



LIVING WAGE ZONES: Embedding the Living Wage into Regeneration Developments

A Living Wage Zone is a defined geographical area in which multiple employers are based, where all directly employed and regular third-party staff are paid at least the real Living Wage or London Living Wage. Examples are managed campuses, development or regeneration sites and industrial parks in which all businesses located there pay the real Living Wage to all staff. The Living Wage Foundation is working with local councils, developers, and construction companies across the UK to support them to embed the real Living Wage into city centre regeneration, large scale developments and industrial parks. Post-pandemic, the focus on good work has risen up the agenda, and local authorities and partners are keen to ensure any new development has long-term benefits for their communities. To be accredited as a Living Wage Zone, all workers based on the site need to be paid at least the Living Wage or London Living Wage rate. There are no accredited Living Wage Zones yet but a number of places are on the journey.

This document brings together case studies of three places that are working towards becoming Living Wage Zones - Olympic Park in east London, Elephant Park in south London and Meridian Water in north London - and sets out a checklist for construction sites to become Living Wage compliant.

Living Wage Construction Site checklist:

The starting point for new developments working towards Living Wage Zone status often begins with its construction site. Implementing the real Living Wage at this emergent stage embeds the ethos from the outset, particularly with third-party contractors. There are over 400 construction organisations that are accredited Living Wage Employers, and the sector is one of the most rapidly growing industries in terms of Living Wage accreditation. Some larger employers include Lendlease, Barrett Homes and Morgan Sindall. The complexity of the construction sector, and the use of labour agencies, however, means that commissioning authorities can struggle to implement the Living Wage throughout the multiple tiers of the supply chain and low pay can often be hidden. Working with major developers and construction businesses, the Living Wage Foundation has created guidance to help ensure construction sites are 100% Living Wage compliant. Below are five steps to creating a Living Wage Construction site, beginning with procurement through to implementation across multiple tier tendering:

1. Build Living Wage in at tender and procurement stage through social value contracts with developers and investors. Primary developers can seek accreditation as a Living Wage Employer.
2. The primary developer or council will then embed payment of the Living Wage into the terms and conditions of all sub-contracted partners and staff working on site including self-employed workers.
3. The top tier developer puts in place auditing systems to monitor the compliance of secondary organisations and sub-contractors. One way to do this is exemplified by the Lava method put in place by LLDC at the Olympic Park. The Labour agency vendor accord is a secondary legal contract for all employers working on the site to ensure that payment of the Living Wage and other terms and conditions trickle down through the workforce.
4. To ensure compliance, construction sites can set up a whistle-blowing system through signposting and advertisement of the scheme throughout the site and within the induction process.
5. The developer/Living Wage employer encourages suppliers to learn more about the Living Wage Foundation and seek accreditation themselves to create a network of Living Wage businesses in the sector.

LIVING WAGE ZONE LENDLEASE CASESTUDY:

Elephant Park, Lendlease

Lendlease has been working in partnership with Southwark Council to deliver a £2.3bn regeneration project in Elephant & Castle since 2010. The project aims to create thousands of high-quality new homes, jobs, business opportunities and green space for Londoners. Elephant Park is part of the wider Elephant & Castle Opportunity Area, one of Southwark Council's ambitious redevelopment programmes. By 2025, the project will create:

- New homes: Circa 3,000 new homes, a minimum of 25% of which will be affordable
- New jobs: Over 6,000 new jobs, 5,000 during construction and 1,000 in operation
- New economic opportunities: new offices, leisure, community facilities and shops - a proportion of which will be let at affordable rents for local businesses
- New investment: c.£300m invested in the area including public transport improvements and wider community facilities
- New sustainability standards: Low carbon energy centre and other world-leading innovations, Elephant Park will be the first Climate Positive development in the UK.

Lendlease has a long history of place making and social impact creation through projects such as Elephant Park which comprise residential, retail, work, public realm and community amenities. For this project the ethos of the Living Wage has been baked in from the very beginning with the founder of Lendlease, Dick Dusseldorp, an early adopter of the concept of responsible business.

The purpose of Elephant Park is the creation of thriving communities. Lendlease wants to ensure that people working and living within this new development should be paid fairly for the work that they do, that employers act responsibly and transparently, and that there should be security of employment.

As an employer committed to these principles Lendlease Elephant Park becoming a Living Wage employer itself as the first step in the journey of Elephant Park becoming a Living Wage Zone.

In November 2018 Lendlease accredited the Elephant Park development as a Living Wage Employer following a large educational campaign, ongoing stakeholder engagement and monitoring compliance to ensure the implementation of the Living wage throughout the project. The entire construction workforce within Elephant Park is now paid the Living Wage rate and Lendlease was set the clear aspiration to use that accreditation as a springboard for a larger conversation.

In 2020, Lendlease became the first developer of its size to become Living Wage accredited throughout its entire portfolio meaning that anybody that's engaged in their European developments and all suppliers throughout their value chain must be Living Wage compliant and the group continues to work closely with contract partners to support and educate them on their Living Wage requirements. They have been able to implement a really successful Living Wage policy which has clear directives, and a rigorous rolling audit system which helps to identify any gaps in compliance.

The requirement of all assets within the development to be Living Wage has been a more complicated process to implement than first anticipated, particularly since the outbreak of Covid. Many of the commercial spaces offered within the development are aimed at independent SMEs, many of which are struggling economically. However, Lendlease continues to have open dialogue about the transition to the Living Wage over time allowing the Park to be recognised as a Living Wage Zone.

Top Tips from Elephant and Castle:

1. Understand your drivers: You'll be required to hold your position often and being wedded to your 'why' is key when navigating your naysayers and building a robust business case for adoption of their pay policy.
2. Treat the implementation as a change management process and be prepared to have some bumps in the road and difficult discussions along the way.
3. Recognise the different positions that people hold; though many businesses will agree with the idea of the Living Wage many may not be in the position to implement this.

“The adoption of a living wage policy doesn't solve all problems. What it does is provide a mechanism through which you can demonstrate your commitment to your workforce. And then if that's complemented by additional opportunities for skilling, development and growth that will make your businesses and your places truly resilient as we emerge out of the pandemic and then into the longer term.”

Lucille Gibbons, socio-economic development manager, Elephant Park, Lendlease Europe

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