

Somerset West and Taunton Council

Executive – 23 September 2020

Living Wage Report

This matter is the responsibility of the Portfolio Holder for Corporate Resources, Cllr Ross Henley

Report Author: Julie Jordan, HR Strategic Lead

1.0 Executive Summary / Purpose of the Report

- 1.1 As part of our commitment to becoming an employer of choice, we are proposing to carry out a review internally, and also through consultation with our suppliers and contractors to consider whether it is feasible to seek accreditation with the real Living Wage Foundation. This would ensure that we have a clear and transparent approach to pay for our staff, agency and contractors who work with us.
- 1.2 This approach will align SWT with other local authorities in the SW regions including Sedgemoor District Council who are already accredited.
- 1.3 The proposed phases of the project are:
 - Stage 1 – Obtain approval from the Executive to proceed to Stage 2 of the process
 - Stage 2 – Carry out an Internal Review with directorates to ascertain whether it is feasible to become an accredited Living Wage employer
 - Stage 3 – Carry out a consultation and impact assessment with our suppliers and partners to ascertain if it is feasible to change our procurement process to become an accredited Living Wage Employer
 - Stage 4 – If stages 2 and 3 identify that it is feasible to proceed with this project, develop an Action Plan to work towards becoming an accredited Living Wage Employer

2.0 Recommendations

- 2.1 The Executive is asked to endorse the four stage process listed in section 1.3

3.0 Risk Assessment

- 3.1 There are minimal risks of implementing this proposal as currently all employees are paid at least Living Wage. There is a slight risk that at Stage 3 contractors who supply labour and do not currently offer the living wage may try to push the increased costs back to SWT however it is anticipated that this can be managed through the contract renewal process over the next 1-3 years.
- 3.2 A full risk assessment will be completed as part of the investigatory work with suppliers and contractors.

4.0 Background and Full details of the Report

- 4.1 In April 2016 the government introduced a higher minimum wage rate for all staff over 25 years of age inspired by the Living Wage campaign – referring to it as the ‘national living wage’.
- 4.2 However, the government's 'national living wage' is not calculated according to actual living costs. Instead, it is based on a target to reach 66% of median earnings by 2024. Under the current forecast, this means a rise to £10.50 per hour by 2024.
- 4.3 For the under 25s, the minimum wage rates also take into account affordability for employers.
- 4.4 The real Living Wage rates are higher because they are independently-calculated based on what people spend on actual living costs. The Living Wage Foundation encourage all employers that can afford to do so to ensure their employees earn a wage that meets the costs of living, not just the government minimum.

	THE MINIMUM WAGE <small>Government minimum for under 25s</small>	NATIONAL LIVING WAGE <small>Government minimum for over 25s</small>	REAL LIVING WAGE <small>The only wage rate based on what people need to live</small>
WHAT IS IT?	£8.20	£8.72	£9.30 across the UK and £10.75 in London
IS IT THE LAW?	Statutory	Statutory	Voluntary
WHAT AGE GROUP IS COVERED?	21 and older	25 and older	18 and older
HOW IS IT SET?	Negotiated settlement based on recommendations from businesses and trade unions	A % of medium earnings, it aims to reach 66% of median earnings by 2024.	Calculation made according to the cost of living, based on a basket of household goods and services
IS THERE A LONDON WEIGHTING?	No London Weighting	No London Weighting	Yes - Separate higher rate for London

Benefits of Accreditation

- Demonstrating a public commitment to fair pay
- Certified by the Living Wage Foundation
- Annual pay increases are linked to the cost of living
- 93% of Living Wage employers said they benefited from accreditation
- 86% of Living Wage employers reported that it enhanced their reputation

- 80% of Living Wage employers saw an increase in the quality of work

Accreditation Requirements (what we would need to work towards)

- Proposal is signed off at Full Council and has political leadership and commitment
- Included in Financial Planning (medium term financial strategy document)
- Included in Terms & Conditions and is a requirement for contractors
- System in place for contract managers & unions to monitor it and a method for redress
- Establish a Living Wage Group (if it is feasible to become accredited) – chaired by a Member, to act as a dedicated group to be responsible for continuity of the Living Wage in SWT. Membership to include HR, Finance, Procurement, Internal Communications, Union representation. The remit is to:
 - Update the Foundation about future and ongoing milestones
 - Report on additional actions to further the Living Wage on contracts
 - Report on additional actions to further the Living Wage in the local community (incentive scheme / supplier events / local business events / media & press initiatives)
 - Confirm that the Living Wage has been included in new contracts (suppliers of labour) on a phased contract renewal basis (up to 3 years)

The Living Wage Foundation have worked with a large number of local authorities across the UK and a specialist advisor has been appointed to support us through the process. Further information can be found at www.livingwage.org.uk

5.0 Links to Corporate Strategy

- 5.1 Becoming an accredited Living Wage Employer would not only benefit staff but would also link through to the Corporate Strategy objectives of tackling low paid jobs and impact on the well-being of local people.

6.0 Finance / Resource Implications

- 6.1 The cost of accreditation is a recurring cost of £480 p.a. which is capped and determined by the size of the organisation and would need to be factored into future budgets
- 6.2 Any costs associated with this project will be identified during the review process and would, potentially need to be factored into future budgets and the MTFP

7.0 Legal Implications

- 7.1 There are potentially legal implications in respect of the tender process and procurement contracts and these will be considered in more detail during the review process

8.0 Climate and Sustainability Implications

- 8.1 None arising from this report

9.0 Safeguarding and/or Community Safety Implications

- 9.1 None arising from this report

10.0 Equality and Diversity Implications

10.1 This proposal supports our objective to having a consistent approach to being an inclusive employer and partner.

11.0 Social Value Implications

11.1 This proposal ensures that during the procurement of services for labour, some of which is sourced from the local area

12.0 Partnership Implications

12.1 This will align with our partnership arrangement with Sedgemoor District Council who are Living Wage accredited.

13.0 Health and Wellbeing Implications

13.1 None arising from this report

14.0 Asset Management Implications

14.1 None arising from this report

15.0 Data Protection Implications

15.1 None arising from this report

16.0 Consultation Implications

16.1 None arising from this report

Scrutiny/Executive Comments / Recommendation(s)

This report is to agree that an internal review and consultation takes place to ascertain the feasibility for becoming an accredited Living Wage Employer.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – No**
- **Executive – Yes**
- **Full Council – No**

Reporting Frequency: Ad-hoc

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