

GLAECONOMICS

Living Wage Unit

A Fairer London:
The 2009 Living Wage in London



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Foreword

London faces more challenging economic times than a year ago and

I am committed to supporting the Capital's economy during the downturn and preparing it for a strong future when economic recovery arrives.

I have already introduced a comprehensive package of measures to help Londoners and businesses survive the downturn in my Economic Recovery Action Plan (www.london.gov.uk/mayor/economy/recovery).

London, an engine of the UK economy, remains an unrivalled place in which to locate and do business with a highly skilled, highly productive and highly flexible workforce. In order to maintain its world leading status it relies on the work of many who carry out the city's essential functions on a daily basis – from office cleaners to care-workers in social services. It is right that their skills and commitment to London's success are recognised, and one of the most fundamental ways of doing this is to ensure that all Londoners are paid appropriately. That means being paid at least the 'London Living Wage', which is designed to provide a minimum acceptable quality of life.

Therefore I am very pleased to publish the Living Wage Unit's Fifth Annual Report and to announce that the London Living Wage is £7.60 per hour, and that this figure will be implemented in the GLA Group as contracts allow.

The success of the London Living Wage depends on its uptake throughout London's economy. The GLA Group, one of London's large employers, leads the way on this. Hence, I am pleased that a number of leading private sector companies are continuing to use the London Living Wage as a basis for pay negotiations with trade unions and their staff. There are also a number of organisations in the voluntary sector that are implementing the living wage as well as some London Boroughs. But more need to follow suit, because 15 per cent of all full-time and 47 per cent of all part-time staff are still paid below the new revised level of the Living Wage. And around one in seven employees receive less than the £6.65 poverty threshold wage. So there is still a significant way to go before all Londoners are paid a decent wage.

Paying the London Living Wage is not only morally right, but makes good business sense too. What may appear to a company to be an unaffordable cost in a highly competitive market should more often be viewed as a sound investment decision. I believe that paying decent wages reduces staff turnover and produces a more motivated and productive workforce. Indeed an independent study, commissioned by the GLA, on the social and economic benefits from implementing the London Living Wage provisions supports this view. The results of this report will be published later this year.

As in previous years, this report takes a systematic approach to identifying what is a Living Wage in London. It shows how someone paid less than about £6.65 an hour will be living in poverty, even after benefits and tax credits are taken into account. This means that in London you need an hourly wage rate of 16 per cent above the National Minimum Wage (NMW) rate of £5.73 just to take you above the poverty level.

However, this provides no margin to meet the kind of day-to-day challenges those of us who are better off can afford to take in our stride. As before, a margin of 15 per cent has therefore been added to the poverty threshold wage. The result is a London Living Wage of £7.60 per hour – an increase of 2.0 per cent on last year's figure and a 13.4 per cent increase in the four years since its introduction.

I am determined that the capital emerges from these tougher economic times stronger and more prosperous than ever and in doing so retains and builds on its world-leading reputation, and that all its inhabitants should share in that prosperity, not least through the London Living Wage.



Boris Johnson
Mayor of London

Executive summary

This is the fifth annual London Living Wage report. It presents an update of the Living Wage in the capital and looks at what might be considered as constituting a poverty threshold wage in London.

Progress has been made in implementing the living wage and 29 organisations are now implementing it across London, including 8 in the public sector and 12 in the commercial private sector. In order to monitor the effectiveness of the policy, the GLA has commissioned additional research, the results of which are to be published later this year, to ascertain the direct benefits to employers of paying a Living Wage to their staff. This is discussed in Chapter 5 of this report.

Two main approaches to calculating a Living Wage are considered in this report. One approach, developed by the Family Budget Unit (FBU), estimates the costs of a 'Low Cost but Acceptable' (LCA) budget for a selection of typical or model families and calculates the wage required to meet those costs. This is termed the Basic Living Costs approach. The other is based on the distribution of income and is therefore termed the Income Distribution approach.

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".

A Living Wage in London has been calculated in two stages. Firstly, a 'poverty threshold wage' has been calculated. This has been done using the above two methods. The Basic Living Costs approach yields a figure of £6.45 per hour for London. The level defined by the Income Distribution approach takes 60 per cent of median income as defining a poverty threshold wage – for London this yields a figure of £6.80 per hour. The poverty threshold wage used in this report is the average of the two figures, which is £6.65 per hour when rounded to the nearest five pence.

The £6.65 figure, however, is a poverty threshold wage. The second stage is to calculate the London Living Wage. A Living Wage must yield a secure margin ensuring that the person involved does not fall to the level of poverty wages because of unforeseen events. To achieve this, 15 per cent is added to the unrounded poverty threshold wage. This yields a figure, when rounded to the nearest five pence, of £7.60 per hour as a Living Wage for London.

If means-tested benefits were not taken into account (that is, not including tax credits, housing benefits or council tax benefits) the equivalent Living Wage figure would be approximately £9.85 per hour. This report, however, considers that in work benefits and tax credits must be taken into account, as part of the aim of the tax and benefit system is to redistribute income to the least well off sections of society while not providing disincentives to securing employment. Hence the figure put forward for a Living Wage in London is £7.60 per hour. This figure will be implemented in the GLA Group as contracts allow.

Data from the Annual Population Survey (APS) for 2007 suggests that almost 85 per cent of full-time employees in London received more than the Living Wage of £7.60 per hour. Of the remaining 15 per cent of workers, about 5 per cent of full-time workers in London receive wages that are below Living Wage levels but above the poverty threshold wage of £6.65 per hour. The remaining 10 per cent of full-time employees in London receive wages that are below the poverty threshold wage.

Further, 53 per cent of part-time workers in London receive more than the Living Wage. Of the remaining 47 per cent, around 10 per cent of part-time employees in the capital receive less than the Living Wage but more than the poverty threshold wage. Finally, 37 per cent of part-time workers receive less than the poverty threshold wage.

Taking account of both full-time and part-time workers in London, around one in seven of employees (15 per cent) receive less than the £6.65 poverty threshold wage and one in five employees receive less than the £7.60 Living Wage. Fewer than one in ten workers in London earn less than the National Minimum Wage (NMW) of £5.73.

1. Introduction

This, the fifth annual report on the Living Wage in London, updates the Living Wage in London for 2009.

This report outlines the two main approaches that are used to help determine a Living Wage for London: the Basic Living Costs approach and the Income Distribution approach. In this report we also review the most recent steps being taken to implement the Living Wage since the last report in the GLA group.

1.1 Structure

In what follows, the Basic Living Costs approach is outlined and the wage rates that result from that approach are illustrated in Chapter 2. Chapter 3 describes the Income Distribution approach and presents the wage levels suggested by this method. The results from the two approaches are then compared in Chapter 4. A review of the implementation of the London Living Wage within the GLA Group is presented in Chapter 5. Chapter 6 concludes. Finally, a series of appendices provide more information on the living cost calculations.



2. Basic Living Costs approach

This section explains briefly the Basic Living Costs approach that was developed by the Family Budget Unit (FBU). The FBU calculated the expenditure required to achieve what it defines as a *Low Cost but Acceptable* (LCA) standard of living, for a range of 'typical' families¹. Depending on the working patterns of the different family types, this expenditure, or budget, can be converted into a wage level.

This wage level is not the same as a minimum wage². 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 dependents³. More details on this are provided in the first Living Wage report published in April 2005⁴. In this section we assess changes in the various costs of living that feed into this approach, over the past 12 months.

2.1 Household types and working patterns

As in last year's report, basic living costs (also called the LCA budget) estimates were based on four model families:

- 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.

Working patterns are important for the calculation of tax credits and benefits received by households. In our last report we extended the scope of our analysis to include couples in which both adults work part time. We continue to include this type of household in the analysis this year. This means that, strictly speaking, the costs of living calculations in the 2008 and 2009 reports are not comparable with the cost of living in past years. However the actual number of families included in the new range of family types is so small, that no great inaccuracy results from making this comparison.

We have therefore retained the section of the report which shows how the cost of living in London for the family types considered has risen as a result of changes in the prices of the goods and services that make up the FBU's Family Budget, and the effect this has on the wage needed for each of these different types of family to attain the poverty threshold wage.

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

As in previous reports, households containing only one earner, who is working part time, are not included in the calculation of the Living Wage. However, information on lone parents working part-time is included in this report. This is principally because it provides information relevant to the Government's policy of assisting lone parents back into work.

Box 1 – The effect of changes to taxes and benefits introduced in the 2008 Pre-Budget report on the Basic Living Costs approach to the Living Wage

In November 2008, the Chancellor of the Exchequer published the 2009-10 rates and allowances for Income Tax, National Insurance, Working and Child Tax Credits and Child Benefit in his pre-Budget Report. Some of the main changes are set out below.

The individual personal income tax allowance rose in line with inflation (£310) plus a further £130 taking it to £6,475 for the 2009-10 financial year. This is equal to a weekly amount of tax free income of £125⁵.

The National Insurance Earnings Threshold for employees, and the self-employed contribution also rose in line with inflation. Workers pay 11 per cent of their remaining earnings in national insurance (assuming that they are not contracted out of SERPS) up to the upper earnings threshold of £43,875. Above this amount, a further 1 per cent of earnings are paid as national insurance.

From 5 January 2009 Child Benefit was raised to £20 per week for either the eldest or only child and increased in line with inflation to £13.20 (up £0.65) for other children. These increases in Child Benefits were brought forward from 6 April 2009.

The basic element of the Working Tax Credit rose by inflation to £1,890 per year in 2009/10 and the couple and lone parent element rose to £1,860.

The child element of Child Tax Credit increased by £150 to £2,235 from April 2009. This increase is £75 above inflation and includes the extra £25 which has been brought forward from April 2010. The disabled child element and severely disabled child elements rose by inflation for 2009-10 to £2,670 and £1,075 respectively. The family element remains frozen at £545 per year.

The maximum eligible childcare costs remain at £175 for one child and £300 for two or more children. The percentage of eligible childcare costs remains at 80 per cent.

2.2 Costs

Basic living costs are considered under the following headings:

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

For the first four items above, cost estimates are based on direct data for London. For the fifth item, we used a comparison of regional price level differences produced by the Office for National Statistics (ONS)⁶. However, no update to these regional price comparisons has been provided by ONS since our last report. We have therefore updated London costs by assuming that each element in the shopping basket has increased in price by the same proportion as for the whole of the UK⁷.

We used the methodology outlined in the Annual Living Wage Report of 2005 to derive housing costs for the different type of families included in the calculations of the London Living Wage. However, we considered additional data to validate our previous housing estimates.

Tables 2.1a and 2.1b provide GLA Economics estimates of basic living costs for families with and without children who live in London⁸. Details of the cost calculations are supplied 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 | 2 pt | 1ft | 1pt | ft | pt |
| Shopping basket costs | 196.56 | 196.56 | 196.56 | 196.56 | 196.56 | 148.76 | 148.76 |
| Housing | 93.31 | 93.31 | 93.31 | 93.31 | 93.31 | 93.31 | 93.31 |
| Council tax | 25.27 | 25.27 | 25.27 | 25.27 | 25.27 | 18.95 | 18.95 |
| Total transport costs | 53.52 | 53.52 | 53.52 | 26.76 | 26.76 | 26.76 | 26.76 |
| Childcare costs | 221.94 | 106.86 | 106.86 | 0.00 | 0.00 | 221.94 | 106.86 |
| Total costs | 590.69 | 475.56 | 475.56 | 341.90 | 341.90 | 509.81 | 394.68 |

2.1b: Households without children

| | Couple with no children | | | | | Single no children | |
|-----------------------|-------------------------|---------------|---------------|---------------|---------------|--------------------|---------------|
| | 2ft | 1ft 1pt | 2 pt | 1ft | 1pt | ft | pt |
| Shopping basket costs | 117.94 | 117.94 | 117.94 | 117.94 | 117.94 | 90.75 | 90.75 |
| Housing | 173.00 | 173.00 | 173.00 | 173.00 | 173.00 | 81.00 | 81.00 |
| Council tax | 25.27 | 25.27 | 25.27 | 25.27 | 25.27 | 18.95 | 18.95 |
| Total transport costs | 53.52 | 53.52 | 53.52 | 26.76 | 26.76 | 26.76 | 26.76 |
| Childcare costs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total costs | 369.73 | 369.73 | 369.73 | 342.97 | 342.97 | 217.47 | 217.47 |

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

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

Tables 2.2a and 2.2b show that total LCA costs rose for all the different model household types considered since last year. Households with children generally experienced higher increases in LCA costs of between 4.1 and 4.4 per cent, compared to increases of between 1.7 and 3.2 per cent for households without children.

The annual growth in prices between December 2007 to February 2008 and December 2008 to February 2009 were used to update the shopping basket costs, which increased for all households by between 3.1 to 4.5 per cent. Some of the highest increases in costs included: 9.0 per cent for energy and 8.1 per cent for food. The cost of clothing and leisure goods fell by 10.1 and 4.1 per cent respectively (see Table A4 in Appendix A).

Housing costs for households with children – on our assumption that they have access to social housing – rose by 5.5 per cent since last year's report. For households without children, assumed to be in the private

rented sector, housing costs rose by just 1 per cent for single people and remained stable for couples. This is in comparison to an increase of 15 per cent for couples last year and likely reflects the slowdown in the housing market and the general economic climate over the past 12 months.

Council tax is set to increase by 1.3 per cent in 2009/10⁹. Transport costs increased by 6.3 per cent and childcare costs by 4.6 per cent.

Table 2.2: Annual percentage change in LCA costs between 2008 and 2009 Living Wage reports

2.2a: Households with children

| | Couple with children | | | | | Lone parent | |
|------------------------|----------------------|------------|------------|------------|------------|-------------|------------|
| | 2ft | 1ft 1pt | 2 pt | 1ft | 1pt | ft | pt |
| Shopping basket costs | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 3.1 | 3.1 |
| Housing | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| Council tax | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Total transport costs | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 |
| Childcare costs | 4.6 | 4.6 | 4.6 | 0.0 | 0.0 | 4.6 | 4.6 |
| Total LCA costs | 4.4 | 4.3 | 4.3 | 4.1 | 4.1 | 4.3 | 4.2 |

2.2b: Households without children

| | Couple with no children | | | | | Single no children | |
|-----------------------|-------------------------|------------|------------|------------|------------|--------------------|------------|
| | 2ft | 1ft 1pt | 2 pt | 1ft | 1pt | ft | pt |
| Shopping basket costs | 3.4 | 3.4 | 3.4 | 3.4 | 3.4 | 4.5 | 4.5 |
| Housing | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 |
| Council tax | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 |
| Total transport costs | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 |
| Childcare costs | - | - | - | - | - | - | - |
| Total costs | 2.0 | 2.0 | 2.0 | 1.7 | 1.7 | 3.2 | 3.2 |

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 level of earnings together with household circumstances will affect the amount of various benefits and tax credits that are payable. Working tax credit, child tax credit, child benefit, housing benefit and council tax benefit are the main tax credits and benefits considered in this report. Of these, only child benefit is not means-tested. Some benefits depend on childcare and housing rental costs. A detailed explanation of the methodology used to derive the level of entitlement to these benefits and tax credits can be found in the 2005 Living Wage annual report¹⁰. Appendices B and C provide more information on the various tax credits and benefits and how they fit into these calculations.

Table 2.3 illustrates the disposable income of the various different household types, assuming different working patterns, with earnings at the level of the NMW (£5.73)¹¹. 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. This follows the assumptions used in the initial Family Budget Unit (FBU) work.

Table 2.3: Incomes of different households, including and excluding means-tested benefits (£ weekly figures), at the National Minimum Wage (NMW)

2.3a: Households with children

| | Couple with two children | | | | Lone parent | |
|--|--------------------------|---------|--------|--------|-------------|--------|
| | 2ft | 1ft 1pt | 2pt | 1ft | ft | pt |
| Joint earnings at £5.73 per hour | 441.20 | 318.00 | 194.80 | 220.60 | 220.60 | 97.40 |
| Taxes | 62.80 | 31.40 | 0.00 | 31.40 | 31.40 | 0.00 |
| Earnings net of taxes | 378.40 | 286.60 | 194.80 | 189.20 | 189.20 | 97.40 |
| Including all relevant benefits | | | | | | |
| All relevant benefits | 270.30 | 226.30 | 274.30 | 191.50 | 356.30 | 287.30 |
| Total income | 648.70 | 512.90 | 469.20 | 380.70 | 545.60 | 384.70 |
| Excluding means-tested benefits | | | | | | |
| Child benefit | 33.20 | 33.20 | 33.20 | 33.20 | 33.20 | 33.20 |
| Total income | 411.60 | 319.80 | 228.00 | 222.40 | 222.40 | 130.60 |

2.3b: Households without children

| | Couple with no children | | | | Single no children |
|--|-------------------------|---------|--------|--------|--------------------|
| | 2ft | 1ft 1pt | 2pt | 1ft | ft |
| Joint earnings at £5.73 per hour | 441.20 | 318.00 | 194.80 | 220.60 | 220.60 |
| Taxes | 62.80 | 31.40 | 0.00 | 31.40 | 31.40 |
| Earnings net of taxes | 378.40 | 286.60 | 194.80 | 189.20 | 189.20 |
| Including all relevant benefits | | | | | |
| All relevant benefits | 0.00 | 40.50 | 117.00 | 117.10 | 18.40 |
| Total income | 378.40 | 327.10 | 311.80 | 306.30 | 207.60 |
| Excluding means-tested benefits | | | | | |
| Child benefit | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total income | 378.40 | 286.60 | 194.80 | 189.20 | 189.20 |

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

All figures rounded to nearest 10 pence

Source: GLA Economics

Table 2.4 shows the basic living costs, or LCA budget standard, for the various household types together with the weekly income derived at the National Minimum Wage (NMW) level (from Table 2.3). Appendix C illustrates the difference between income and basic living costs (the LCA budget standard) at £5.73, £6, £7 and £8 per hour.

Table 2.4: Weekly incomes (£), costs and incomes after costs, at the NMW hourly rate
2.4a: Households with children

| | Couple with two children | | | | Lone parent | |
|--|--------------------------|---------|---------|---------|-------------|---------|
| | 2ft | 1ft 1pt | 2pt | 1ft | ft | pt |
| Including all relevant benefits | | | | | | |
| Total income | 648.70 | 512.90 | 469.20 | 380.70 | 545.60 | 384.70 |
| Basic living costs | 590.70 | 475.60 | 475.60 | 341.90 | 509.80 | 394.70 |
| Income minus costs | 58.00 | 37.30 | -6.40 | 38.80 | 35.80 | -10.00 |
| Excluding means tested benefits | | | | | | |
| Total income | 411.60 | 319.80 | 228.00 | 222.40 | 222.40 | 130.60 |
| Basic living costs | 590.70 | 475.60 | 475.60 | 341.90 | 509.80 | 394.70 |
| Income minus costs | -179.10 | -155.80 | -247.60 | -119.50 | -287.40 | -264.10 |

2.4b: Households without children

| | Couple with no children | | | | Single no children |
|--|-------------------------|---------|---------|---------|--------------------|
| | 2ft | 1ft 1pt | 2pt | 1ft | ft |
| Including all relevant benefits | | | | | |
| Total income | 378.40 | 327.10 | 311.80 | 306.30 | 207.60 |
| Basic living costs | 369.70 | 369.70 | 369.70 | 343.00 | 217.50 |
| Income minus costs | 8.70 | -42.60 | -57.90 | -36.70 | -9.90 |
| Excluding means tested benefits | | | | | |
| Total income | 378.40 | 286.60 | 194.80 | 189.20 | 189.20 |
| Basic living costs | 369.70 | 369.70 | 369.70 | 343.00 | 217.50 |
| Income minus costs | 8.70 | -83.10 | -174.90 | -153.80 | -28.30 |

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

All figures rounded to nearest 10 pence

Source: GLA Economics

For some household types, notably those with children, the NMW together with the assumed working patterns are sufficient to cover their weekly basic living costs assuming all relevant tax credits and benefits are claimed¹². However, as Table 2.4 also shows, for other household groups the NMW 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 2.5 shows the hourly wage required for each household type to meet its basic living costs (or LCA budget).

Table 2.5: Hourly wages required to meet basic living costs for different households

2.5a: Households with children

| | Couple with two children | | | | Lone parent | |
|--|--------------------------|---------|--------|---------|-------------|--------|
| Earners | 2ft | 1ft 1pt | 2pt | 1ft | ft | pt |
| Number of people | 213,100 | 273,100 | 14,500 | 138,900 | 51,900 | 30,600 |
| Wage level including all the relevant benefits | 5.73* | 5.73* | 6.10 | 5.73* | 5.73* | 6.40 |
| Wage level excluding means tested benefits | 9.10 | 9.60 | >15.00 | 10.30 | >15.00 | >15.00 |

2.5b: Households without children

| | Couple with no children | | | | Single no children | Weighted Average** |
|--|-------------------------|---------|--------|--------|--------------------|--------------------|
| Earners | 2ft | 1ft 1pt | 2pt | 1ft | ft | |
| Number of people | 424,300 | 108,900 | 14,400 | 79,800 | 416,000 | 1,765,500 |
| Wage level including all the relevant benefits | 5.73* | 7.70 | 12.60 | 11.60 | 6.80 | 6.45 |
| Wage level excluding means tested benefits | 5.73* | 7.80 | 12.60 | 11.60 | 6.80 | 8.30 |

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

* NMW sufficient to meet basic living costs (LCA budget standard).

The number of people in different household groups was derived from Census 2001 and rounded to nearest 100.

Money amounts rounded to nearest 10 pence except for NMW and weighted average.

The NMW (£5.73) 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 the NMW.

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

From Table 2.5, the weighted average wage across the different household types required to meet basic living costs is £6.45 assuming all benefits are included, compared to £8.30 if means-tested benefits are ignored.

Assuming all relevant benefits and tax credits are claimed, about 62 per cent of the working households considered in this analysis would achieve their basic living costs, or LCA standard of living, at the £5.73 National Minimum Wage (NMW). At the wage of £6.45 per hour around 65 per cent of the working households considered would achieve their basic living costs (or LCA standard of living).

3. The Income Distribution approach

This section explains briefly the Income Distribution approach. This method considers what wage is required to move a household to 60 per cent of median income.

The Department for Work and Pensions (DWP) provides indicators on the average income of households in the UK¹³. 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 live¹⁴.

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 measure¹⁵.

Based on this measure, the household median income in 2007/08 was £333 per week. This is calculated using household median income in 2006/07 and uprating by earnings growth (excluding bonuses) for the period August to October 2008 (3.6 per cent)¹⁶. This figure is for a household consisting of a couple with no children. DWP provide details of the process by which to calculate equivalent incomes for other household types. Details of this process (called 'equivalisation'), and the Income Distribution approach more generally are discussed in Appendix E of the 2005 Living Wage report.

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, 2007/08)

| | Couple with children | Lone parents with children | Couple with no children | Single person with no children |
|---------------|----------------------|----------------------------|-------------------------|--------------------------------|
| Median | 468.90 | 319.30 | 332.60 | 182.90 |
| 70% of median | 328.20 | 223.50 | 232.80 | 128.00 |
| 65% of median | 304.80 | 207.50 | 216.20 | 118.90 |
| 60% of median | 281.40 | 191.60 | 199.50 | 109.70 |

All figures rounded to nearest 10 pence.

Source: GLA Economics based on DWP data for 2006/07, uprated using growth in average earnings (excluding bonuses) of 3.6 per cent

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 | 5.73* | 5.73* | 8.10 | 8.50 | 5.73* | 7.60 |
| 65% of median income | 5.73* | 6.50 | 10.40 | 10.50 | 5.73* | 10.70 |
| 70% of median income | 6.60 | 7.80 | 12.70 | 12.60 | 6.80 | 13.80 |
| Excluding means-tested benefits | | | | | | |
| 60% of median income | 9.70 | 10.50 | >15.00 | 12.60 | >15.00 | >15.00 |
| 65% of median income | 10.20 | 11.10 | >15.00 | 13.30 | >15.00 | >15.00 |
| 70% of median income | 10.60 | 11.70 | >15.00 | 14.20 | >15.00 | >15.00 |

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 | 6.10 | 8.50 | 13.80 | 13.60 | 6.30 | 6.80 |
| 65% of median income | 6.40 | 8.90 | 14.60 | 14.50 | 6.90 | 7.45 |
| 70% of median income | 6.70 | 9.40 | >15.00 | 14.90 | 7.20 | 8.20 |
| Excluding means-tested benefits | | | | | | |
| 60% of median income | 6.10 | 8.50 | 13.80 | 13.60 | 6.50 | 8.85 |
| 65% of median income | 6.50 | 8.90 | 14.60 | 14.30 | 6.90 | 9.30 |
| 70% of median income | 6.80 | 9.40 | >15.00 | 14.90 | 7.20 | 9.70 |

3.2c: Memo: 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 people of this family type | 213,100 | 273,100 | 14,500 | 138,900 | 51,900 | 30,600 |
| Number which would attain 60% of median income at a wage of: | | | | | | |
| £5.73 | 213,100 | 273,100 | 0 | 0 | 51,900 | 0 |
| £6.80 | 213,100 | 273,100 | 0 | 0 | 51,900 | 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 people of this family type | 424,300 | 108,900 | 14,400 | 79,800 | 416,000 | 1,765,500 |
| Number which would attain 60% of median income at a wage of: | | | | | | |
| £5.73 | 0 | 0 | 0 | 0 | 0 | 538,000 |
| £6.80 | 424,300 | 0 | 0 | 0 | 416,000 | 1,378,400 |

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

*The NMW (£5.73) is sufficient to meet the 60 per cent of median income threshold.

The NMW has been used as a lower limit for the wage when calculating the weighted average wage.

All money figures rounded to the nearest 10 pence except for: weighted average figures which are rounded to the nearest five pence; and the NMW. All population figures rounded to the nearest 100.

Source: GLA Economics and Census 2001

Data from Table 3.2 indicates that about 30 per cent of the working households considered here would attain 60 per cent of median income at the £5.73 NMW (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 £6.80. At this wage, just over three quarters 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 outlined previously and then looks at the wage distribution in London to see what proportion of the working population in London would be affected by a Living Wage if adopted across London.

Under the Basic Living Costs approach around 62 per cent of the households considered in this analysis would cover their basic living costs at the £5.73 NMW level¹⁷. Under the Income Distribution approach 30 per cent of households would attain 60 per cent of median income at the £5.73 NMW level. We assume that all relevant benefits and tax credits are claimed.

Table 4.1 displays the weighted average 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 £6.45 per hour compared to £6.80 from the Income Distribution approach. The difference between the two approaches is smaller this year, having fallen from 45 pence to 35 pence. The two approaches deviate somewhat in calculating the poverty threshold wage. The poverty threshold wage of £6.65 is the mean of the figures given by the Basic Living Costs and Income Distribution approaches, rounded to the nearest 5 pence per hour.

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

| Approach | Including benefits | Excluding benefits |
|-------------------------------|--------------------|--------------------|
| Basic living costs (1) | 6.45 | 8.30 |
| Income distribution (60%) (2) | 6.80 | 8.85 |
| Average of (1) and (2) | 6.65 | 8.60 |

Source: GLA Economics

Notes: Figures rounded to nearest five pence.

This indicates that a wage of around £6.65 allows most households, on average, to move above, or at least to, what might be considered the poverty threshold. Increasing the wage above this level increases a household's disposable income net of basic living costs and moves them closer to median income. Once the 15 per cent margin against poverty is added to the unrounded poverty threshold wage¹⁸, this yields a Living Wage, to the nearest five pence, of **£7.60** per hour. This 2009 level of the London Living Wage will be implemented in the GLA Group as contracts allow.

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

4.1 Wage distribution

There are two main sources of information on earnings in the UK: the Annual Survey of Hours and Earnings (ASHE) and the annual Labour Force Survey (LFS), now the Annual Population Survey (APS). In previous annual reports we determined the proportions of employees in London earning less than different earnings thresholds using only APS data. However, we noted that the measurement of hourly pay is not a simple matter and that the LFS/APS data is an imperfect guide to it, particularly at the bottom end of the earnings distribution. Office for National Statistics (ONS) advice is that ASHE data is the best source for measuring low pay. Nevertheless, the Living Wage Unit does not have access to the most recent ASHE dataset, and thus we can only use figures from the APS 2007 in this report.

Who are affected by the current London Living Wage?

Table 4.2 shows that around 15 per cent of full-time employees earn less than the Living Wage of £7.60 per hour in London. About 5 per cent of these workers receive wages that are below Living Wage levels but above the poverty threshold level of £6.65 per hour. The remaining 10 per cent receive less than the poverty threshold wage.

Almost half (47 per cent) of all part-time employees earn less than the £7.60 per hour Living Wage in London. Around 10 per cent of part-time workers receive less than the Living Wage but more than the poverty threshold wage and 37 per cent of them receive less than the poverty threshold wage.

Overall, around one in seven employees (15 per cent) receive less than the £6.65 poverty threshold wage and one in five employees receive less than the £7.60 Living Wage. Fewer than one in ten workers in London earn less than the National Minimum Wage (NMW) of £5.73¹⁹.

It should be noted that estimating the proportion of London employees earning less than the London Living Wage using APS data for 2007 could lead to an overestimate. This is because employees are likely to have received an increase in their pay since 2007 and for some this will have taken them to a pay rate above £7.60 per hour.

Table 4.2: Proportion of employees in London that earn less than various wage levels

| | Persons | Persons | Persons | Males | Males | Males | Females | Females | Females |
|--|---------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | All employees | Full time | Part time | Total | Full time | Part time | Total | Full time | Part time |
| All employees²⁰ = 100% | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| % earning less than: | | | | | | | | | |
| <£5.73 per hour ^a | 9 | 6 | 24 | 8 | 6 | 32 | 11 | 6 | 21 |
| <£6.65 per hour ^b | 15 | 10 | 37 | 13 | 9 | 46 | 18 | 11 | 34 |
| <£7.45 per hour ^c | 20 | 14 | 45 | 17 | 13 | 55 | 23 | 15 | 42 |
| <£7.60 per hour ^d | 21 | 15 | 47 | 18 | 14 | 58 | 24 | 16 | 43 |

Source: Annual Population Survey (APS 2007).

a: National Minimum Wage

b: 2009 poverty threshold

c: 2008 Living Wage

d: 2009 Living Wage

Note: The figures are for the working age population including full-time students. The proportions are calculated using the number of employees earning less than the different earnings thresholds over the number of London employees (reporting earnings).

4.2 Changes from last year's report

The Living Wage has increased to £7.60 per hour, a rise of about 2.0 per cent since last year's report and about 13.4 per cent since 2005. Overall, basic living costs have increased by about 3.2 per cent and household median incomes by about 3.6 per cent since last year.

There have been large price increases in energy (9.0 per cent), and food (8.1 per cent). These have been offset by price falls for clothing (-10.1 per cent) and leisure goods (-4.1 per cent). Childcare costs have also risen by about 4.6 per cent over the past year to £5.48 per hour. However, private rents for couples without children remained stable in 2009 and for single people saw only a small increase (1 per cent). Council tax increased by nearly 1.3 per cent, social housing by 5.5 per cent and transport costs by 6.3 per cent since last year's report.

However, benefits and tax credits were increased by 5.0 per cent between the financial years 2008/09 and 2009/10. This compares with a 3.9 per cent increase in benefits and tax credits between 2007/08 and 2008/09. As a result, benefits and tax credits have done 'more of the work' in getting us to our target standard of living than in the previous year, and this has moderated the required increase in wages.



Implementation is generally undertaken when new GLA Group contracts are let as this is the most cost effective time to implement the London Living Wage provisions and the best opportunity to discuss the policy and its implications with bidders.

The GLA Group have been implementing London Living Wage provisions since 2006 and continue to monitor forthcoming contracts to identify future opportunities which will ensure that employees working on GLA Group contracts are paid a living wage for their work in London.

5.1 GLA Group implementation

Progress in implementing the London Living Wage during 2008 has included:

- Confirmation by all members of the GLA Group (LDA, TfL, GLA, LFEPA, MPA and the MPS) that all employees – whether direct, contracted or temporary – working on GLA group premises are now paid at or above the 2008 Living Wage of £7.45 per hour.
- Implementation in a number of support services contracts across the group, leading to an additional 1,775 staff realising the associated benefits.
- Confirmation from Metronet (which came under TfL control in autumn 2008) that approximately 900 tube cleaners have received a pay uplift to £7.45 per hour.
- TfL have continued to roll out the London Living Wage across their organisation, with provisions included in two cleaning contracts in their Surface Transport directorate and one centralised catering contract. This has led to over 130 employees having their pay uprated.
- The MPS made significant progress in 2008, ensuring that 744 cleaning and messenger staff working under their main Facilities Management contracts received the increased rate. The affected contractors include Haden Building Management Ltd and Interserve FM Ltd. The London Living Wage was introduced through a phased approach by each contractor, and the pay increase was supported by new training initiatives – rolled out by the companies involved – to raise staff competence levels and improve performance.
- The Olympic Delivery Authority (ODA) has set out in its Procurement Policy that it recognises that the London Living Wage has a significant contribution to make in respect of the regeneration objectives of the Olympic Park. This recognition is included within its procurement documentation for Park contracts. Monthly monitoring of pay levels against the London Living Wage for Park contracts is now in place. This has confirmed (as at January 2009) that more than 90% of people employed by all contractors on the Olympic Park are paid at or above the London Living Wage.
- Recently the ODA has been given a London Living Wage award by The East London Communities Organisation (TELCO), set up to represent many East London community and faith groups. The award recognises the very good progress made by the ODA working in partnership with the Olympic Park contractors to pay the London Living Wage.

5.2 London boroughs and city authorities

As the benefits of implementing the London Living Wage become more widely recognised, interest has grown, and during 2008 there has been interest from a number of London Boroughs.

In September, the London Borough of Ealing ensured that their school canteen staff will receive at least the London Living Wage by the end of the contract period. A number of other boroughs have received member approval to investigate the implementation of London Living Wage provisions, enabling them to develop the required procurement strategy and determine indicative costings.

In December, the London Borough of Tower Hamlets agreed to extend the application of the London Living Wage to all temporary staff (all directly-employed staff already receive the London Living Wage or above). The Council is working to ensure that all staff employed on service contracts performed on its sites are paid at least the London Living Wage rate. This will involve working with suppliers and contractors to agree necessary variations to contracts, and to put in place monitoring arrangements, as well as addressing other practical and legal obstacles.

We have provided advice on request to boroughs and intend to increase our engagement with them in 2009 through a workshop to discuss GLA Group best practice and explaining how our experiences can support their implementation methods.

The Living Wage policy has generated interest from a number of city authorities across the UK and when approached, we have provided advice and support in sharing best practice policy and implementation methods from GLA group experiences. The most notable progress is at Glasgow City Council who on 9 March announced their decision to implement a City Wage of £7 per hour, ensuring that all Council employees receive this rate as a minimum and encouraging their suppliers to pay staff working on Council business a Living Wage.

5.3 Benefits

To support organisations keen on implementing the London Living Wage, we commissioned an independent study to review the social and economic benefits to organisations – both buyer and supplier – from implementing London Living Wage provisions. This has provided some useful information on the business case and benefits such as improved recruitment and retention, improved worker morale and productivity, though limitations on the analysis imposed by data constraints have meant that the report and its findings are subject to some important caveats.

The results of the study will be published later this year and support earlier findings that cost implications of introducing the living wage are often less than expected, whilst employees and employers have identified significant benefits.



Table 5.1: 29 Organisations who are implementing the Living Wage in London

| Public Sector | Private Sector | Third Sector |
|--|------------------------|--|
| Greater London Authority | KPMG | ACEVO – Association of Chief Executives of Voluntary Organisations |
| Transport for London | HSBC | The Big Issue |
| London Fire and Emergency Planning Authority | Morgan Stanley | Child Poverty Action Group |
| London Development Agency | Citigroup | Westway Development Trust |
| Metropolitan Police Authority | Deutsche Bank | |
| Metropolitan Police Service | Royal Bank of Scotland | Higher Education and Think Tanks |
| St Barts and the London Hospital | PriceWaterhouseCoopers | The London School of Economics |
| <i>LB Ealing</i> | Lovells | Queen Mary University of London |
| <i>LB Tower Hamlets</i> | Credit Suisse | IPPR – Institute for Public Policy Research |
| | Macquarie | <i>School of Oriental and African Studies (SOAS)</i> |
| | UnLtd* | |
| | Barclays | |

New organisations highlighted in italics



Since our last report, household median income has increased by 3.6 per cent. Benefits and tax credits were increased by 5.0 per cent between the financial years 2008/09 and 2009/10. This is equal to the increase in the Retail Price Index published in September 2008. This increased from the 3.9 per cent RPI published in September 2007. As a result, benefits and tax credits have done more of the work in getting us to our target standard of living than in the previous year and this has moderated the required increase in wages.

A cross-GLA Group Living Wage implementation group was formed in April 2005 to help co-ordinate plans for the policy across the GLA Group. Since then the Living Wage has been implemented through a phased roll out across the GLA group. All employees of the GLA Group²¹ and the Metropolitan Police Service working on GLA group premises, whether direct, contracted or temporary, are now paid at or above the London Living Wage.

Twenty nine organisations, including the GLA Group, have now voluntarily signed up to paying their staff the London Living Wage. Some of the other organisations besides the GLA Group include St Bart's and the London Hospital, large banks such as HSBC and Deutsche Bank, higher education institutions such as the London School of Economics and Queen Mary University of London, think tanks like the Institute for Public Policy Research and a number of voluntary sector organisations such as the Child Poverty Action Group. There has also been interest from a number of London Boroughs with a number of them having received member approval to investigate the implementation of the London Living Wage. The London Borough of Ealing has been the first to begin implementing the Living Wage and will ensure that their school canteen staff receive at least the Living Wage by the end of the contract period.



Appendix A: Details of cost calculations

This appendix details the calculation of, and sources used for, the cost data in Section 2. As noted in Section 2, costs are considered under five headings that are now considered in detail.

A.1 Housing costs

Social housing rent

Housing costs in London were updated using the same methodology as was applied in previous Living Wage reports. We assumed that couples and lone parents with two children live in a three-bedroom property. This is based 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. This rent will in general be different from the rent that model families are now paying. The latter depends on their earnings, and the availability of appropriately-sized housing.

Data from the Chartered Institute of Public Finance and Accountancy (CIPFA) provides, for each London borough, the average council rent on a three-bedroom property and the number of such dwellings in the council stock. This has been updated using the most recent data. Table A.1 shows the median, weighted mean²² and un-weighted mean of these rents, covering the majority of London boroughs for 2008.

Table A.1: Median, weighted and un-weighted mean weekly rents for three-bedroom council houses in London in 2007 and 2008

| | 2007 | 2008 |
|-----------------|-------|-------|
| Median | 85.93 | 92.58 |
| Weighted Mean | 87.04 | 94.19 |
| Unweighted Mean | 88.42 | 94.92 |

Source: CIPFA

Council housing alone, however, does not represent the only source of affordable housing available to such families and therefore, in this report, other social housing is also taken into account. The Housing Association Report provides social rents from the Regulatory and Statistical Returns (RSR) Survey 2007²³. The average weekly net rent for three-bedroom other social housing in London is £91.97 per week in 2007.

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 £94.19 per week and rent for other social housing at £91.97 per week. This was weighted by 451,000 council houses in London and 295,000 units of other social housing in 2007 (most recent available data).

The calculation was:

$$£94.19 \times (451/746) + £91.97 \times (295/746) = £93.31$$

Therefore, the average overall social housing rent for affordable three-bedroom dwellings in London is £93.31 per week, a rise of about 5.5 per cent from £88.43 in last year's report. This figure is used for the housing costs of couples and lone parents with children.

Private rent

For single people and for couples without children, it was assumed as in previous reports, that they are more likely to live in private accommodation, since their access to social housing is significantly less likely than for families with children.

As with last year's Living Wage report, this report takes into account improved data on private rents, and has also improved our estimates of the cost of rented accommodation available to households without children. As before, we assume that single people will require a single room to attain an acceptable living

standard whilst a couple will require a single bedroom self-contained dwelling. We have however extended the range of dwelling types and include maisonettes and one-bedroom houses in the range of accommodation available to a couple, whereas previously we considered only one-bedroom flats. Similarly, our estimate of rents for single people now extends to rooms, shared rooms, and bed-sits.

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 £81.00 per week for a single person, which is only a 1 per cent increase since last year, and £173.00 per week for a couple, which has remained stable.

A.2 Council tax

On the basis of data from the Department for Communities and Local Government (DCLG) the majority of London houses are band D or above²⁴. This report assumes a band D council tax and calculates the average council tax band D using DCLG data. This yields a figure of £25.27 per week for 2009-10, a 1.3 per cent increase since last year. This figure represents the council tax for families with children. People living on their own or lone parents are entitled to a 25 per cent single person's discount. It was assumed that lone parents and single people receive a 25 per cent discount, that is, pay £18.95 council tax each week.

A.3 Childcare

The Family Budget Unit (FBU) assesses a standard number of hours of childcare on the basis of family types. This is an average figure throughout the year and takes into account school and other holidays.

As in previous reports, we have assumed that all households with children, where the only parent or both parents work, incur childcare costs. It was also assumed that earners working full-time and part-time require 40.5 and 19.5 hours of childminding respectively, paid at the same rate of £5.48 per hour. However, there is some evidence that part-time costs per hour are normally higher.

Derivation of childcare costs

The Daycare Trust published its most recent figures on childcare costs in January 2009. We derive the childcare cost for the Living Wage report by calculating the average childcare costs for both Inner and Outer London. That is, we averaged weekly childcare costs for:

- nursery provision (children under 2 years old);
- nursery provision (children 2 years old and over);
- childminder provision (children under 2 years old); and,
- childminder provision (children 2 years old and over)

Table A.2: Weekly childcare costs in London 2009 (£)

| | Nursery (under 2) | Nursery (2 and over) | Highest Nursery Cost | Childminder (under 2) | Childminder (2 and over) | Highest Childminder cost |
|--------------|----------------------|-------------------------|-------------------------|--------------------------|-----------------------------|-----------------------------|
| Inner London | 226 | 200 | 400 | 196 | 180 | 400 |
| Outer London | 192 | 177 | 365 | 189 | 175 | 365 |

Source: Daycare Trust, 2009

In 2009, the Inner London average weekly childcare cost was £200.50. The Outer London average childcare cost was £183.25 per week. Taking the average of these two figures for Inner and Outer London yields the London average childcare cost of £191.88 per week.

To convert average London weekly childcare costs to an hourly figure, it was assumed that on average parents would demand 35 hours of childminding. This is consistent with the FBU methodology applied throughout, which attempts to establish the actual requirement that a family in typical circumstances would have if earnings were adequate, rather than the actual use of child care by families, which may reflect an inability to afford sufficient hours of child care. Therefore for a weekly expenditure of £191.88, this yields an hourly equivalent of £5.48. This is an increase on the previous year of 4.6 per cent.

A.4 Transport

In this report, we used 2009 fares for adults buying a monthly travel card for zones 1-3 and then calculated the weekly cost, see Table A.3. Since the previous report, transport costs have increased by 6.3 per cent. This is higher than the 3.6 per cent increase between 2007 and 2008.

Table A.3: Transport costs (£ weekly)

| Type of households | 2009 Living Wage report | 2008 Living Wage report |
|-------------------------------------|-------------------------|-------------------------|
| Couples with children | 53.52 | 50.34 |
| Lone parents | 26.76 | 25.17 |
| Couples without children | 53.52 | 50.34 |
| Single individuals without children | 26.76 | 25.17 |

Source: Based on Transport for London fares 2009

A.5 Regional price differentials for the standard shopping basket

ONS has produced regional price level comparisons for 2004. These are detailed estimates of price differences between each Government Office Region and the UK average²⁵. From this information, the relative regional prices for each category of expenditure, except for those items already discussed in this appendix, have been calculated.

Since 2004, ONS has not published updated regional price estimates. We therefore used the growth in national prices to adjust each item of London's shopping basket and then applied these to produce estimates of the total rise in shopping basket costs for the different requirements which the FBU method allocates to different types of families in London.

Rising costs since last year's report

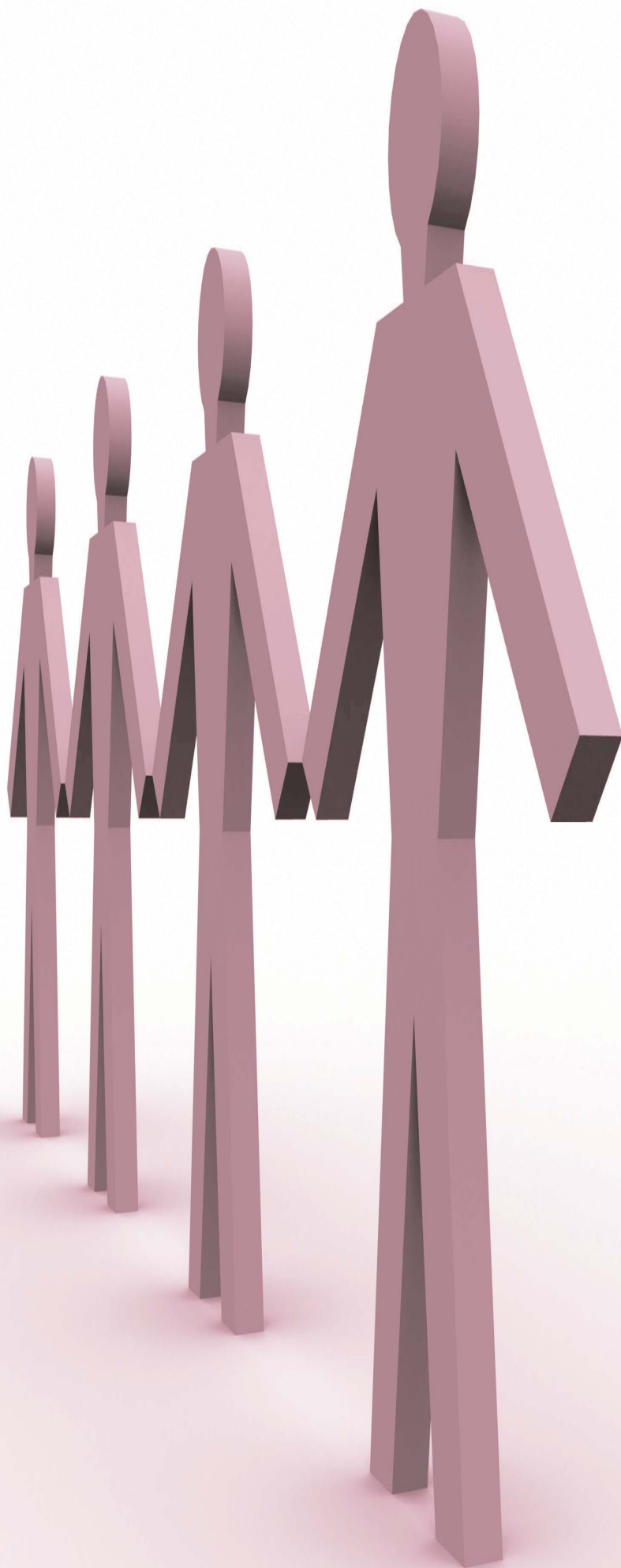
Since our last report, some prices of goods and services in London have increased. Table A.4 presents the growth in prices between December 2007 to February 2008 and December 2008 to February 2009 for the different components of the shopping basket. Over 80 per cent of the items included in our shopping basket experienced price increases over this period such as: energy, food, pets, NHS charges, leisure services, personal care, charitable donations, household services and insurance/pension contributions. Two items in the shopping basket, clothing and leisure goods, fell in price over the period.

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

| Item | Growth in prices between December 2007 to February 2008 and December 2008 to February 2009 |
|---------------------------------|--|
| <i>Rising items</i> | |
| Energy | 9.0 |
| Food | 8.1 |
| Pets | 5.2 |
| NHS charges | 3.9 |
| Leisure services | 3.9 |
| Personal care | 3.8 |
| Charitable donations | 3.1 |
| Household services | 3.3 |
| Household goods | 1.8 |
| Insurance/pension contributions | 0.6 |
| | |
| <i>Decreasing items</i> | |
| Clothing | -10.1 |
| Leisure goods | -4.1 |
| | |
| <i>Not considered</i> | |
| Smoking costs | - |
| Debts/fines/maintenance orders | - |
| Seeking work costs | - |
| | |
| Total shopping basket | 2.4 |

Source: Office for National Statistics (ONS)

Notes: To uprate the cost of each item of the shopping basket we used the average of the price inflators between December 2007-December 2008, January 2008-January 2009 and February 2008-February 2009.



Appendix B: Benefits and tax credits

This section reviews the main tax credits and benefits that households can receive in the UK, depending on their earnings and circumstances. The methodology used to calculate these benefits for different types of households is explained in detail in Appendix C of the 2005 Living Wage report.

B.1 Earnings and benefits

There are different tax credits and benefits that households are entitled to receive in the UK. These are targeted mainly to help low (and middle) income families. The majority of these benefits are means-tested, with some exceptions such as child benefit.

The main means-tested benefits available to households with someone in work are:

- Working tax credit
- Child tax credit
- Housing benefit
- Council tax benefit

The amount a household receives depends on various factors including annual household income, the number of hours worked, type of household (couple or lone parent), number of children, and age of children. Therefore, there are several elements in each tax credit or benefit to reflect the different needs and circumstances of households.

To derive the main benefits for the different types of families in London, 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, 2009/10

| Working tax credit elements | Maximum amount | Maximum amount |
|---|----------------|----------------|
| | £ per year | £ per week |
| 1. Basic | 1,890 | 36.35 |
| 2. Second adult/lone parent | 1,860 | 35.77 |
| 3. 30 hour | 775 | 14.90 |
| 4. Childcare (per cent of eligible cost covered) 80% | | |
| Maximum eligible cost for one child | | 175 |
| Maximum amount for two or more children | | 300 |
| 5. Disability | 2,530 | 48.65 |
| 6. Severe disability | 1,075 | 20.67 |
| 7. If over 50 and previously workless (see below for details) | | |
| If working between 16 and 29 hours per week | 1,300 | 25.00 |
| If working over 30 hours per week | 1,935 | 37.21 |

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 provides 80 per cent of eligible childcare costs incurred up to a maximum of £175 per week for one child. This means that a family with one child can get at most £140 per week from the childcare element. Similarly, families with two children can receive up to a maximum of £240 per week (80 per cent of £300).

Families with disabled members get extra help, being entitled to additional disability or severe disability elements.

Households with a member over 50 years old can receive help depending on the hours worked per week. For instance, if a member of a family (over 50) works between 16 and 29 hours per week, this person is entitled to £25.00 per week and £37.21 per week if they work more than 30 hours. This payment is for one year only and is for people returning to work from the New Deal 50 Plus. A representative couple, therefore, working more than 30 hours per week, with two children and spending a certain amount in childcare costs will be generally entitled to:

- the basic element;
- the second adult element;
- 30 hour element;
- 80 per cent of childcare costs incurred (or up to 80 per cent of the maximum £300).

However, the amount received depends on their 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 19 who is studying full-time up to A-level). Those entitled to this benefit need to work at least 16 hours a week on average. The household's gross income should be below £50,000.

Note that the 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/children is entitled to receive the family element. In addition, a family can get £42.98 per week for each additional child (over one year). If the household has a child under the age of one, then this family will receive the family and baby addition element.

Table B.2: Child tax credits, 2009/10

| Child tax credit elements | Maximum amount | |
|---------------------------|----------------|------------|
| | £ per year | £ per week |
| Family | 545 | 10.50 |
| Child | 2,235 | 42.98 |
| Family and Baby addition | 545 | 10.50 |
| Disabled child | 2,670 | 51.35 |
| Severe disabled child | 1,075 | 20.67 |

Source: HMRC

As with working tax credit, the total amount received in child tax credits depends on the household's total 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 39p 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 – 39% (gross household income – £123.46 per week)

Families with gross household income above £958.91 per week will receive an award reduced at the rate of 6.67p for every £1 of gross income over this threshold income.

Table B.3: Common features to derive child and working family credits, 2009/10

| Common features | Maximum amount | |
|---|----------------|------------|
| | £ per year | £ per week |
| First income threshold | 6,420 | 123.46 |
| First withdrawal rate (%) | 39% | |
| Second income threshold | 50,000 | 958.91 |
| Second withdrawal rate (%) | 6.67% | |
| First threshold for those entitled to Child tax credit only | 16,040 | 308.46 |

Source: HMRC

Child benefit

Child benefit is a universal, non means-tested benefit and is also non-taxable. It 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 £20.00 per week. For each subsequent child, couples receive £13.20 per week.

Table B.4: Child benefit, 2009/10

| Number of children | Couple (£ per week) |
|--------------------------|---------------------|
| 1 | 20.00 |
| 2 | 33.20 |
| 3 | 46.40 |
| Each extra child above 3 | 13.20 |

Source: HMRC

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

B.3 Housing benefits

Housing benefit provides help to households with their rent. Housing benefit is calculated based on 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 + child benefits

and

Applicable amount = total personal allowances + total premiums

The applicable amount represents the minimum income the government thinks a person under certain circumstances needs to live on. This is made up of two components: personal allowances and total premiums, depending on the particular circumstances of the household.

To calculate housing benefit it is necessary to take into account household income and any other benefits received. The amount of housing benefit that a household receives also depends on the 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, if the family is a couple with two children then they are entitled to receive £98.30 per week personal allowances, and £98.00 per week for both children under 16. In addition, families get the family premium (for couples) of £17.90 per week.

Table B.5: Housing benefits, 2009/10

| | Maximum amount |
|------------------------------|----------------|
| | £ per week |
| Personal Allowance | |
| Single person (under 25) | 49.60 |
| Single person (25 or over) | 62.70 |
| Lone parent (18 or over) | 62.70 |
| Couple (one/both 18 or over) | 98.30 |
| Children | |
| Under 16 | 49.00 |
| 16-18 | 49.00 |
| Premiums | |
| Family | 17.90 |
| Family (lone parent) | 25.50 |

Source: HMRC

B.4 Council tax benefits

Single persons and certain other households qualify for a reduction in their council tax. On top of this some households qualify for council tax benefits.

Council tax benefits are granted to households to pay their council tax, mainly targeted at those on low income. The benefit is calculated as follows:

Council tax benefit = council tax – 20% (net income – applicable amount)

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



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

| | Couple with two children | | | | | Lone parent | |
|---|--------------------------|---------|---------|--------|--------|-------------|--------|
| Hourly wages | 2ft | 1ft 1pt | 1pt 1pt | 1ft | 1pt | ft | pt |
| £5.73 | | | | | | | |
| Total disposable income | 648.70 | 512.90 | 469.20 | 380.30 | 370.00 | 545.60 | 384.70 |
| LCA Costs | 590.70 | 475.60 | 475.60 | 341.90 | 341.90 | 509.80 | 394.70 |
| Total disposable income minus LCA costs | 58.00 | 37.40 | -6.40 | 38.40 | 28.10 | 35.70 | -10.00 |
| £6.00 | | | | | | | |
| Total disposable income | 655.00 | 518.80 | 474.80 | 380.80 | 370.70 | 548.70 | 389.30 |
| LCA Costs | 590.70 | 475.60 | 475.60 | 341.90 | 341.90 | 509.80 | 394.70 |
| Total disposable income minus LCA costs | 64.30 | 43.30 | -0.80 | 38.90 | 28.80 | 38.90 | -5.40 |
| £7.00 | | | | | | | |
| Total disposable income | 678.10 | 539.80 | 493.50 | 384.00 | 373.10 | 560.20 | 405.30 |
| LCA Costs | 590.70 | 475.60 | 475.60 | 341.90 | 341.90 | 509.80 | 394.70 |
| Total disposable income minus LCA costs | 87.40 | 64.20 | 17.90 | 42.10 | 31.20 | 50.40 | 10.60 |
| £8.00 | | | | | | | |
| Total disposable income | 701.20 | 557.50 | 505.90 | 394.20 | 374.30 | 571.80 | 413.20 |
| LCA Costs | 590.70 | 475.60 | 475.60 | 341.90 | 341.90 | 509.80 | 394.70 |
| Total disposable income minus LCA costs | 110.50 | 81.90 | 30.30 | 52.30 | 32.40 | 62.00 | 18.50 |

C.1b: Households without children

| | Couple no children | | | | | Single person | |
|--|--------------------|---------|---------|--------|--------|---------------|--------|
| Hourly wages | 2ft | 1ft 1pt | 1pt 1pt | 1ft | 1pt | ft | pt |
| £5.73 | | | | | | | |
| Total disposable income | 378.40 | 327.10 | 311.80 | 306.30 | 283.50 | 207.20 | 185.10 |
| LCA Costs | 369.70 | 369.70 | 369.70 | 343.00 | 343.00 | 217.50 | 217.50 |
| Total disposable income minus LCA costs | 8.70 | -42.60 | -57.90 | -36.60 | -59.40 | -10.30 | -32.40 |
| £6.00 | | | | | | | |
| Total disposable income | 392.80 | 329.20 | 313.80 | 307.40 | 284.20 | 207.60 | 185.80 |
| LCA Costs | 369.70 | 369.70 | 369.70 | 343.00 | 343.00 | 217.50 | 217.50 |
| Total disposable income minus LCA costs | 23.00 | -40.50 | -55.90 | -35.50 | -58.70 | -9.80 | -31.70 |
| £7.00 | | | | | | | |
| Total disposable income | 445.90 | 342.30 | 320.30 | 311.50 | 286.60 | 222.90 | 188.20 |
| LCA Costs | 369.70 | 369.70 | 369.70 | 343.00 | 343.00 | 217.50 | 217.50 |
| Total disposable income minus LCA costs | 76.20 | -27.50 | -49.40 | -31.50 | -56.30 | 5.50 | -29.30 |
| £8.00 | | | | | | | |
| Total disposable income | 499.00 | 380.30 | 324.70 | 315.50 | 287.80 | 249.50 | 190.10 |
| LCA Costs | 369.70 | 369.70 | 369.70 | 343.00 | 343.00 | 217.50 | 217.50 |
| Total disposable income minus LCA costs | 129.30 | 10.60 | -45.00 | -27.40 | -55.20 | 32.00 | -27.40 |

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 non means-tested benefits**C.2a: Households with children**

| | Couple with two children | | | | | Lone parent | |
|---|--------------------------|---------|---------|---------|---------|-------------|---------|
| Hourly wages | 2ft | 1ft 1pt | 1pt 1pt | 1ft | 1pt | ft | pt |
| £5.73 | | | | | | | |
| Total disposable income | 411.60 | 319.80 | 228.00 | 222.40 | 130.60 | 222.40 | 130.60 |
| LCA Costs | 590.70 | 475.60 | 475.50 | 341.90 | 341.90 | 509.80 | 394.70 |
| Total disposable income minus LCA costs | -179.10 | -155.70 | -247.50 | -119.50 | -211.30 | -287.40 | -264.10 |
| £6.00 | | | | | | | |
| Total disposable income | 426.00 | 331.60 | 237.20 | 229.60 | 135.20 | 229.60 | 135.20 |
| LCA Costs | 590.70 | 475.60 | 475.60 | 341.90 | 341.90 | 509.80 | 394.70 |
| Total disposable income minus LCA costs | -164.70 | -144.00 | -238.40 | -112.30 | -206.70 | -280.20 | -259.50 |
| £7.00 | | | | | | | |
| Total disposable income | 479.10 | 374.20 | 269.20 | 256.20 | 151.20 | 256.20 | 151.20 |
| LCA Costs | 590.70 | 475.60 | 475.60 | 341.90 | 341.90 | 509.80 | 394.70 |
| Total disposable income minus LCA costs | -111.60 | -101.40 | -206.40 | -85.80 | -190.70 | -253.70 | -243.50 |
| £8.00 | | | | | | | |
| Total disposable income | 532.20 | 413.60 | 294.90 | 282.70 | 164.00 | 282.70 | 164.00 |
| LCA Costs | 590.70 | 475.60 | 475.60 | 341.90 | 341.90 | 509.80 | 394.70 |
| Total disposable income minus LCA costs | -58.50 | -62.00 | -180.70 | -59.20 | -177.90 | -227.10 | -230.70 |

C.2b: Households without children

| | Couple no children | | | | | Single person | |
|--|--------------------|---------|---------|---------|---------|---------------|---------|
| Hourly wages | 2ft | 1ft 1pt | 1pt 1pt | 1ft | 1pt | ft | pt |
| £5.73 | | | | | | | |
| Total disposable income | 378.40 | 286.60 | 194.80 | 189.20 | 97.40 | 189.20 | 97.40 |
| LCA Costs | 369.70 | 369.70 | 369.70 | 343.00 | 343.00 | 217.50 | 217.50 |
| Total disposable income minus LCA costs | 8.70 | -83.10 | -174.90 | -153.80 | -245.60 | -28.30 | -120.10 |
| £6.00 | | | | | | | |
| Total disposable income | 392.80 | 298.40 | 204.00 | 196.40 | 102.00 | 196.40 | 102.00 |
| LCA Costs | 369.70 | 369.70 | 369.70 | 343.00 | 343.00 | 217.50 | 217.50 |
| Total disposable income minus LCA costs | 23.00 | -71.30 | -165.70 | -146.60 | -241.00 | -21.10 | -115.50 |
| £7.00 | | | | | | | |
| Total disposable income | 445.90 | 341.00 | 236.00 | 223.00 | 118.00 | 223.00 | 118.00 |
| LCA Costs | 369.70 | 369.70 | 369.70 | 343.00 | 343.00 | 217.50 | 217.50 |
| Total disposable income minus LCA costs | 76.20 | -28.80 | -133.70 | -120.00 | -225.00 | 5.50 | -99.50 |
| £8.00 | | | | | | | |
| Total disposable income | 499.00 | 380.40 | 261.70 | 249.50 | 130.80 | 249.50 | 130.80 |
| LCA Costs | 369.70 | 369.70 | 369.70 | 343.00 | 343.00 | 217.50 | 217.50 |
| Total disposable income minus LCA costs | 129.30 | 10.60 | -108.10 | -93.50 | -212.10 | 32.00 | -86.60 |

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 means-tested benefits and tax credits.

Table C.3: Weekly incomes (£) for different types of families including 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 | 281.30 | 5.73* | 5.73* | 8.10 | 8.50 |
| 2) Lone parent | 191.60 | N/A | N/A | N/A | 5.73* |
| With no children | | | | | |
| 1) Couple | 199.50 | 6.10 | 8.50 | 13.80 | 13.60 |
| 2) Single person | 109.70 | N/A | N/A | N/A | 6.30 |
| 65% of median | | | | | |
| With two children aged 2-4 and 8-10 | | | | | |
| 1) Couple parents | 304.80 | 5.73* | 6.50 | 10.40 | 10.60 |
| 2) Lone parent | 207.50 | N/A | N/A | N/A | 5.73* |
| With no children | | | | | |
| 1) Couple | 216.20 | 6.40 | 8.90 | 14.60 | 14.50 |
| 2) Single person | 118.90 | N/A | N/A | N/A | 7.20 |
| 70% of median | | | | | |
| With two children aged 2-4 and 8-10 | | | | | |
| 1) Couple parents | 328.20 | 6.60 | 7.80 | 12.70 | 12.60 |
| 2) Lone parent | 223.50 | N/A | N/A | N/A | 6.80 |
| With no children | | | | | |
| 1) Couple | 232.80 | 6.80 | 9.40 | >15.00 | 14.90 |
| 2) Single person | 128.00 | N/A | N/A | N/A | 7.20 |

Source: GLA Economics

* All figures rounded to nearest 10 pence except NMW

GLA Economics have uprated this data by 3.6 per cent which is the average increase in earnings (without bonuses) in December 2008

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

Table C.4: Weekly incomes (£) for different types of families including only non means-tested 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 | 281.30 | 9.70 | 10.50 | >15.00 | 12.80 |
| 2) Lone parent | 191.60 | N/A | N/A | N/A | >15.00 |
| With no children | | | | | |
| 1) Couple | 199.50 | 6.10 | 8.50 | 13.80 | 13.60 |
| 2) Single person | 109.70 | N/A | N/A | N/A | 6.40 |
| 65% of median | | | | | |
| With two children aged 2-4 and 8-10 | | | | | |
| 1) Couple parents | 304.80 | 10.20 | 11.10 | >15.00 | 13.30 |
| 2) Lone parent | 207.50 | N/A | N/A | N/A | >15.00 |
| With no children | | | | | |
| 1) Couple | 216.20 | 6.40 | 8.90 | 14.60 | 14.30 |
| 2) Single person | 118.90 | N/A | N/A | N/A | 6.90 |
| 70% of median | | | | | |
| With two children aged 2-4 and 8-10 | | | | | |
| 1) Couple parents | 328.20 | 10.60 | 11.70 | >15.00 | 14.20 |
| 2) Lone parent | 223.50 | N/A | N/A | N/A | >15.00 |
| With no children | | | | | |
| 1) Couple | 232.80 | 6.80 | 9.40 | >15.00 | 14.90 |
| 2) Single person | 128.00 | N/A | N/A | N/A | 7.20 |

Source: GLA Economics

All figures rounded to nearest 10 pence except NMW

GLA Economics have uprated this data by 3.6 per cent which is the average increase in earnings (without bonuses) in December 2008



Abbreviations and footnotes

Abbreviations

| | |
|-------|---|
| APS | Annual Population Survey |
| ASHE | Annual Survey of Hours and Earnings |
| CIPFA | Chartered Institute of Public Finance and Accountancy |
| 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 |
| LDA | London Development Agency |
| LFS | Labour Force Survey |
| NES | New Earnings Survey |
| ODA | Olympic Delivery Authority |
| ONS | Office for National Statistics |

Footnotes

- 1 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.
- 2 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://www.berr.gov.uk/files/file37987.pdf>
- 3 Parker, H. (1998), *Low Cost but Acceptable. A minimum income standard for the UK: Families with young children*, London: Zacchaeus Trust.
- 4 GLA Economics Living Wage Unit (2005), *A Fairer London: The Living Wage in London*, London: GLA.
www.london.gov.uk/mayor/economic_unit/docs/a_fairer_london.pdf
- 5 <http://www.hmrc.gov.uk/pbr2008/personal-tax.htm>
- 6 Wingfield, D., Fenwick, D. and Smith, K. (2005), 'Relative Regional Consumer Price Levels in 2004', *Economic Trends* 615. London: Office for National Statistics (ONS).
www.statistics.gov.uk/articles/economic_trends/ET615Wingfield.pdf
- 7 Details of the calculation, including changes in the prices of individual goods and services within the basket and their impact on living costs, are given in Appendix A.
- 8 This report uses data that was available up to Friday 17 April 2009
- 9 Council Tax Monitor 2009/10, London Councils, 11 March 2009
- 10 GLA Economics Living Wage Unit (2005) *A Fairer London: The Living Wage in London*. London: GLA
www.london.gov.uk/mayor/economic_unit/docs/a_fairer_london.pdf
- 11 Based on the Low Pay Commission's recommendations published in March 2008, the NMW (adult rate) for workers aged 22 years and older was increased to £5.73 from October 2008. The youth rate, for workers aged between 18 and 21 years, is £4.77, whilst 16 and 17 year olds receive £3.53.

- 12 Note that using the income distribution approach, most families with children fall below the poverty threshold on the basis of the NMW.
- 13 See <http://www.dwp.gov.uk/asd/hbai/hbai2007/contents.asp>
- 14 See http://www.dwp.gov.uk/asd/hbai/hbai2007/pdf_files/chapters/chapter_2_hbai08.pdf
- 15 It should be noted that this measure does not take into account childcare costs.
- 16 See <http://www.statistics.gov.uk/pdfdir/lmsuk1208.pdf>
- 17 It should be noted that similar results have been found in other studies using the Basic Living Costs (LCA) approach. For instance, a study in Brighton in 2003 found that assuming the three household types considered in that study claimed all relevant benefits and tax credits, the NMW was sufficient to cover basic living costs. See: LCA wage levels and the 'exported costs' of low pay in Brighton and Hove, University of Brighton, May 2003.
- 18 The unrounded poverty threshold wage is £6.63 per hour
- 19 It should be noted that this does not indicate that a significant number of workers in London are being paid illegally low wages. Young workers and trainees can legally be paid less than the adult rate of the NMW.
- 20 Data relate to all employees and those on government schemes earning less than £100 per hour.
- 21 GLA Group includes: GLA, LDA, TfL, LFEPA and MPA.
- 22 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.
- 23 Based on the Annual Survey from the Housing Corporation on stockholding and social rents.
- 24 Based on Valuation Office Agency data.
- 25 See http://www.statistics.gov.uk/articles/economic_trends/ET615Wingfield.pdf

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Chinese

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Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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