

To: **Community Planning Partnership Board**

On: **21st September 2016**

Report by:
Chief Executive, Renfrewshire Council

LIVING WAGE ACCREDITATION

1. Summary

- 1.1 This report notes the Council's successful Living Wage Accreditation under the scheme organised by the Poverty Alliance in partnership with the Living Wage Foundation.
- 1.2 The report also provides details on the benefits Living Wage Accreditation can bring employers and employees in order to encourage community planning partners to apply for their accreditation.

2. Recommendations

- 2.1 It is recommended that the Board:
 - Notes the Council's accreditation as a Living Wage employer and benefits it will bring to its employees.
 - Agrees to work together to encourage community planning partners to consider the feasibility of payment of the Living Wage, and Living Wage Accreditation, within their organisations.
 - Notes the Council's offer of support for Community Planning Partners, and willingness to share information about its experience of the Living Wage Accreditation process.

3. Background

- 3.1 The importance of the Living Wage was emphasised within the report of Renfrewshire's Tackling Poverty Commission, stating "It is estimated that around a fifth of Scotland's workforce earn less than the Living Wage. The Living Wage would make a significantly positive impact in sectors with low pay such as cleaning, catering, caring and retail".



- 3.2 Renfrewshire's Tackling Poverty Commission made a recommendation to "Halve the number of workers in Renfrewshire being paid below the Living Wage". One of the key priorities within the Tackling Poverty Strategy is to 'Increase the number of households who can access employment that provides an acceptable standard of living'.
- 3.3 However, work is no longer a guaranteed route out of poverty, and more people living in poverty are working, than not. Therefore, good quality, stable employment which provides an acceptable standard of living has been an increasingly critical element of tackling poverty.
- 3.4 The Living Wage is an hourly rate set independently and updated annually, and is calculated according to the basic cost of living in the UK. The Living Wage used for the purposes of this report is the one set by the Centre of Research in Social Policy at Loughborough University which for 2015/16 was set at £8.25.
- 3.5 Currently there are 30 employers in the Renfrewshire that pay the living wage, of which 16 (including the council) are accredited. Therefore the Council would like to set an example, support and encourage local employers, community planning partners and other organisations to apply for their own accreditation. We would like Renfrewshire Community Planning Partnership to lead the way in public action to gather support and buy-in from its partners for Living Wage Accreditation.

4. Living Wage Accreditation

- 4.1 The Scottish Living Wage Accreditation Initiative was established in 2014 with the aim of increasing the number of employers in Scotland who are recognised for paying their staff the Living Wage. The Initiative is hosted by the Poverty Alliance working in partnership with the Living Wage Foundation.
- 4.2 The purpose of applying for accreditation was to demonstrate the council's commitment to the Living Wage and to the differences payment of the Living Wage can make to the lives of its employees and in tackling low pay by contractors who provide services funded by the council.
- 4.3 In the process of achieving accreditation, the Council had to confirm that all directly employed staff are paid the Living Wage and that there is a plan in place to secure the Living Wage for contractors' staff who regularly provide services on council premises. The Initiative does not require applicants to insist on payment of the Living Wage by all of the Council's contractors although the Council already takes steps to encourage contractors to pay the Living Wage.
- 4.4 In order to be accredited, the Council was required to undertake phased implementation of measures identified in the application. In addition, the Council has



also produced a Living Wage Action Plan which responds to any areas of development to maintain accreditation, along with any wider actions that the Council can undertake to demonstrate commitment and leadership around the benefits of the Living Wage.

5. Benefits

5.1 Independently conducted research on employers who have introduced the Living Wage shows:

- a 25% fall in absenteeism;
- 80% of employers believe that the Living Wage has enhanced the quality of the work of their staff;
- 66% of employers reported a significant impact on recruitment and retention within their organisation;
- 70% of employers felt that the Living Wage had increased consumer awareness of their organisation's commitment to be an ethical employer.

5.2 The figure for the Living Wage is calculated using detailed research on what is needed to cover the basic cost of living in the UK. Therefore, the Living Wage affords people the opportunity to provide for themselves and their families. Independently conducted research with employees who work for an employer who has been accredited as paying the Living Wage shows:

- 75% of employees report increases in work quality as a result of receiving the Living Wage;
- 50% of employees felt that the Living Wage had made them more willing to implement changes in their working practices; enabled them to require fewer concessions to effect change; and made them more likely to adopt changes more quickly.

6. Next steps

6.1 In setting up the Renfrewshire's Tackling Poverty Commission, Renfrewshire Council and the Renfrewshire Community Planning Partners agreed to the development of a Tackling Poverty Strategy. One of its primary objectives is to raise the number of citizens in Renfrewshire paid a Living Wage. A big contributor to achieving this objective will be increasing the awareness of the Living Wage by encouraging community planning partners to apply for their accreditation and lead the way in this area of work.

6.2 The Council is fully committed to identifying opportunities to encourage community planning partners and wider business community to pay and gain the Living Wage accreditation. Being through the process ourselves we are keen to support and facilitate the process for our partners.