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**To:** Council

**On:** 25<sup>th</sup> February 2016

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**Report by:** Chief Executive

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**Heading:** Living Wage Accreditation

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**1. Summary**

- 1.1 The report seeks approval for the Council to apply for Scottish Living Wage Accreditation under the scheme organised by the Poverty Alliance in partnership with the Living Wage Foundation
  - 1.2 The report provides an update on activities across the Council that support the payment of the Living Wage across Renfrewshire.
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**2. Recommendations**

- 2.1 It is recommended that Council:
- 2.2 Authorises the Chief Executive to submit an application on the Council's behalf for accreditation as a Living Wage employer in terms of the Scottish Living Wage Accreditation Scheme.
- 2.3 Note the progress of a range of activities to support the payment of Living Wage across Renfrewshire.
- 2.4 Note the conditions relating to the payment of the Living Wage to the Social Care sector arising from the Local Government Finance Settlement 2016/17

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### **3. Background**

- 3.1 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.
- 3.2 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 2014/15 was set at £7.85. Renfrewshire Council already pays this Living Wage rate plus 1.5%, equating to £7.97, as part of the nationally negotiated pay settlement.
- 3.3 During Living Wage Week in November 2015, the Living Wage for 2015/16 was announced as £8.25. As part of the nationally negotiated pay settlement, the Council is committed to paying the new Living Wage + 1% from 1 April 2016, which will be £8.33.
- 3.4 There are approximately 16,000 jobs across the Renfrewshire area that are paid below the Living Wage, which equates to 21% of the jobs in the area.
- 3.5 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".
- 3.6 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'.
- 3.7 It is recognised that there has been significant progress made by Invest in Renfrewshire to tackle youth unemployment through job creation and employability support which has made a significant contribution to tackling poverty, reducing the youth unemployment rate from 10.5 per cent to 1.9 per cent, and Renfrewshire's overall unemployment rate from 4.9 per cent down to 1.9 per cent.
- 3.8 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 being an increasingly critical element of tackling poverty.

#### **4. Living Wage Campaign**

4.1 As part of the Tackling Poverty Action Plan in Renfrewshire, it was agreed that a Living Wage Campaign would be undertaken to promote the benefits of the Living Wage to employers in Renfrewshire.

4.2 In addition to the primary objective of raising the number of citizens in Renfrewshire paid a Living Wage, the campaign's key objectives are to increase the number of accredited Living Wage employers in Renfrewshire and increase residents' and employers' awareness of the Living Wage, and the Council's commitment to it.

4.3 As part of the campaign an event was held by Invest in Renfrewshire on the 17<sup>th</sup> February 2016 for employers to promote the benefits of paying the Living Wage.

#### **5. Living Wage and Procurement**

5.1 Since January 2013, Renfrewshire Council have actively encouraged tenderers to pay the living wage. Within the current procurement process tenderers are requested to confirm if they have a living wage policy, if they pay the living wage, use zero hour contracts and sessional staff as well as if they participate in workfare schemes. The responses are for information only and do not form part of the tender award criteria.

5.2 The Council has also included a question on fair working practices within its Invitation to Tender process, which asks 'Please describe how you will commit to fair work practices for workers (including any agency or sub-contractor workers) engaged in the delivery of this contract'. This question will have a 5% evaluation weighting of tender award criteria where appropriate to do so.

5.3 It is noted that Renfrewshire Council has also been successful in ensuring that 287 external care workers are paid the Living Wage as part of Care at Home contract framework. In particular, the Corporate Procurement Unit have developed a successful approach to working closely with supplier to contain the costs to the Council, and this approach will be continued and expand to meet the requirements of accreditation.

#### **6. Living Wage Accreditation**

6.1 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.

- 6.2 The purpose of applying for accreditation is 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
- 6.3 The benefits of paying the Living Wage have been verified by independent research and include a fall in absenteeism, enhanced quality of staff engagement and productivity. In relation to public policy, an increase in coverage of the Living wage would increase tax revenues for the UK Treasury and reduce expenditure on tax credits. Additionally, the Living wage together with improved skills and training could narrow or even plug the gap in levels of productivity between the UK and the other G7 countries.
- 6.4 To achieve accreditation, the Council must 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.
- 6.5 Renfrewshire Council employees are currently paid at least the previous living wage rate of £7.85 + 1.5%, which is £7.97. This is currently achieved by paying approximately 750 staff a Living Wage supplement. As part of the nationally negotiated pay settlement, the Council is committed to paying the new Living Wage + 1% from 1 April 2016, which will be £8.33.
- 6.6 The Living Wage applies to all staff over the age of 18 that work regularly on the council's premises. This includes directly employed staff, contracted staff and sub contracted staff. Regularly is defined for these purposes as two or more hours in any given day for eight or more consecutive weeks of the year.
- 6.7 The accreditation scheme also does not require payment of the Living Wage to apprentices and interns.
- 6.8 Renfrewshire Council pays the living wage to all Modern Apprentices, but does not currently pay the Living Wage for Craft Apprentices, where pay rates are set according to a national framework. There are currently seven Craft Apprentices who do not receive the Living Wage. Craft Apprenticeship rates are set as a percentage of the pay of a full time equivalent craft post.

- 6.9 Renfrewshire Council interns are all also paid above the Living Wage, as are all Seasonal, Casual, Sessional, Agency and Bank staff.
- 6.10 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.
- 6.11 The Scottish Living Wage Accreditation Scheme has however introduced new requirements in relation to care contracts. These are:
- a) all staff providing care at home services (i.e. not on council premises) must be paid the Living Wage or there must be a plan in place with clear milestones for them to be paid the Living wage.
  - b) in relation to staff working in private care homes and private nurseries in receipt of council funding, the Council requires to give a firm commitment to a programme that the Living Wage is kept on the agenda and progress is made towards its introduction.
  - c) the commitment in point b) above would be met by a commitment to sign up to the Unison Ethical Care Charter.
  - d) the Council must take part in regular monitoring checks by the Poverty Alliance to confirm progress is being made where dated milestones have been set and agreed.
  - e) the Council will seek to influence the national discussion on payment of the Living Wage in service sectors which receive funding from local government.
- 6.12 We will add Living Wage to the agenda of all contract management meetings going forward, and feature Living Wage in the commissioning strategy for next arrangement to National Care Home Contract.
- 6.13 The Council at its meeting on 26 June 2014 agreed to work with Unison to deliver the principles of the Ethical Care Charter and the Leader of the Council has already signed the Charter on the Council's behalf.
- 6.14 The Council will produce a Living Wage Action Plan which responds to any areas of development to achieve and maintain accreditation, along with any wider actions that the Council can undertake to demonstrate commitment and leadership around the benefits of the Living Wage.

6.15 The accreditation is confirmed by a signed licence agreement between the council and the Living Wage Foundation. There is an annual fee of up to £400 for accredited employers.

## **7. Local Government Financial Settlement 2016/17**

7.1 The Local Government Financial Settlement for 2016/17 includes reference to £250 million of funding which resides within the Health portfolio of the Scottish Government budget and which is intended to support adult social care to be provided through the new Health and Social Care partnership arrangements. The financial settlement offer from the Government includes a commitment to a shared endeavour with the Scottish Government and Providers to achieve the payment of the living wage of £8.25 per hour to all adult social care workers, working both directly for the Council and those employed by 3<sup>rd</sup> and independent sector providers that are commissioned for such services by the Council.

7.2 As detailed in a report to the Leadership Board on the 17<sup>th</sup> February, council leaders who intend to take up the offer and agree to the full package of measures were asked to respond to the Deputy First Minister by Tuesday 9<sup>th</sup> February setting out their position. The Council Leader wrote to the Deputy First Minister by this deadline date indicating an in principle agreement to the offer presented as part of the local government finance settlement, subject to formal approval by full Council and asking the Deputy First Minister to note the following factors relating to the delivery of the commitment associated with the Living Wage in the adult social care sector.

- That the appropriate engagement by the providers of adult social care as envisaged by the Scottish Government, is based on the assumption made by the Scottish Government of the providers contributing financially to partly fund 25% of the cost to deliver the living wage commitment as part of the shared endeavour.
- That Renfrewshire's share of the national cost, estimated by the Scottish Government to deliver the living wage commitment is sufficient to meet the commitment the Council is being required to make in relation to both the cost in 2016/17 and the full year recurring cost of meeting this commitment in 2017/18.
- The Renfrewshire Council is, in common with all other councils, subject to both UK and EU law regarding State Aids and the award of public contracts

- 7.4 It should be noted that these factors outlined to the Scottish Government do not affect the criteria for Living Wage Accreditation, outlined at section 6.
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### Implications of the Report

1. **Financial** – The costs of becoming Living Wage accredited are already accounted for within the pay award for April 2016 and any costs associated with negotiating and monitoring requirements associated with the accreditation will be managed within existing resources..
  2. **HR & Organisational Development** – It is anticipated that Living Wage accreditation will have a positive impact on Renfrewshire Council staff, considering the associated benefits relating to employee engagement and productivity.
  3. **Community Planning –**  
**Jobs and the Economy** – The Jobs and Economy Board have recently added a target to the Single Outcome Agreement to increase the number of accredited Living Wage employers in Renfrewshire. The work surrounding Living Wage will support the CPP to achieve these targets
  4. **Legal** – The accreditation is confirmed by a signed licence agreement between the council and the Living Wage Foundation.
  5. **Property/Assets** – Not Applicable
  6. **Information Technology** – Not Applicable
  7. **Equality & Human Rights** – It is anticipated that the increase in Living Wage payment across Renfrewshire will have significant positive impacts on equality and human rights, considering the overrepresentation of many equality groups within low pay sectors.
  8. **Health & Safety** – Not Applicable
  9. **Procurement** – Living Wage Accreditation will add additional requirements to the Council’s procurement unit, and as a result additional resource will be required but contained within existing budget provision.
  10. **Risk** – Not Applicable
  11. **Privacy Impact** – Not Applicable
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