

The Living Wage – making sense for business and the common good

Richard Weaver explains the social need for a living wage rather than the minimum wage, and then goes on to outline the cost savings a Living Wage commitment has brought to some well-known companies, including Chelsea Football Club. He looks at the Christian perspective, and at some practical steps to support the campaign.

'On the minimum wage you can survive, but you don't live'
Cleaner in central London

'It cannot be right that somebody should work all the hours that God gives them and still be in poverty.'
Dr John Sentamu, the Archbishop of York, and chair of the Living Wage Commission

Andrea is in her late 20s; she is from Portugal and is currently living in London. Until a few months ago she had three jobs, all earning just about the minimum wage, just to be able to pay the bills. She worked six days per week at a museum providing information and assistance to visitors from early morning until

mid-afternoon, leaving her flat before 8am each morning. She would then clean in an office for two hours and then later in a gym from 10pm until after midnight six days per week. She really enjoyed cleaning at the office but when she was offered more hours at the museum she gave up her office cleaning role as the museum paid slightly more per hour. The positive for her is that she was able to reduce the number of hours working, the number of different jobs she was doing each day, and the amount of daily travel for work.

Out of 13 million people living in poverty in the UK, 6.7 million are in a

family where at least one person works, according to a June 2014 report by the Living Wage Commission¹. The Commission is an independent body that brings together business, trade unions and civil society. At a time of flatlining wages and a 25% increase in the cost of living since the start of the economic downturn², those hardest hit are the people who clean, cater and provide security, those who work in hotels, social care and retail. Some are stuck for years on wages that don't begin to make ends meet³. The steady global decline of wages as a percentage of GDP has created a general sense that the system is both



Working families on the minimum wage who are dependent on handouts

unfair and increasingly unstable. Three fifths of people who moved from unemployment into work in the last year are paid below the living wage⁴.

The Living Wage is calculated to be the level of pay required to enable workers to sustain a personal and family life, contribute to the wider life of a community, and still have enough money to meet their material needs. The UK rate is set annually by the Living Wage Foundation and calculated by the Centre for Research in Social Policy (CRSP) at Loughborough University. Members of the public are involved in groups which decide what to include in order for households to have a minimum acceptable standard of living⁵. The Living Wage is therefore rooted in social consensus about what people need to make ends meet. The CRSP highlight that the annual increase in the figure takes account of rises in living costs and any changes in what people define as a 'minimum'. It also takes some account of what is happening to wages generally, to prevent a situation where Living Wage employers are required to give pay rises that are too far out of line with general pay trends⁶.

On 3 November 2014, at the beginning of Living Wage Week in the UK, the rate increased from £7.65 to £7.85 an hour, and from £8.80 to £9.15 an hour in London, compared to the UK minimum wage of £6.50 an hour. Employers choose to pay the Living Wage on a voluntary basis. Currently, 21% of all UK workers, more than five million people, are paid below the living wage, including (according to KPMG research in 2014): 85% of bar waiting staff, 43% of part-time workers, 72% of 18-21 year olds, 14% of 30-39 year olds, 27% of women, 16% of men, 25% of workers in Wales, and 17% of workers in London.

It is also important to understand the broader context of the living wage issue within the economic system we currently have, where almost all

businesses contract out at least some services (most commonly cleaning). Contracting out has meant that increasing numbers of workers are no longer directly employed by the organisation where and/or for whom they work⁷, and do not receive the same benefits as the rest of the staff of the organisation; nor is there usually much relationship or sense of responsibility for the pay and conditions of these workers. Professor Jane Wills, at Queen Mary's University of London⁸ argues that the demand for a living wage can provide the means to challenge this system by increasing the relationship and sense of responsibility of businesses for workers on the lowest pay, and to secure greater justice for those doing the work.

The Living Wage campaign

The Living Wage campaign was born in churches in the east end of London (along with other civil society organisations). In the mid-1990s, a group of 15 trade unionists and community activists, including those from faith groups, met in Limehouse in east London. They were concerned that some people in their community were holding down three jobs, rarely saw their children and still struggled financially⁹. The Living Wage campaign was launched in 2001. Since then it is estimated that the campaign has generated more than £210 million of additional income for some of the lowest paid workers in the UK. A major success has been in getting agreement and support for the living wage across the main political parties.

The living wage is increasingly making sense for businesses. More than 1,000 employers in the UK are now accredited as living wage employers. This list includes 18 FTSE 100 companies (compared with just

two in 2011¹⁰), 20 local authorities, Nationwide Bank, the Royal Bank of Scotland, Legal and General, Aviva, Nestlé (the first major food manufacturer in the UK to become accredited), Google (the first technology company to sign up) and Ogilvy & Mather (the first global communications company to do so). Some employers who were at one time resistant to the Living Wage have now become powerful voices advocating for its positive impact.

'Paying the Living Wage makes absolute sense to us as an organisation - it's part of our aim of being an employer of choice which helps us to protect the long term success of our business.'

Marie Sigsworth, Group Corporate Responsibility Director, Aviva¹¹

Employers say workers who are paid the living wage have better morale and are more productive. Barclays Bank found that its catering staff

retention increased from 54% to 77% following the introduction of the living wage, and its retention rate for cleaners rose from 35% to 92%. The accountancy firm KPMG, adopted the living wage for its catering, cleaning and

post-room staff in 2006, and now reports that the higher wages have been offset by reductions in recruitment costs, increased skills and productivity¹².

In 2012, the London Borough of Islington, the 14th most deprived area in England, became the first accredited living wage council in the UK, after building a living wage requirement into its procurement process. Now its 5,000 staff are on the living wage or higher¹³. In addition, a number of UK government departments are now paying the living wage. While the numbers benefitting are still relatively small - 60,000 against over five million paid

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Chelsea Football Club,
the first Premier
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wage employer



Chelsea Football Club

below the living wage – the initiative has helped normalize discussions in the business community and throughout the UK.

On 11 December 2014¹⁴ Chelsea became the first Premier League football club to be an accredited living wage employer, following Hearts in Scotland and FC United of Manchester; the club formed by fans in protest against the takeover of Manchester United by the Glazer family. Football clubs are very high profile businesses, and are often beacon employers with a history rooted in their communities. Many do brilliant community work, but are continuing to pay below the living wage to all those who work on match days and around the stadium. Football clubs paying only minimum wages to workers seems to be particularly unjust given the multimillion-pound salaries paid to individual players, particularly in the Premier League.

Citizens UK has been central to campaigning for the living wage across the UK. Citizens UK is a powerful alliance of local Community Organising groups in London, Birmingham, Cardiff, Milton Keynes and Nottingham. It brings together churches, mosques and synagogues; schools, colleges and universities; unions, think-tanks and housing associations; GP surgeries, charities and migrant groups to work together for the common good. It develops the capacity of its members to build power locally so they can hold politicians and other decision makers to account. It works on a range of issues, from small local

campaigns to large national campaigns. Citizens UK has developed a manifesto for the UK General Election in 2015¹⁵. On the living wage it commits to do a number of things including to promote the Living Wage, aiming to reach 5,000 accredited Living Wage Employers by 2020, and to raise pay in the challenging sectors of retail, social care and hospitality. Citizens UK asks the next government to do a number of things including: the enforcement of the National Minimum Wage; the championing of the higher voluntary Living Wage; implementation of the Living Wage in public sector commissioning, employment and procurement by 2020; and encouragement of employers to pay the Living Wage through a number of specific measures.

What does campaigning for the Living Wage have to do with being a Christian?

As Christians following a God of justice who calls us to love our neighbours I believe we should be supporting the living wage campaign. We have a rich tradition of acting on issues of social and economic justice: from work to end the global slave trade, to defeating apartheid in South Africa, and the cancellation of US\$130 billion of unpayable debt for developing countries through the Jubilee 2000 movement. The church was the backbone of Jubilee 2000 and this movement was itself inspired by the Jubilee laws in Deuteronomy 15 and Leviticus 25.

Krish Kandiah, President of the London School of Theology, in

writing about the Bible, wages and family life¹⁶ argues that a mature biblical theology of poverty and the family will include modelling ways of giving respect and empowering the poor rather than patronising them and creating dependency. For example Boaz's obedience to the Levitical gleaning laws did not give grain to the widows and strangers as hand-outs, but instead gave them access to the farmland and allowed them to gather what they needed for themselves. This provides dignity to those being helped and offers proximate neighbourly care (cf. Leviticus 19:19, Ruth 2). It also includes recognition that systems and structures unfairly disadvantage some so that their circumstances rather than their character have been the predominant cause of their poverty.

Faith communities – and most of all churches – have provided the majority of local people who organised together made the Living Wage possible in many areas. Christian teaching is a key motivation for the campaign. The Bible is clear that the earth belongs first of all to God – and that its fruits need to be distributed in a way that ensures everyone has dignity and the material as well as spiritual means to flourish¹⁷. Jesus' manifesto for his mission in Luke 4: 18-19 makes clear that this is good news for the poor and that he came to set the oppressed free. So in following Christ this will be central to living out our faith in our lives. Again Jesus is clear in Matthew 25:31-46 in his assessment of human behaviour and

God's judgement - 'whatever you did for one of the least of these brothers and sisters of mine, you did for me.' We can also draw on Malachi 3:5 where those who oppress hired workers are lumped with sorcerers, perjurers and those who oppress immigrants. In addition, in this and other passages ensuring fair pay for hired workers, often the lowest paid, is included alongside the importance of responding to the needs of widows, orphans and immigrants. The Gospels also command us to be as wise as serpents but as gentle as doves in our actions to bring about justice. In campaigning against the global slave trade, the reformers realised they would not be successful going for full abolition immediately and so introduced it by first getting a bill passed to ban British subjects from aiding or participating in the slave trade to areas colonised by the French. Similarly the Living Wage campaign can be seen as following in this Christian tradition with the Living Wage set at around 20% above the minimum wage. This means that it makes a real difference for those on


the lowest pay, makes sense for an increasing number of employers for whom there is often only a relatively small extra cost, while also providing the means to challenge and change the overall current economic system.

For churches and other Christian organisations in particular, it's important that they live out their values in every area of their work, and part of that will be shown in how much those who work for them are paid. It's a basic part of the gospel that all people are created equal and that we are all equal in the eyes of God. Christian organisations should apply that to all that they do, in seeking to build the kingdom, including what they pay.

How you can get involved

- Find out if your employer is an accredited living wage employer. The Living Wage Foundation has a list of all current ones - see www.livingwage.org.uk. And if your employer isn't there, there is a simple process they can follow to become one.

- Buy as many products and services as possible from shops and companies that pay their workers fairly. If you can't see the Living Wage mark in a shop, ask whether it is a Living Wage employer. If it is, encourage the shop to display the Living Wage mark. If it is not, ask why not!¹⁸
- Join with others in campaigning for businesses to pay the living wage - there are ongoing large campaigns to get Tesco, Amazon, John Lewis and a number of football clubs including Cardiff City, Spurs and Arsenal to become living wage employers.

The Living Wage on its own will not end poverty in the UK, but it is making a real difference to those now receiving the living wage through their work. I believe that Christians should champion this as part of living out their faith, both in ensuring that their employer pays at least the living wage to all who work there as well as campaigning for all businesses to join with the more than 1000 UK employers who already do so. 

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4. <http://www.jrf.org.uk/media-centre/minimum-cost-living-soars-64237>
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