

**Bargaining Support Group**



# **Bargaining for the Living Wage**

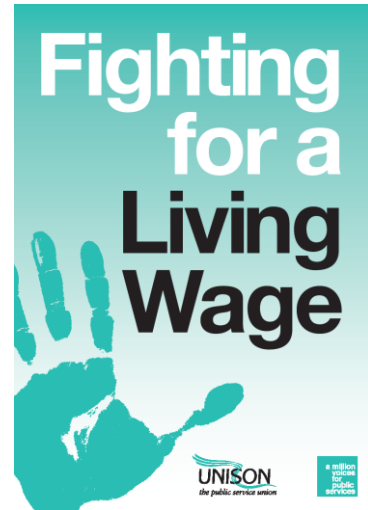
**UNISON**  
*the public service union*

## BARGAINING FOR THE LIVING WAGE

### How can this guide help me?

This guide is designed to assist branches in seeking to establish the Living Wage as the minimum pay rate in an organisation. It covers the following main points:

- The arguments to put to employers in making the case for the Living Wage;
- Responding to frequently asserted counter arguments by employers;
- Factors to consider in shaping your strategy for implementation of the Living Wage;
- The campaigning and organising techniques for strengthening the bargaining position;
- Methods of building the Living Wage into procurement policies;
- Ensuring that annual uprating of the wage feeds into staff pay packets.



### Contents

What is the Living Wage? .....	3
Making the case to an employer .....	5
Responding to the employer .....	8
The employer says they can't afford it .....	8
The employer says they already pay the "national living wage" .....	9
Bargaining strategy decisions .....	10
Pushing for accreditation .....	10
Cascading benefits up the pay scale .....	11
Co-ordination across the union .....	11
Resisting local living wages .....	11
Campaigning and organising strategy .....	12
Building the Living Wage into contracting out.....	14
Maintaining commitment to the Living Wage .....	15
Appendix 1 – Summary of key action points.....	17
Appendix 2 - Model Living Wage letter to employer .....	19
Appendix 3 – Case studies .....	22

## What is the Living Wage?

The Living Wage is an estimate of the minimum hourly rate of pay needed for a worker to cover the costs that most people would regard as necessary for a basic standard of living.

The Living Wage Foundation announces two new Living Wage rates each year - one for London and one for the rest of the UK.

Though usually announced in November, in 2022 the rates were announced in September in recognition of the surge in the cost of living affecting workers.

The 2022 saw the largest ever annual increase in the Living Wage rates, taking the UK rate to £10.90 an hour and the London rate to £11.95 an hour.<sup>1</sup>

Unlike the legally enforceable National Minimum Wage, whether to pay the Living Wage is a voluntary decision for an employer.

Seeking to bargain minimum pay rates up to the level of the Living Wage is a key part of UNISON's pay strategy for achieving significant improvements for our lowest paid members.

In most cases, the Living Wage also acts as a powerful step forward for equality, since female, young, disabled and ethnic minority workers are frequently a substantial proportion of those who benefit.

The Living Wage forms a stepping stone toward UNISON's wider goal of achieving minimum pay rates of £15 an hour across the UK.



<sup>1</sup> The rates are calculated by the Resolution Foundation and the methodology used is set out [here](#)

What life on low pay means for workers was also brought home in a new Living Wage Foundation report published in February 2022. Based on polling of 1,702 employees in the UK who were earning less than the real Living Wage, the research found that:

- 38% said they had fallen behind with household bills in the past year;
- 32% said they had skipped meals regularly for financial reasons;
- 23% said they had fallen behind with their rent or mortgage payments;
- 17% said they had taken out a pay-day loan to cover essentials;
- 43% said the pay they received for their work negatively affects their levels of anxiety;
- 42% said the pay they received for their work negatively affects their overall quality of life;
- 28% said they had been unable to heat their home for financial reasons;
- 30% said that the pay they received for their work negatively affects their relationships with close friends and family;
- 25% of parents said that the pay they received for their work negatively affects their relationships with their children.

## Making the case to an employer

Making the case to an employer for paying the Living Wage inevitably involves a moral argument that none of their employees should be paid less than the minimum rate necessary for workers and their families to avoid struggling to meet their most basic needs and that everyone should expect the dignity of a decent standard of living from their work.

However, employers are also liable to be influenced by the economic benefits of paying the Living Wage, which are summarised below:

- *Improved recruitment and retention*

Employers introducing the London Living Wage have seen a 25% reduction in staff turnover on average<sup>2</sup>.

When introduced by KPMG among its facilities management contract provided by ISS, the policy led to a 40% drop in turnover.

Barclays state that its catering staff retention rate increased from 54% to 77% following the introduction of the Living Wage, and its retention rate for cleaning staff rose from 35% to 92%

Loss of staff carries a heavy financial burden, with the estimated average cost of filling vacancies now standing at £1,000 per employee,<sup>3</sup> in addition to the time and training necessary to rebuild the skills and experience that are key to providing quality services. KPMG has stated that their spend on hiring was cut so dramatically that they saved £75,000 in the first year of paying the Living Wage.

- *Improved productivity and reduced sickness absence*

More than 80% of employers that have introduced the London Living Wage believe that it has enhanced the quality of work produced by their staff,<sup>4</sup> while exhaustive studies have shown that increasing the pay of low-paid staff reduces sickness absence rates<sup>5</sup>

- *Enhanced reputation among the local community and consumers*

Around 86% of employers that have introduced the Living Wage have reported reputational benefits through increased consumer awareness of their commitment to being an ethical employer<sup>6</sup>. A study in Scotland found that this was one of the most valued benefits for organisations engaged in bidding for public service contracts.<sup>7</sup>

- *Enhanced competitiveness*

Employers are competing for staff in a labour market where the Living Wage is an increasingly common starting wage. More than employers are now accredited as Living Wage employers across the UK, including almost half of the largest companies listed on the UK Stock Exchange and household names such as Barclays, HSBC, Nationwide, Google and IKEA are among them.

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<sup>2</sup> Wills and Linneker, The costs and benefits of the London Living Wage, 2012

<sup>3</sup> CIPD, Resourcing and Talent Planning Survey 2021

<sup>4</sup> London Economics, London Living Wage Benefits Study, 2009

<sup>5</sup> Ercolani and Robson, Does Raising the Pay of Low-Wage Employees Reduce their Rate of Sickness Absence, 2006

<sup>6</sup> Cardiff University, The Living Wage Employer Experience, April 2017

<sup>7</sup> Scottish Government, Wider payment of the Living Wage in Scotland, 2015

Across the public sector, the Living Wage has now long been set as the minimum pay rate across all Scotland's public sector organisations and this was extended to social care workers in Scotland's private and voluntary sector from October 2016. The Welsh Government has committed to achieving the same goal in social care by 2024.

Within the utility sector, the Living Wage is paid by British Gas, EDF Energy, Electricity North West, National Grid, SGN, as well as the water companies Kelda Group, Northumbrian Water, SSE, South East Water, South West Water and Thames Water.

Even where national agreements have not achieved a Living Wage settlement, a major proportion of individual councils, NHS Trusts, universities and colleges have taken up the Living Wage following local campaigning. A UNISON Freedom of Information survey covering these sectors that drew almost 900 responses found that half of employers already pay at least the Living Wage to their lowest paid staff.

However, the greatest influence on a local employer can be whether other organisations in their area are paying the Living Wage.

To check the list of employers in your region or sector that have been accredited as Living Wage employers by the Living Wage Foundation, go to this link - <https://www.livingwage.org.uk/accredited-living-wage-employers>

However, some employers reach an informal agreement to pay the Living Wage without obtaining accreditation from the Living Wage Foundation. For information on whether other public sector organisations in your area pay the Living Wage on this basis, contact Bargaining Support on [bsg@unison.co.uk](mailto:bsg@unison.co.uk)

The quotes below reflect the positive experiences of major organisations that have introduced the Living Wage<sup>8</sup>.

Barclays Employee Relations Director Dominic Johnson: “Our UK Living Wage accreditation represents a commitment to ensure that people working on Barclays’ behalf are paid enough to enjoy a decent standard of living. Having supported the Living Wage for over ten years, we know that it can improve productivity, morale and retention rates. This is not just an expression of our corporate values or an issue of social impact, but good business sense”.

Penrose Care managing director Robert Stephenson-Padron: “We incorporated the London Living Wage into our business model from the very beginning. It meant we were going to have a higher cost base than our competitors but we had the firm belief, and this has been confirmed by our success to date, that there would be users of home care services willing to pay a little bit more than average to secure better care workers, with excellent training and high morale, from a provider that genuinely cares for them.”

SSE Director of Sustainability Rachel McEwen: “The business argument for going Living Wage is overwhelming. When SSE was accredited in September 2013 there were only three FTSE 100 companies accredited as Living Wage Employers. While this number is increasing, it is fair to say that the private sector has not been as quick to adopt the policy as the public sector. SSE is happy to be leading the way among publicly-listed companies in introducing the Living Wage.”

PricewaterhouseCoopers infrastructure director Steve Sherwood: “Although our wage bill has increased by £100,000 a year as a result, we’ve noticed staff turnover drop from 4% to 1% and absenteeism reduce as well. The improvements are noticeable: we have a more stable and happier workforce. And because our organisation now has a reputation for being a good place to work, we attract better people.”

Chelsea and Westminster NHS Foundation Trust: “One of our strategic objectives for the trust is to become the ‘Employer of Choice’ so the fact that we are now able to use the Living Wage Employer logo really helps with that ... We are seeing much more interest for non-clinical roles from people who haven’t previously worked in the NHS.”

The information set out in this section can be selectively incorporated within an annual pay claim (for UNISON’s model pay claim, go to <https://www.unison.org.uk/get-involved/in-your-workplace/key-documents-tools-activists/bargaining-guides/>) or launched as a separate initiative.

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<sup>8</sup> University of Strathclyde, Living Wage Employers: Evidence of UK business cases,

## Responding to the employer

### The employer says they can't afford it

The most likely reason an employer will put forward for resisting the Living Wage is affordability. To counter those arguments it's necessary to collect information on the size of the workforce affected, the cost implications of increasing their rate to the Living Wage and the scale of surpluses produced by the organisation.

The first option for gathering information on the number of staff paid below the Living Wage and their wage levels is a simple request to the employer and where UNISON is recognised for collective bargaining by the employer, the general duty to disclose information on pay and benefits in line with the ACAS code on [disclosure of information to trade unions for collective bargaining purposes](#) (in the case of Northern Ireland, the [LRA code](#)) is a useful tool. However, Freedom of Information (Fol) requests offer an alternative in the public sector where an employer is obstructive and require a response to be provided within 20 working days. For advice on how to lodge a Fol request, see the UNISON [Fol web page](#)

The costs of the Living Wage have to be set against the financial performance of the employer. Public sector bodies will normally publish their annual accounts on the web. In the case of private contractors, accounts have to be registered with Companies House and charities must register their accounts with the Charity Commission. If you require any assistance in obtaining or interpreting accounts, please contact Bargaining Support on [bsg@unison.co.uk](mailto:bsg@unison.co.uk).

In addition to profit and loss figures, accounts will also frequently highlight the pay of chief executives or other leading figures in an organisation, providing valuable data to contrast against the income of low-paid staff [In local government, as part of the Localism Act 2011, local authorities in England have to publish an annual pay statement showing the highest and lowest paid employees. This can be found on authorities' websites.]

#### **Illustration of the case that can be built from accounts**

The recent results of one of the largest companies engaged in outsourced work from the public sector showed an operating profit of £73m (up 30% on the previous year) on sales of £3.6bn. They also handed out £34m to shareholders in dividends. The chief executive received remuneration worth £1.5m, which was 94 times the value of the Living Wage for a full-time employee on 37 hours a week.



## **The employer says they already pay the “national living wage”**

In April 2016, a National Minimum Wage rate, labelled by the government as the “national living wage,” came into force for workers aged over 24.

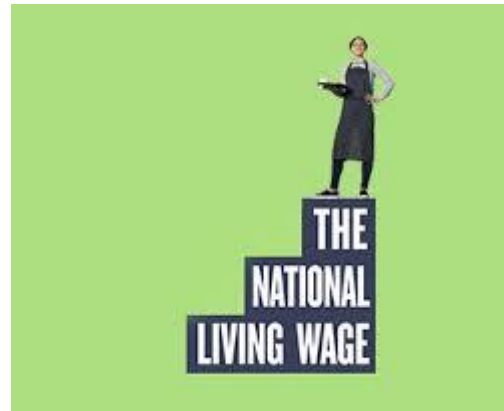
This rate should not be confused with the real Living Wage announced annually by the Living Wage Foundation.

The government’s rate is worked out very differently to the real Living Wage. Most importantly, the government’s rate fails to properly take account of the cost of living. If the price of food, electricity bills, mortgage payments or rents go up, the government’s calculation of the wage doesn’t change in line with those costs.

In contrast, the real Living Wage is calculated by a rigorous formula that takes account of the real changes in the costs that workers face.

Consequently, the current “national living wage” rate of £9.50 is significantly less than the UK Living Wage, which translates into a salary £2,700 lower for an average full-time worker on a 37-hour week.

In addition, the government’s “national living wage” only applies to staff aged 23 or over. The National Minimum Wage for workers aged 21 or 22 stands at £9.18 an hour, for 18- to 20-year-olds it stands at £6.83, for both under 18s and apprentices it’s £4.81. In contrast, the real Living Wage applies to all workers over the age of 18 and therefore treats a much larger section of the workforce as equally deserving of a decent income.



## Bargaining strategy decisions

### Pushing for accreditation

The preferred method of adopting the Living Wage is for an employer to obtain official accreditation through the Living Wage Foundation. The foundation sets out the procedure to be followed on its website at "[Become a Living Wage Employer](#)" [For Scotland<sup>9</sup>, the accreditation process is summarised [here](#)]



The principal advantage to the employer of accreditation is that it allows the organisation to generate greater publicity and recognition of its status, utilise the Living Wage Employer Mark and work with the foundation on positive press coverage.

For employees, accreditation ensures that the organisation is committed to meeting the annual increase in the Living Wage rate by 1 May every year and the wage is ultimately applied to contracted out workers as well as directly employed staff. If the employer is unable to enforce the Living Wage among all its contractors immediately, it has to commit to a timetable of applying the Living Wage as contracts come up for renewal.

The foundation contacts the employer quarterly to ensure that pledged milestones have been achieved and while there is no absolute time limit, the foundation expects the bulk of contracts to move onto the Living Wage within two to three years.

If there is reason to believe that the implementation plan is not being met and no satisfactory solution can be reached through discussions with the employer, the Living Wage Foundation can be contacted to investigate via <https://www.livingwage.org.uk/employee-concerns>

However, most Living Wage employers in the public sector have not gone down the route of official accreditation, but have simply applied the Living Wage to their directly employed staff and made annual decisions about whether to uprate to the new Living Wage figures or not. This is reflected in the fact that UNISON's Freedom of Information survey revealed that only 11% of public sector employers have a commitment from their contractors to pay the Living Wage.

The maximum benefit to all members is obtained by achieving full accreditation, particularly as contracted out staff frequently contain a high proportion of staff paid below the Living Wage.

#### Living Wage Service Provider status

In addition to full Living Wage accreditation, the foundation offers Living Wage Service Provider status. Under this classification, the employer commits to paying all their head office staff the Living Wage, but they also commit to supplying a Living Wage bid alongside every market rate bid to all of their prospective and current clients. This classification is targeted on contractors and the employers that have signed up overwhelmingly operate in the facilities management fields of catering and cleaning, such as Compass Group, ISS UK, Mitie, OCS Group, Securitas, Sodexo, Vinci Facilities and Wetton.

The foundation sets out the process at <http://www.livingwage.org.uk/how-become-recognised-living-wage-service-provider>

<sup>9</sup> Scottish Living Wage Accreditation Initiative works in partnership with the Living Wage Foundation and is funded by the Scottish Government.

However, local circumstances may influence whether the best strategy is to go for full accreditation straight away or whether it is better to establish the principle of a Living Wage as a stepping stone to widening its scope at a later stage.

### **Cascading benefits up the pay scale**

Introduction of the Living Wage will usually mean a cascade effect on pay points higher up the pay scale to maintain reasonable gaps between pay points that recognise the different levels of skill and experience required for different roles and offer sufficient incentives to take on greater responsibilities.

How far to push these increases can be influenced by the cost and local judgement about how that may impact on the employer's willingness to accept the principle of a Living Wage.

In amending pay scales, care should be taken that there are no unintended consequences that open up the possibility of an equal pay challenge because of a failure to ensure pay rates are aligned with work of equal value.

Generally, the introduction of a Living Wage makes a positive contribution to tackling pay inequalities, but negotiators should be vigilant that the Living Wage and its knock-on effects do not undermine pay structures which have been designed to deliver equal pay or compromise equal pay agreements, such as Single Status or Agenda for Change.

### **Co-ordination across the union**

UNISON negotiators seeking to deliver a Living Wage should be mindful of all applicable national/sector wide agreements, including those on pay. The Living Wage should be seen as a supplement to national agreements, not a replacement for them.

In this regard, it can be useful to seek an agreement that the annual uplift for staff on the lowest points of the pay scale receive whichever is the greater out of the Living Wage Foundation rate or the national uplift, since there may be occasions where the annual negotiated increase across most of the pay spine exceeds the increase in value of the Living Wage.

It is also important to take into account bargaining arrangements covering more than one region, such as those covering large private companies. To ensure this happens, organising around the Living Wage in the private or community and voluntary sector, should be undertaken in consultation with the Head of Business, Community and Environment - [businesscommunity&environmentunit@unison.co.uk](mailto:businesscommunity&environmentunit@unison.co.uk)

Branches should advise their region, service group and/or UNISON Bargaining Support where Living Wage negotiations are successful.

### **Resisting local living wages**

The Living Wage rates announced annually by the Living Wage Foundation are rigorously calculated on the basis of data from widely used and trusted sources. Therefore, UNISON is resistant to the development of local "living wages" which would have the potential to fragment the Living Wage campaign into a myriad of different rates.

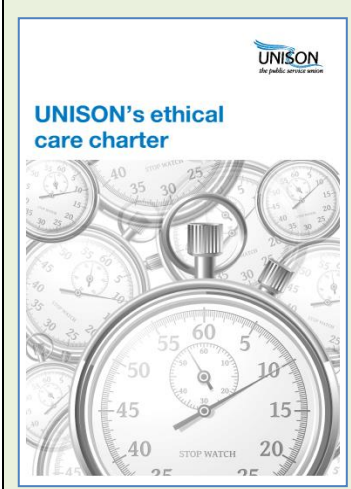
## Campaigning and organising strategy

UNISON's general advice on campaigning can be found [here](#)

This guide includes an 11-step process, which covers planning of the campaign, building alliances, engaging with members, attracting media publicity, lobbying decision makers and accessing resources.

Many of the features of a Living Wage campaign will be in line with this general advice, but the main features specific to mounting a drive for the Living Wage are set out below.

- Many groups in the local community will share the goal of maintaining high quality public services and ending poverty wages. Other trade unions, trades councils, local politicians, service users, professional bodies, community organisations, student unions, faith groups and local media are all possible allies in building a broad-based community coalition.
- Engagement with allies is best initiated directly. Don't be tempted to send them a leaflet or an email and expect them to get involved. It is worth putting in the time to meet with key people face to face. Find out as much as you can about their concerns and issues. They will be more likely to join the coalition if they feel that their issues will get support in return.
- Consider inviting key leaders to join a working group that will co-ordinate the campaign. Think about holding a larger community meeting that will bring all supporting groups together in a public way. Encourage allies to consider how they can use their existing community links to widen the campaign further.
- Poverty pay is an emotive issue, so the opportunities for gaining local media attention should be strong, particularly if it is possible to provide journalists with personal stories that show what low pay means to members and their families.
- Consider which organisation(s) should form the main target of your campaign. In the case of a contractor, it may be as important to target the commissioning body as the direct employer, since the commissioning body determines the budget available for payment of the Living Wage. As shown in this guide's case studies, contractors can welcome a campaign directed at the commissioning public authority, as they may see greater contract payments for the Living Wage as helpful to recruitment and retention.
- UNISON firmly believes that a Living Wage will almost always lead to a net benefit for low paid workers and that state benefits are not a substitute for reasonable wages. However, it is important to make members aware that in some circumstances, means tested benefits can fall as wages rise.



The graphic features the UNISON logo at the top right, with the text 'UNISON the public service union' below it. The main title 'UNISON's ethical care charter' is prominently displayed in blue. The background is a collage of various analog stopwatches, with one large stopwatch in the foreground showing a time of approximately 10 minutes and 10 seconds. The text 'STOP WATCH' is visible on the bottom of the stopwatch.

In local government, UNISON's Ethical Care Charter includes payment of the Living Wage for home care workers as a key final step in the process of becoming an Ethical Care Council. For information on how the Living Wage can be achieved as part of a charter campaign, click [here](#)

- Some areas, such as individual cities or collections of councils are part of the Living Wage Places initiative outlined by the Living Wage Foundation on this link <https://www.livingwage.org.uk/living-wage-places>. Areas that operate such a system typically target achieving the Living Wage across local employers and may be able to offer assistance or advice for any campaign.

Publicity materials for a Living Wage campaign are available through the [online shop](#) or the UNISON Living Wage page [here](#)

Click on the “Resources” link to access the ordering form for:

- Living Wage posters
- Living Wage placards
- Living Wage stickers



The Resources page also enables you to download:

- Living Wage social media graphs
- A Living Wage template for developing your own campaigning material
- Implementation plans for Church of England and Catholic schools

## Building the Living Wage into contracting out

A Living Wage campaign can lock in a long-term strategy for dealing with contractors by working with the employer on a procurement policy that includes the Living Wage as a factor for consideration in the tendering process.

UNISON's [model procurement agreement](#) shows how the Living Wage can be included as part of a set of "fair work practices" that any contractor has to outline its position on as part of submitting a tender. The contractor's position is then considered as part of the selection process for awarding the contract.

Public sector employers have taken a variety of approaches to inserting Living Wage considerations into contract notices when services are put out for tender. The tables below set out actual examples of contract notices that may provide useful models when negotiating with employers over the terms of contracts issued.

The recent examples below show how some employers have taken a very direct approach to specification of Living Wage payments and others set out a looser encouragement of Living Wage payment.

*Contract:* Cardiff Metropolitan University – Cleaning services

*Section of notice:* II.2.4) Description of the procurement

*Date:* June 2021

*Statement:* The University is an accredited Living Wage provider and wants to achieve fair and nonexploitative practices within this contract. Staff currently employed on this key out-sourced contract are paid the Living Wage (as defined by the Living Wage Foundation) by the incumbent contractor. The University will therefore require any new successful Contractor to continue to pay those staff who work on this contract the Living Wage.

*Contract:* NHS Kernow Clinical Commissioning Group – Care Home Contract

*Section of notice:* II.2.4) Description of the procurement

*Date:* March 2021

*Statement:* invite Care Home Providers to join a new joint contract for Care Home Services that will... Pay all staff employed in the provision of regulated activities no less than the Living Wage Foundation Rate

*Contract:* Parliament Hill School & William Ellis School – Cleaning contract

*Section of contract notice:* II.2.4) Description of the procurement

*Date:* June 2021

*Statement:* Whilst the School prioritises value for money as a key objective of the Competitive Tender Process, the Governing body is not obliged to accept the lowest price. Both schools are committed to paying the London Living Wage. Borough Council requires all its contractors to pay a 'Living Wage' as defined by the Living Wage Foundation to all those employed on the contract.

*Contract:* Greenwich Council – Social care

Section of contract notice: II.2.4) Description of the procurement

*Date:* May 2021

*Statement:* The Royal Borough of Greenwich is committed to the payment of the London Living Wage and adherence to aspects of the Ethical Care Charter; providers will need to share this commitment and deliver on improved pay and conditions for front line care staff.

In the absence of any agreement to include the Living Wage as a factor for consideration in the tendering process, it is of value to check whether any of the contractors submitting a bid are already Living Wage accredited on <https://www.livingwage.org.uk/accredited-living-wage-employers> or are among the Living Wage Foundation's listing of Living Wage Service Providers on this link <https://www.livingwage.org.uk/recognised-service-providers>. These organisations have committed to providing a quote based on paying the Living Wage so that the commissioning body can make an informed choice.

## **Maintaining commitment to the Living Wage**

Once the Living Wage is established within an organisation, it is crucial to ensure that the employer's commitment to pay is maintained.

When the new Living Wage rates are announced in November, employers who have Living Wage accreditation with the Living Wage Foundation have until 1 May the following year to implement the increased pay rates. To check if an employer has accreditation, click [here](#) for the foundation's listing, which can be sorted by industry, sector and region.

Ensuring that the new rates are reflected in the pay packets of directly employed staff needs to be accompanied by checking that the employer is meeting its commitments to roll out the Living Wage to contracted out staff. As noted earlier, the foundation contacts accredited employers quarterly to ensure that pledged milestones have been achieved. However, there is value in seeking copies of the implementation plan from the employer to enable the union to monitor compliance.

If there is reason to believe that the implementation plan is not being met and if no satisfactory solution can be reached through discussions with the employer, the Living Wage Foundation can be contacted to investigate via <https://www.livingwage.org.uk/employee-concerns>

Where an employer is failing to obtain co-operation from contractors to implement the Living Wage, this can act as a trigger toward persuading the employer to look at bringing services back in-house.

With the early announcement of the Living Wage Foundation rates in September 2022 as recognition of the surge in the cost of living facing low-paid workers, there is a particularly strong case to press employers for early implementation of the rate, rather than wait until the foundation's official May deadline arrives.

Where the employer pays the Living Wage but is not accredited, it may be necessary to relaunch bargaining and campaigning work to ensure that the new rates are implemented. There have been some cases of employers responding to the government's minimum wage rate labelled as the "national living wage" by freezing Living Wage payment at the rate when they first implemented to wait for the government's "national living wage" to catch up. This reinforces the possible need for explanatory work on the differences between the rates, which are highlighted earlier in this guide.



## Appendix 1 – Summary of key action points

This appendix seeks to summarise the principal action points from the main body of this guide, where greater detail/explanation is set out.

1. Assemble case to put to employer that emphasises:
  - Moral and ethical duty to lowest-paid staff;
  - The business and operational benefits to employers;
  - Examples of employers in the relevant sector or locality already paying the Living Wage;
  - Any data that can be gathered on recruitment, retention, sickness absence, vacancy issues among low-paid staff;
  - Any data that can be assembled on financial surpluses demonstrating affordability.
  
2. Consider dimensions of bargaining strategy:
  - Whether to seek Living Wage Foundation accreditation;
  - How far to push for cascading benefits up the pay scale by maintaining differentials;
  - Need to co-ordinate with other parts of the union over any wider bargaining arrangements with the employer.
  
3. Develop campaigning and organising strategy:
  - Draw on UNISON's Living Wage campaign resources as part of plan to build support within the workforce;
  - Consider opportunities to bolster campaign by linking with local community groups or others with an interest in the issue;
  - Check whether the locality is part of a Living Wage City initiative and the assistance it may be able to provide;
  - In the case of contracted out services, consider the extent to which campaigning should focus efforts on the commissioning body as well as the direct employer.
  
4. Build in the Living Wage for contracted out staff
  - Where decide to seek accreditation or push the Living Wage beyond directly employed staff, press employer to renegotiate with existing contractors and / or highlight clauses used on contact notices by other employers for future contracts.

5. Maintain commitment to Living Wage:

- Even where the employer does not become accredited, seek agreement that annual increases for the lowest paid staff will be at least in line with the Living Wage each year;
- Where an employer is accredited, ensure that the implementation plan for contractors stays on track;
- Utilise foundation reporting facility where employers are failing to meet implementation plan;
- Consider renewing campaign where employer is lagging behind expected pay increases.

## Appendix 2 - Model Living Wage letter to employer

This appendix is intended to offer a model letter to initiate discussions with an employer over the Living Wage. However, it may also be adapted to be incorporated into an annual pay claim. UNISON's model pay claim is available on this link - <https://www.unison.org.uk/model-pay-claim/>

*[Name of appropriate manager/  
Name of organisation/  
Address]*

*[Date]*

Dear *[insert name]*

### **Re: Living Wage**

The Living Wage has become a standard benchmark across the UK for the minimum hourly rate of pay needed for a worker to cover the costs necessary for a basic standard of living to which every worker should be entitled.

UNISON therefore believes that *[name of employer]* has a moral and ethical duty to its workforce to pay this rate as a minimum.

The benefits to the employer of paying in line with the Living Wage have also been well documented by numerous studies, as attested by the examples below:

- *Improved recruitment and retention*

Employers introducing the London Living Wage have seen a 25% reduction in staff turnover on average<sup>10</sup>.

When introduced by KPMG among its facilities management contract provided by ISS, the policy led to a 40% drop in turnover.

Barclays state that its catering staff retention rate increased from 54% to 77% following the introduction of the Living Wage, and its retention rate for cleaning staff rose from 35% to 92%

Loss of staff carries a heavy financial burden, with the estimated average cost of filling vacancies now standing at £1,000 per employee,<sup>11</sup> in addition to the time and training necessary to rebuild the skills and experience that are key to providing quality services. KPMG has stated that their spend on hiring was cut so dramatically that they saved £75,000 in the first year of paying the Living Wage.

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<sup>10</sup> Wills and Linneker, The costs and benefits of the London Living Wage, 2012

<sup>11</sup> CIPD, Resourcing and Talent Planning Survey 2021

- *Improved productivity and reduced sickness absence*

More than 80% of employers that have introduced the London Living Wage believe that it has enhanced the quality of work produced by their staff, <sup>12</sup> while exhaustive studies have shown that increasing the pay of low-paid staff reduces sickness absence rates<sup>13</sup>

- *Enhanced reputation among the local community and consumers*

Around 86% of employers that have introduced the Living Wage have reported reputational benefits through increased consumer awareness of their commitment to being an ethical employer<sup>14</sup>. A study in Scotland found that this was one of the most valued benefits for organisations engaged in bidding for public service contracts.<sup>15</sup>

- *Enhanced competitiveness*

Employers are competing for staff in a labour market where the Living Wage is an increasingly common starting wage. Over 11,000 employers are now accredited as Living Wage employers across the UK, including almost half of the largest companies listed on the UK Stock Exchange and household names such as Barclays, HSBC, Nationwide, Google and IKEA are among them.

[Insert any relevant examples of employers in the same sector or locality that pay the Living Wage]

The quotes below also reflect the positive experiences of major organisations that have introduced the Living Wage

[Select most relevant quote from page 6 of this guide]

We also note the difficulties [name of employer] is experiencing in terms of [recruitment, retention, vacancy and/or sickness absence] among the lowest-paid staff. [Insert any figures you are able to gather and contrast with national / sectoral norms set out in UNISON's general [pay claim guidance](#)]

The latest financial results of [name of employer] certainly show that this measure looks well within its capacities, as a surplus of [£x] was recorded in [year of accounts] and the [chief executive or highest paid figure in the organisation] received a [x%] increase to [£x].

We look forward to receiving your response and entering into discussions on how we can take this proposal forward as soon as possible.

Yours sincerely,

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<sup>12</sup> London Economics, London Living Wage Benefits Study, 2009

<sup>13</sup> Ercolani and Robson, Does Raising the Pay of Low-Wage Employees Reduce their Rate of Sickness Absence, 2006

<sup>14</sup> Cardiff University, The Living Wage Employer Experience, April 2017

<sup>15</sup> Scottish Government, Wider payment of the Living Wage in Scotland, 2015



## Appendix 3 – Case studies

### Anchor Hanover

In December 2021, Anchor Hanover—England’s largest provider of specialist residential and elderly care—announced a £19 million package to uplift its lowest paid care workers to the Real Living Wage.

The victory followed a campaign from Salford UNISON and Salford City Council as part of a pioneering strategy of joint campaigning to increase workers’ rights, bargaining power and union recognition across the city.

Organising within social care is notoriously difficult, where over a third of this largely female, disproportionately Black and Ethnic Minority workforce are on zero-hours contracts. The fragmentation, casualisation and precarity of employment, as well as the hostility of employers, left the union facing a situation where establishing political allies who have the will and influence to drive through improvements to pay and conditions is vital.

### *A Long Road*

Salford Council was the first accredited Living Wage council in Greater Manchester, but outside of directly employed staff, the impact for employees across the private sector (by far the largest number of care workers in the city) remained small.

But joint work began in earnest following the Fight for the Five campaign to save local authority nursery provision in the city, where the union and the council lobbied government together against changes to the grant regime designed to passport more public funds into the private sector.

After changes to the Early Years Grant funding formula, five local authority-owned nurseries found themselves at risk of closure, as the council faced a £5 million budget shortfall.

Following a fiery public consultation, in which UNISON mobilised hundreds of distraught parents and staff, the council fought alongside the union to save the nurseries in a long-running campaign. Although the campaign failed to secure government funding, the council eventually decided to absorb the £5 million loss, and the nurseries were saved.

It was a significant victory for local residents and the union - and a deep show of empathy from the council and its leading Labour group for the impact of the cuts they had had to preside over. From the campaign came an enduring legacy of trust and partnership between the council and branch, which ultimately enabled the campaign for carers’ pay to succeed.

Since then, UNISON representatives have been brought closer and closer into the decision-making processes of the council, ensuring that the voice and experience of workers are at the forefront of policymaking and budget-setting.

### *The Salford Offer*

At the beginning of the Covid-19 lockdown, when UNISON representatives brought it to the council’s attention that care staff required to be off sick, shield or care for affected loved ones due to coronavirus were going unpaid or limited to statutory sick pay, the ‘Salford Offer’ was born. The initial premise behind the offer was to ensure that no Salford carer would be financially penalised for absence from work due to Covid-19.

The council negotiated a pay package for carers, but it was clear that the Salford Offer only touched the tip of the iceberg in terms of deeper issues care workers were facing. Evolving throughout the pandemic, the Salford Offer was re-launched in 2020 as an offer to pay to uplift rates of pay for carers in the city to ensure that all carers were being offered at least £9.25 an hour - if not the then Real Living Wage of £9.90.

However, to the surprise of the council and UNISON, most care providers in Salford did not wish to take up the offer of free cash to increase pay. Citing operational concerns (particularly in introducing variable rates of pay for staff working within Salford and outside of it) take-up of the offer was nowhere near what was originally anticipated. Others reacted with apparent hostility to the idea that the council could engage them over workforce concerns.

### Demanding the Offer

Consequently, the mayoral team began briefing and lobbying care organisations across Salford, putting pressure on them to sign up to the offer. At the same time, UNISON began spreading the message of what was going on amongst staff.

The offer shattered a lot of illusions many staff had previously about their employers. Prior to the Offer, a huge block against union activity was the belief that care providers simply did not have enough money to provide decent conditions for workers. However, discovering that the council was offering to uplift their pay and protect their incomes - and that their own companies were rejecting that offer - was a watershed realisation. A series of UNISON-organised rallies grew bigger and bigger - and the union grew stronger and stronger.

As time wore on, the council began compiling a list of all care organisations in the city who refused to take up the offer. One by one, they began to accept the terms.

### Building Full Pressure

The Salford Offer campaign shows how the weight of Labour authorities working alongside trade unions can turn the tide for even the most marginalised, insecurely employed staff.

Local authorities offer huge sources of funding for services like care, and can carry huge weight and legitimacy in negotiating minimum employment standards among commissioned services and extended supply chains. Combined with UNISON's on-the-ground intelligence and their abilities to recruit and mobilise, the council and the union operated in a pincer movement, applying pressure from above and below. Tactics of direct lobbying, worker delegations, open letters and ambitious public pledges on pay have been used in the process of building pressure on employers in the interests of their workers.

Labour councillors and representatives proactively involving themselves in community and union campaigning has been game-changing for Salford's carers, forming part of a circle in which staff are buoyed by the knowledge that their cause has institutional support.

And while some workers are initially sceptical or fearful about getting involved in activity targeted directly at their employer, many are willing to engage in lobbying of councillors as this provides a degree of separation and neutrality.

These successes have hugely emboldened Salford City UNISON's already energetic care worker-led organising committee, and the council now commissions on the basis of the Living Wage across all commissioned social care - including domiciliary, residential and supported living - as a result of this strategy.

## **Ulster University**

In August 2022, a sustained campaign over the year resulted in UNISON securing the introduction of the Real Living Wage for its members employed across Ulster University's four campuses

In February, the union had submitted a pay claim for the Living Wage to the private contractor Noonan, which employed cleaners, porters and security staff who had been transferred out of direct employment by the university approximately eight years previously.

In March, Noonan responded that payment of the Living Wage was not part of the contract with the university. The union then decided to approach the university over the demand for the Living Wage – a position welcomed by Noonan, as they saw a higher wage as assisting them with recruitment and retention of staff.

In April, the union approached the HR Director of the university and submitted the pay claim again, incorporating appropriate differentials further up the pay scale for supervisors, team leaders etc. Work was done to secure the support of both the UCU and Unite, while pressure was ramped up on the university with the implied threat that the union would put out a critical media release if the claim was rejected.

In July, the university agreed in principle to the pay increase, but their procurement department needed time to change the contract with Noonan. Towards the end of August, the university communicated that the Living Wage would be paid from the start of the university financial year at the start of August, so back pay was applied.

Ulster University has now applied to the Living Wage Foundation to become an accredited Living Wage employer and so will need to raise minimum pay rates to the Living Wage every year.

UNISON met Ulster University to ensure that they would raise the Living Wage rate to £10.90 per hour in adherence to the latest announcement by the Living Wage Foundation. The university agreed to implement the increase from 1 November, well in advance of the May implementation date required by the Living Wage Foundation.

The union's success has also opened up the opportunity to move on from this Living Wage campaign to a wider initiative for insourcing the contract.