**The London Living Wage – Proposal**

**Summary**

* The London Living Wage (LLW) is a wage rate calculated to place working households in London above “the threshold of poverty” after benefits and tax credits are taken into account. It is currently £[10.20]ph. Unlike the statutory minimum wage (currently £[7.50]ph for ages 25 and over, £[7.05] for ages 21-24), the LLW takes account of London’s higher living costs to provide a minimum acceptable quality of life. It has widespread political support (including, e.g. from the Mayor of London and his predecessor).
* Chambers should ensure that the people employed by suppliers that provide services and products for Chambers (in particular, cleaning staff), are paid the LLW for the work they do in and for Chambers. Chambers should also ensure that its own workforce are similarly remunerated. As set out below, the moral reasons are more compelling than the business reasons. It should be noted that in paying LLW, Chambers will be joining the likes of Herbert Smith Freehills, Linklaters, Mayer Brown, Maitland Chambers, Matrix Chambers, Mishcon de Reya, Norton Rose Fulbright, Outer Temple Chambers, Slaughter and May, etc.
* The cost to Chambers would increase, but it should be noted that the entirety of the increase in cost to Chambers would be applied to wages. There would be no additional profit to (eg) the cleaning contractor from this decision.
* This proposal is adapted from a template provided by the Chancery Bar Association, which actively promotes policies such as this.

**Introduction - the London Living Wage (LLW)**

1. The LLW is an annual hourly wage level calculation, characterised as a wage rate that if earned would place working households in London above “the threshold of poverty”, even after benefits and tax credits are taken into account. It takes account of London’s higher living costs to provide the minimum acceptable quality of life.
2. The national minimum wage is set with little reference to London. By contrast, the LLW is calculated by the Greater London Authority, and attempts to reflect the additional costs of living in London. It is an informal benchmark, not a legally enforceable minimum level of pay, like the national minimum wage.
3. The LLW has receives cross-party political support, as well as from prominent employers (examples in the legal world include Herbert Smith Freehills, Linklaters, Mayer Brown, Maitland Chambers, Matrix Chambers, Mishcon de Reya, Norton Rose Fulbright, Outer Temple Chambers, Slaughter and May, and White and Case); see <http://www.livingwage.org.uk>.

**The case for the LLW**

1. Frankly, the case for paying the LLW is primarily a moral one, rather than a business one. That is not to say that a business case cannot be made, but it is the moral case which is the more compelling one.
2. The moral justification, using cleaning staff as an example (but which could apply equally to other employees of other suppliers), is this:
	1. Cleaners are, on any analysis, poorly paid. It would not be surprising to learn that many cleaners have at least one or two day jobs to support family and to help make ends meet. Generally, they take the attitude that they do not want to be on benefits. Their hourly rates are typically just above the minimum wage. Cleaning companies find it difficult to increase wages because their customers are cost-conscious and they risk losing contracts if they do this.
	2. Everyone will know, from experience, the high costs of living and working in London. On the national minimum wage (or even, indeed, the LLW), simply travelling to and from Chambers to work must represent a significant cost for our cleaners.
	3. Our cleaners carry out their work at anti-social hours.
	4. The sums involved are very likely to be, in the overall context of Chambers’ income and expenditure, trivial. They have the potential, however, to give tangible benefits to the cleaners. The personal circumstances of each cleaner, and the extent to which they would materially benefit from being paid the LLW is not known, but the Case Studies given by the Living Wage Commission in its recent Interim Report at <http://livingwagecommission.org.uk/wp-content/uploads/2014/02/Living-Wage-Commission-Report-v2_f-1.pdf> strongly suggest that even small wage increases can make a significant practical difference to low paid workers.
	5. A successful and prosperous Chambers should set an example to others in the way they treat those who work for them, and it is also right that insofar as they are able to do so they should ensure that all who contribute to the functioning of their Chambers (including cleaners) receive a proper wage.
3. On the business case, there are two points:
	1. The business case for paying the LLW is primarily a risk management one. The first risk is that clients such as large financial institutions may well seek to assess suppliers (including Chambers) on the basis of whether they meet minimum standards which include a commitment to the LLW. The second risk is reputational. It is perfectly foreseeable that elements of the media may take an interest in “wealthy employers” who do not pay the LLW, and Chambers risk being portrayed as uncaring fat cats.
	2. In addition there is the question of morale. A work force that is paid a proper living wage is less likely to be demoralised. Paying the LLW has the potential to increase morale and productivity. According to www.livingwage.org.uk, “an independent study examining the business benefits of implementing a Living Wage policy in London found that more than 80% of employers believe that the Living Wage had enhanced the quality of the work of their staff”.
4. It is stressed, that it is the moral case which is the more compelling one.
5. The [Management Committee] is therefore asked to take the necessary steps to ensure that all those working for Chambers, including contract cleaning staff, are paid the LLW for the time spent working in Chambers.