

# WIRRAL COUNCIL

## CABINET

10<sup>th</sup> April 2014

<b>SUBJECT</b>	<b>Update on Living Wage</b>
<b>WARD/S AFFECTED</b>	<b>All</b>
<b>REPORT OF</b>	<b>Head of Neighbourhoods and Engagement</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	<b>Leader of the Council</b>
<b>KEY DECISION</b>	<b>No</b>

### 1.0 PURPOSE OF REPORT

- 1.1 This report updates members on latest activity that the Council is driving to harness the positive economic impacts that the Living Wage can bring.
- 1.2 In 2013, Wirral Council was one of the first local authorities in the country to become a Living Wage employer. In addition, Council policy aimed to ensure that new social care contractors are required to follow the Council's ethical care charter and fair wage approach.
- 1.3 The Council is now committed to building on this activity, and is working with employers and partners in Wirral to encourage them to pay the Living Wage to all employees. This report outlines the approach and additional actions to be taken in order to move Wirral to become a Living Wage borough.

### 2.0 RECOMMENDATIONS

- 2.1 Members are asked to:
- (i) Note the current activity taking place to increase awareness and adoption of the Living Wage amongst Wirral partners; and
  - (ii) Approve the proposed actions to move Wirral towards becoming a Living Wage borough

### 3.0 BACKGROUND AND KEY ISSUES

- 3.1 The Living Wage is an hourly rate, calculated according to the basic cost of living in the UK. There are two rates; London (currently £8.80) and UK (currently £7.65). The rates are set independently by the Living Wage Unit of the Greater London Authority for London, and by the Centre for Research in Social Policy at Loughborough University for the rest of the UK. It is updated annually in Living Wage Week in November. Unlike the National Minimum Wage (currently set at £6.19 per hour), the Living Wage is not a statutory requirement but a voluntary undertaking.

- 3.2. The modern Living Wage campaign has its origins in 2001, when it was launched by Citizens UK, with community and parent groups in East London. Today it is a national movement, involving an increasing range of partners, including support from the Living Wage Foundation who are responsible for promoting, supporting and administering the formal accreditation of Living Wage Employers.
- 3.3. To be accredited as an official Living Wage Employer, an organisation must satisfy four basic criteria:
- pay all of its own staff at least the Living Wage;
  - commit that within six months of the annual uprating of the Living Wage, its pay rates will be uprated accordingly;
  - demonstrate progress towards requiring any contractors it has to do the same; and
  - have a plan in place to work with any remaining contractors to get them too to pay the Living Wage.
- 3.4. Wirral is moving forward on an initiative to harness the positive economic impacts that Living Wage policy can bring. In 2013, Wirral Council was one of the first local authorities in the country to become a Living Wage employer, meaning that it now pays the Living Wage to all staff who are directly employed by the Council. In addition in 2013 Wirral made a commitment to ensure that new contracts for social care providers, will demonstrate that they will follow the Council's ethical care charter and fair wage approach. This is a positive development which asks providers, among other requirements, not to employ staff on zero hours.
- 3.5. The Council is working in partnership with the North West Trades Union Congress (TUC) and leading a network of North West local authorities in order to raise awareness and share best practice and practical approaches to embedding the Living Wage.
- 3.6. The Council is committed to building on this existing activity, and a detailed plan is now being developed which sets out the proposed actions that will take place in order to achieve the ultimate aim of becoming a Living Wage borough. This includes:
- The council applying for accreditation as a Living Wage employer;
  - Through the Public Service Board, co-ordinating work with our public sector partners to support them to become Living Wage organisations;
  - Working with the Chamber of Commerce, Invest Wirral and local businesses and employers in Wirral to raise awareness of the Living Wage and encourage them to pay the Living Wage to their employees;
  - Building on the key role that the voluntary, community and faith sectors have to play in this campaign;
  - Reviewing procurement, contract and best value policies to ensure that, as far as possible within UK and EU law, the Living Wage is the minimum paid to contracted staff as well;

## **4.0 RELEVANT RISKS**

- 4.1 There is a potential risk that adopting the Living Wage could result in additional cost to an organisation – for example because of the increased wage bill, or through an increased costs to contracting services. Detailed risk and financial assessments can be carried out to accurately capture and mitigate the risk. There are now precedents from across the country where major council contractors have moved to paying the Living Wage and absorbed it at no increased cost to the procuring council.
- 4.2 Any potential risks in relation to procurement will be fully assessed through development of a corporate procurement and contracting approach to the Living Wage, based on learning from other areas. For example, the London Boroughs of Islington and Lewisham – the first two local authorities in the UK to receive accreditation as Living Wage Employers – have each had considerable success in terms of building the Living Wage into new contracts. To date, there have been no cases in the UK of legal challenges against councils on the basis of the Living Wage.

## **5.0 OTHER OPTIONS CONSIDERED**

N/a

## **6.0 CONSULTATION**

- 6.1 Extensive consultation, engagement and discussion is taking place with partners in order to raise awareness of the Living Wage and to fully understand the implications for organisations and their employees.

## **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

N/a

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 8.1 As stated above in section 4, detailed risk and financial assessments will be carried out to fully understand the resource implications of adopting a Living Wage policy.

## **9.0 LEGAL IMPLICATIONS**

- 9.1 As stated above, detailed legal implications are being assessed as part of developing a corporate procurement and contracting approach to the Living Wage.

## **10.0 EQUALITIES IMPLICATIONS**

- 10.1 The Living Wage has the potential to make a significant positive impact to the income of some of Wirral's lowest paid residents. Citizens UK argue that over the past decade 45,000 families have been lifted out of working poverty as a direct result of the Living Wage, which in that time has put over £210 million of increased wages into the pockets of low-paid workers.

**11.0 CARBON REDUCTION IMPLICATIONS**

N/a

**12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

N/a

**13.0 REASONS FOR RECOMMENDATIONS**

This report outlines the key actions that are needed to build on the Council's existing commitment to the Living Wage, and move Wirral to becoming a Living Wage borough.

**REPORT AUTHOR:**

Rose Boylan

Tel 0151 691 8037

Email [rosemaryboylan@wirral.gov.uk](mailto:rosemaryboylan@wirral.gov.uk)