectors of London's economy have a higher concentration of low paid jobs.<sup>19 20</sup> This is most prevalent in sectors such as hospitality (hotels and restaurants) and retail. 6 in 10 jobs in hospitality and 4 in 10 jobs in retail pay less than the Living Wage.<sup>21</sup> Jobs in these sectors make up a large proportion of the employment opportunities available in London, with hospitality alone accounting for 10 per cent of jobs.<sup>22</sup> Retail accounts for a further 8 per cent.<sup>23</sup>

The growing presence of the 'gig economy', where "labour markets [are] characterised by the prevalence of short-term contracts or freelance work",<sup>24</sup> is also a source of low paid jobs. An example of this would be transport, which has seen dramatic growth in self-employment through various delivery and service-related functions in the capital, such as those operated by the likes of Uber, Deliveroo, and Hermes. Consequently, London has the highest number of self-employed people in the UK.<sup>25</sup>

*There has been an 86% increase in self-employed workers in the transport sector. There has also been an increase in involuntary part-time working. The recession has seen people who have not been out of work; they have been in work but have not been able to find the number of hours that they want. That work is often precarious. It is often low paid and inflexible.*

Manny Hothi (Director of Policy, Trust for London)

## Recommendation

In the Committee's 2016 *Hourglass Economy* report it was recommended that the incoming Mayor should establish a working group to look at the low pay sectors most represented in London.<sup>26</sup> It has been the view of the Committee for some time that doing so would provide an effective means of developing ways of encouraging more organisations to improve their contractual arrangements, and adopt fairer pay conditions in line with their real needs and capability to pay. Unfortunately, this recommendation is still outstanding.

### Recommendation 2:

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

# 3. Why is London so badly affected?

## Key findings

- London's high living costs leave too many Londoners exposed to in-work poverty
- Differences in pay between jobs in inner London and outer London have created disparities in in-work poverty within London's boundaries

The cost of living in London also needs to be recognised as a contributing factor to in-work poverty. This includes costs associated with items such as housing, childcare and transport. These typically cost more in London than the rest of the country.<sup>27 28 29</sup>

There are also disparities in low pay and in-work poverty within London itself. According to the Smith Institute, three in five people living in poverty in London reside in Outer London.<sup>30</sup> The state of the housing market, with people moving to more affordable areas in outer boroughs, as well as the reduction of social housing in Inner London, have been identified as contributors towards this.<sup>31</sup>

*If you are on low pay, two thirds of it is all the income you are getting. If that pay is not at all correlated with the cost of living in London - like the London Living Wage is - then housing costs, transport costs and childcare costs are unaffordable.*

Manny Hothi (Director of Policy, Trust for London)

## Recommendation

The Mayor should use his influence to encourage London boroughs to develop place-based plans to improve the number of Living Wage jobs in their areas. The Committee welcomes that 1,020 employers have signed up to the London Living Wage since 2016. However, more could be done to further extend take-up among employers throughout London. Boroughs could adopt the approach of the London Living Wage Foundation by strategically targeting large employers. For example, those employers which act as local ‘anchor institutions’ such as the NHS, Further Education and Higher Education institutions, could be approached first. By doing so, London boroughs help safeguard workers from in-work poverty and help grow their local community and economy.<sup>32</sup>

### Recommendation 3:

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

# 4. Inhibitors to addressing low pay and in-work poverty

## Key findings

- The number of employers not paying the National Minimum Wage is rising
- Londoners working in contracting or outsourced roles lack employment benefits and rights which full, or even part-time workers, are entitled to
- Lack of transparency in outsourcing and procurement practices has made it difficult to effectively monitor the conditions of outsourced workers
- 49 businesses have been accredited by the Mayor's Good Work Standard

The Committee recognises that the challenges which low paid work and in-work poverty raises are complex, and acknowledges, that the powers which the Mayor has available are limited. However, the Committee highlights specific issues outlined below, which the Mayor can have a positive impact on. These refer to underpayment of the National Minimum Wage, poor outsourcing practices, low take-up of the London Living Wage, and the low take-up of the Mayor's Good Work Standard.

## Underpayment of the National Minimum Wage

A key issue highlighted to the Committee during its May 2019 meeting is the startling rise in cases of underpayment of the National Minimum Wage. In April 2018, the Low Pay Commission indicated that as many as 439,000 people were underpaid the National Minimum Wage across the UK. Non-compliance was most common in London and the South East.<sup>33</sup> The Commission's data showed that women were more likely than men to be underpaid, and the youngest and oldest National Living Wage workers were more likely to be underpaid than other age groups.<sup>34</sup>

*We have research that has looked into why employers pay less than the minimum wage. Some of the employers' attitudes are quite surprising given we are in the 21st century, in that they will argue that it is for students or others in the household where it is not a main income, therefore it is pin money.*

Tim Butcher (Chief Economist, Low Pay Commission)

## Recommendation

Whilst the Committee acknowledges that devolution of national powers of enforcement to a regional or local level is not desirable, the Mayor must take concrete action to address non-compliance with payment of the National Minimum Wage.<sup>35</sup>

## Recommendation 4:

### The Mayor should:

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

## Poor outsourcing practices

Outsourcing is the practice of contracting out corporate tasks and activities to an external contractor, and concerns the Committee due to the employment conditions and the nature of the work which some outsourced workers face. Whilst there is a lack of clear, robust data relating to the prevalence of outsourced and gig-economy jobs in London, the Trade Union Congress estimates that there are 3.3 million people working in outsourced roles nationally, with the majority likely working in the public sector.<sup>36</sup>

A key issue raised to the Committee was that outsourced and contract workers can often lack the protections which full, or even part-time workers, are entitled to. Some outsourced workers are considered as 'self-employed' by the companies they work for. This can preclude them from employment benefits including sick pay, holiday pay, and pension contributions.<sup>37</sup>

Another key issue raised during the June Committee meeting was that of transparency in outsourcing and procurement contracts. Evidence was presented regarding the difficulties faced in accessing information regarding procurement contracts and services, particularly from HM Government.<sup>38</sup> This leaves watchdog organisations and interested parties unable to effectively monitor the conditions of outsourced workers.

The Taylor Review of Modern Working Practices found that there is a need for more clarity in the law setting out the different employment statuses. The legislation should be simple enough for workers to understand their rights, who they are working for, and what their entitlements are. The review calls for more corporate governance and transparency to ensure any legislative changes are enforceable.<sup>39</sup>

## Recommendation

The Mayor should use the resources of the GLA to empower workers to know their rights. This could be in the form of an information campaign or supporting online platforms to disseminate information on workers' rights.

Furthermore, the Mayor should support the Taylor Review's call for legislation to be established setting out workers' rights.<sup>40</sup> This would make it easier for workers to receive basic information about their employment relationship from the outset (for example information around pay, hours to be worked, expectations around their tasks and duties, among other things).

### Recommendation 5:

#### The Mayor should:

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

## Low uptake of the London Living Wage

Trust for London reports that 40 per cent of Londoners earn an income lower than what is needed for basic amenities and acceptable standard of living, while the equivalent for the UK is 30 per cent. London has additional costs of living which continue to grow, meaning that reaching a minimum decent standard of living in the capital costs between 18 per cent and 56 per cent more.<sup>41</sup>

The London Living Wage is the calculated wage that Londoners need to achieve a decent standard of living in London. It is calculated in accordance with the higher costs associated with living in London, including housing, transport, and child care. The London Living Wage would drastically improve outcomes for those in low paid work, raising their wages by an estimated average of £2,700 a year, and benefit London's economy by as much as £294 million a year.<sup>42</sup>

The Committee welcomes the Living Wage Foundation's recent increase of the London Living Wage by 20p. The increase is in recognition of growing in-work poverty with 5.2 million jobs still paying less than the real Living Wage countrywide.<sup>43</sup>

However, in the Committee's May meeting, the Living Wage Foundation reported that only 1,604 businesses in London are London Living Wage employers – in a city with over 500,000 businesses.<sup>44</sup> This figure has risen since then to 1864.<sup>45</sup> The Committee was surprised to learn that, of London's 32 boroughs, only 17 are accredited London Living Wage employers.<sup>46</sup> The City of London Corporation is also an accredited London Living Wage Employer.<sup>47</sup>

*Fairer pay across London is crucial for tackling in-work poverty along with tackling all of the other issues that we have discussed today.*

Sam Gurney (LESE Secretary Designate, Trades Union Congress)

## Recommendation

The Mayor must consider making London Living Wage accreditation a requirement for businesses in receipt of capital funding from the GLA or TfL, or from those engaging in procurement with the GLA group.

The Mayor should assess the feasibility, with HM Government and the London boroughs, to offer business rate discounts to London Living Wage accredited business across London boroughs.

### Recommendation 6:

#### The Mayor should:

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



## Increase Uptake of the Mayor's Good Work Standard

The Committee also welcomes the recent launch of the Good Work Standard. It is promising that the standard encourages and emphasises the value of employers applying the London Living Wage, as well as being accredited to the Living Wage Foundation, to demonstrate that all workers and employees including interns receive pay which meets the minimum acceptable standards of living.

Since its launch in July 2019, 49 employers out of London's over 500,000 businesses have signed up to the Standard.<sup>48</sup>

For the Standard to gain awareness and traction with London's employers, the Mayor must set out a strategic approach to encouraging its adoption.

*The Mayor's Good Work Standard, which is his benchmark for good employment practice. This is a more comprehensive set of criteria around fair and good employment practice. We are looking to encourage suppliers to benchmark themselves against the criteria of the Good Work Standard and to seek to improve their employment practices over time using that measure.*

Rachel Williamson (Economic Fairness Programme Director,  
Economic Development, GLA)

## Recommendation

Following the launch of the Good Work Standard last summer, it is important to build momentum and increase the number of London employers signed up to it. At the end of February 2020, 49 employers had been accredited, and a further 120 employers had begun the process of accreditation to the Good Work Standard. More employers need to sign up to the standard so that higher employment standards can be achieved across a broad range of businesses and sectors of the economy.

The Mayor should provide more clarity on how he plans to encourage a greater take-up of the Standard, as well as how the Standard will be assessed on its effectiveness in improving employment conditions.

## **Recommendation 7:**

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

# Our approach

The Economy Committee agreed the following terms and conditions for our investigations:

## **Low pay and in-work poverty**

- To assess low pay and in-work poverty in London;
- To understand the determinants of in-work poverty in London; including low pay and high costs of living; and
- To assess the role of the Mayor in lifting people out of poverty.

## **Outsourcing and procurement**

- To understand why organisations outsource, and explore the impacts such decisions have on Londoners;
- To understand whether employment rights protection – Transfer of Undertakings (Protection of Employment) Regulations 2006 specifically – apply to workers in outsourcing organisations;
- To understand the challenges associated with procurement;
- To gain insight into good commissioning practice standards and how they benefit workers;
- To understand the experiences of low paid workers; and
- To understand the role of the Mayor in ensuring best practice examples of good procurement are followed.

At its public evidence sessions, the Economy Committee took oral evidence from the following guests:

## **Low pay and in-work poverty**

- Sam Gurney, London East and South East Regional LESE Secretary Designate, Trades Union Congress;
- Manny Hothi, Director of Policy, Trust for London;
- Amy Hulme, Senior Programme Manager, Living Wage Foundation;
- Tim Butcher, Chief Economist, the Low Pay Commission, and
- Helen O'Connor, GMB Union

## **Outsourcing and procurement**

- John Tizard, Independent Strategic Advisor;
- Matt Dykes, Senior Policy Officer for Public Services, TUC;
- Nick Davies, Programme Director, Institute for Government;
- Rachel Williamson, Economic Fairness Programme Director, Economic Development, Greater London Authority;

- Nabeel Khan, Head of Economic Development, Greater London Authority; and
- Tim Ruin, Head of Responsible Procurement and Supplier Skills Team, Transport for London.

# References

- <sup>1</sup> Institute for Fiscal Studies, [Why has in-work poverty risen in Britain?](#) June 2019
- <sup>2</sup> Mayor of London, [London's poorest households hardest hit by tax and welfare changes](#), 17 July 2019
- <sup>3</sup> The data set used is the [ONS Annual Survey of Hours and Earning \(ASHE\)](#)
- <sup>4</sup> Trust for London, [London Living Wage](#), N.D
- <sup>5</sup> Employees earning below the London Living Wage, [London datastore](#)
- <sup>6</sup> Nuffield Foundation, [In-Work Poverty in the UK: Problem, policy analysis and platform for action](#), May 2017
- <sup>7</sup> Trust for London, [London's Poverty Profile 2017](#), October 2017
- <sup>8</sup> Manny Hothi (Director of Policy, Trust for London), Amy Hulme (Senior Programme Manager, Living Wage Foundation), Sam Gurney (LESE Secretary Designate, Trades Union Congress), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>9</sup> Tim Butcher (Chief Economist, Low Pay Commission), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>10</sup> Tim Butcher (Chief Economist, Low Pay Commission), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>11</sup> Trust for London, [London's Poverty Profile 2017](#), October 2017
- <sup>12</sup> Amy Hulme (Senior Programme Manager, Living Wage Foundation), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>13</sup> House of Commons Library, [Apprenticeship Statistics: England](#), 11 February 2019
- <sup>14</sup> HM Government, [Become an apprentice](#)
- <sup>15</sup> Sam Gurney (LESE Secretary Designate, Trades Union Congress), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>16</sup> Sam Gurney (LESE Secretary Designate, Trades Union Congress), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>17</sup> <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/tackling-londons-disability-employment-gap>
- <sup>18</sup> GLA, [Skills for Londoners Innovation Fund 2019/20](#), September 2019
- <sup>19</sup> London Assembly, [London Assembly Economy Committee response to the Low Pay Commission Consultation on April 2020 National Minimum Wage Rates](#), 17 July 2019
- <sup>20</sup> Manny Hothi (Director of Policy, Trust for London) meeting of the London Assembly Economy Committee, May 2019
- <sup>21</sup> Manny Hothi (Director of Policy, Trust for London), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>22</sup> UK Hospitality, [UK Hospitality Workforce Commission 2030](#), September 2018
- <sup>23</sup> House of Commons Library, [Retail sector in the UK](#), October 2018

- <sup>24</sup> House of Lords, [Briefing: the gig economy](#), 21 November 2017
- <sup>25</sup> Manny Hothi (Director of Policy, Trust for London), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>26</sup> London Assembly Economy Committee, [The Hourglass Economy: An analysis of London's labour market](#), February 2016
- <sup>27</sup> Trust for London, [London's Poverty Profile 2017](#), October 2017
- <sup>28</sup> Child Poverty Action Group, [Child Poverty in London Facts](#), N.D. What is N.D.?
- <sup>29</sup> Institute for Fiscal Studies, [Why has in-work poverty risen in Britain?](#) June 2019
- <sup>30</sup> The Smith Institute, [The unspoken decline of outer London: Why is poverty and inequality increasing in outer London and what needs to change?](#), November 2018
- <sup>31</sup> Manny Hothi (Director of Policy, Trust for London), meeting of the London Assembly Economy Committee, 7 May 2019
- <sup>32</sup> Living Wage Foundation, [Becoming a living wage employer](#), October 2019
- <sup>33</sup> Low Pay Commission, [Non-compliance and enforcement of the National Minimum Wage](#), April 2019
- <sup>34</sup> Low Pay Commission, [Non-compliance and enforcement of the National Minimum Wage](#), April 2019
- <sup>35</sup> Low Pay Commission, [Non-compliance and enforcement of the National Minimum Wage](#), April 2019
- <sup>36</sup> Trade Union Congress, [TUC calls for employers to made liable for abuses in UK supply chains](#), 2018
- <sup>37</sup> Sam Gurney (LESE Secretary Designate, Trade Union Congress), meeting of the London Assembly Economy Committee, May 2019
- <sup>38</sup> Matt Dykes (Senior Policy Officer for Public Services Trade Union Congress), meeting of the London Assembly Economy Committee, June 2019
- <sup>39</sup> BEIS, [Good work: The Taylor Review of Modern Working Practices](#), 2017
- <sup>40</sup> BEIS, [Good work: The Taylor Review of Modern Working Practices](#), 2017
- <sup>41</sup> Trust for London, [A Minimum Income Standard for London 2016/17](#), March 2017
- <sup>42</sup> Amy Hulme, (Senior Programme Manager, Living Wage Foundation, meeting of the London Assembly Economy Committee, June 2019
- <sup>43</sup> Living Wage Foundation, [Real Living Wage Increases to £9.30 In U: And £10.75 In London As Cost Of Living Rises](#), November 2019
- <sup>44</sup> London Data Store, [Local Units and Enterprises by Employment Size, Borough](#), October 2019
- <sup>45</sup> Living Wage Foundation, [Accredited Living Wage employers](#), N.D.
- <sup>46</sup> Living Wage Foundation, [Accredited Living Wage employers](#), N.D.
- <sup>47</sup> Living Wage Foundation, [Accredited Living Wage employers](#), N.D.
- <sup>48</sup> London Data Store, [Local Units and Enterprises by Employment Size, Borough](#), October 2019

# Other formats and languages

If you, or someone you know, needs a copy of this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email: [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk).

## Chinese

如您需要这份文件的简介的翻译本，  
请电话联系或按上面所提供的邮寄地址或  
Email 与我们联系。

## Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

## Greek

*Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.*

## Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

## Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

## Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

## Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

## Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا منکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

## Arabic

الوصول على ملخص لهذا المستند بلغتك،  
فارجاء الاتصال برقم الهاتف أو الاتصال على  
العنوان البريدي العادي أو عنوان البريدي  
الالكتروني أعلاه.

## Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જાણીતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઈલ સરનામા પર અમારો સંપર્ક કરો.



**Greater London Authority**

City Hall  
The Queen's Walk  
More London  
London SE1 2AA

Enquiries 020 7983 4100  
Minicom 020 7983 4458

**[www.london.gov.uk](http://www.london.gov.uk)**