



Sodexo and Santander
– a new age of partnership
for facilities management

*Living
Wage
Foundation*

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Sodexo provides catering and hospitality services to 14,000 Santander employees, at 11 locations across the UK and has a team of 132 delivering services that make a meaningful difference to the quality of life of Santander employees on a daily basis.

When Santander became accredited as a real Living Wage employer in 2015, as part of their accreditation process they pledged to ensure that every member of the workforce, including those who were contracted out must be paid the real Living Wage.

Santander became an accredited Living Wage employer because paying the real Living Wage chimed well with their company values and enhance their stance around fair pay and focus on corporate responsibility. Santander explain the impetus behind their decision here.

The view from Santander:

‘It is important in Santander that our procurement relationships deliver the best business outcome for both our people and our suppliers. In changing the way we work with Sodexo we have improved the value of the service to our people and developed a sustainable business model where everyone involved is paid a living wage.’

Fiona Tyler, Director of Cost Management & Procurement Cost Decision Support and Procurement, Finance, Santander UK plc

Sodexo joined the Service Provider Scheme because despite operating within what is sometimes perceived as a low paid industry; Sodexo would like all staff to have the opportunity to be paid enough to live on wherever they possibly can. Sodexo has pioneered the scheme alongside other key providers in the industry by offering solutions that incorporate the Living Wage and by discussing the benefits Living Wage can bring to business and people with its clients.

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The view from Sodexo:

Martin Boden, Managing Director, Sodexo Corporate Services UK said: 'With staffing costs being one of the most visible overheads, it is often where the focus is put to reduce costs. Not only would I argue that this creates an issue of sustainability for all of us in the industry, it certainly doesn't support and recognise the value of the people we employ. As a major employer in the services industry we truly believe that our people, who are skilled, committed and provide outstanding service to our clients, should be paid fairly.'

Edwina Hughes, Corporate Responsibility Director for Sodexo UK & Ireland said: 'At Sodexo we want to avoid a race to the bottom in terms of how we reward our colleagues which is why we embrace the living wage ethos and are working with our clients in order to increase the number of contracts where we pay it.'

This case study explores the mutual benefits to working with the Living Wage Foundation (LWF) from the perspectives of an accredited Living Wage Employer, who pays all their staff a real Living Wage and a Recognised Service Provider, who champions real Living Wage contracts and call on their clients to go further and pay a real Living Wage that meets the cost of living. Here we focus on how this approach has helped to develop the Sodexo and Santander partnership.

The role of the Living Wage within the Santander and Sodexo partnership

As part of an accredited employer's commitment to Living Wage, it must ensure that all third party staff are paid the Living Wage as soon as possible and within a three-year timetable plan where possible. Santander took an ambitious approach to this and went further to encourage third parties to consider the benefits of paying the Living Wage in their organisations too.

Like Santander, Corporate Responsibility is a topic that is close to Sodexo's heart and is one of the factors that influenced Sodexo's move to become a 'Recognised Service Provider' in 2015.

Sodexo felt that this move not only demonstrated a commitment to its employees, but also sent a positive message to the rest of the facilities management industry. It placed greater emphasis on the value that employees within this sector bring to the organisations they support and the need to try harder, as a collective, to ensure this is more widely adopted within the industry.

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The challenge

With Sodexo and Santander already working together, the challenge of implementing the Living Wage needed careful consideration from both sides.

If they were to develop their partnership further, there would need to be recognition that the costs to implement the Living Wage were not to be carried by one party unless there was a real step change in the way the contracts were designed.

Santander's sustainable procurement policy made it clear that it would only work with supplier partners that had made the commitment to deliver the real Living Wage rate and Sodexo knew that transferring the contract to a real Living Wage compliant contract would carry a cost.

The challenge for both parties was to work together on analysing other areas of the contract where efficiencies could be made to support the implementation. This meant that there needed to be a mind-set change adopted by both parties throughout the negotiation.

These contract negotiations were completed and both parties were satisfied with the proposed approach.

The process

Santander recognised it needed to look at how - by giving suppliers more freedom to achieve agreed outcomes - it could let its suppliers use flexibility to ensure that they could adopt the real Living Wage rate without having to cut staff numbers and without compromising the standard of service to consumers.

Before, Santander might have controlled things such as selling prices within the restaurants that Sodexo operated and the opening times of these restaurants. However it was agreed that this level of control couldn't continue. As long as Sodexo was delivering the required outcomes there was little need for Santander to control some of the contractual elements it had done so previously.

By working in partnership, both parties were able to create a contract that would support the implementation of the real Living Wage and this evidenced a shift from a traditional contract, to one that was based on quality and outcomes.

The outcomes

The real Living Wage is annually calculated to meet the costs of living. Both parties are delighted that the benefits are likely to exceed expectations. Particular benefits are already being experienced in the following areas:



- Improved customer service

The Sodexo team feel like they are treated as equals to Santander employees and feel valued and empowered as a result. This is reflected in customer satisfaction scores which have improved since the implementation of the real Living Wage.



- Reduced staff turnover

The evidence supports the fact that staff turnover for Sodexo has reduced since the real Living Wage has been introduced. While there will be a number of factors that have contributed to this, it's fair to assume that the increased engagement has meant that people have felt more settled in their role and are less likely to leave Sodexo.



- Development of partnership

Having implemented the real Living Wage in such a collaborative way, representatives from both Sodexo and Santander have commented on how the experience of going through the implementation has developed the relationship between client and service provider. The openness and transparency has led to a more two-way relationship.

The view from the team

The real positives come from those in the team that have benefitted directly from the implementation of the Living Wage. It's these personal stories that really help to evidence the impact the Living Wage can have on people's lives.

'To receive the Living Wage has meant a great deal to my family. We are able to do more things with the extra income I receive. I am proud to work for Sodexo. Each day I feel happy to come to work and give my best. I'm motivated to go the extra mile without a moment's hesitation.'

Akos, Food Service Assistant, Sodexo

'The Living Wage has changed my family's finances considerably. It has allowed us extra for food shopping and is helping to pay bills. The extra has also given me extra peace of mind at a time when I am aiming to support my son in attending university.'

Kamal, Barista, Sodexo