

## REPORT TO COMMUNITIES COMMITTEE – 18 February 2021

### LIVING WAGE EMPLOYER ACCREDITATION

#### 1 Reason for Report / Summary

- 1.1 To seek comment on the proposal that the Council progresses submission of a corporate application to become a fully accredited Living Wage employer. Those comments will then be made known to Members of the Business Services Committee at their meeting on 25 February 2021 where a final decision on this proposal is expected to be taken.

#### 2 Recommendations

**The Committee is recommended to:**

- 2.1 **Comment on the intention to progress a corporate application to become a fully accredited Living Wage employer under the auspices of Living Wage Scotland, with the accreditation process proposed to commence from April 2021.**
- 2.2 **Agree that any comments are advised to the Director of Business Services who will ensure they are made known to the Business Service Committee when they consider this matter at their meeting on 25 February 2021.**

#### 3 Purpose and Decision-Making Route

- 3.1 The Council has considered seeking full accreditation as a Living Wage employer with Living Wage Scotland (LWS). To date, Aberdeenshire Council has not progressed full accreditation although the option to do so has remained under review. This report seeks to confirm Committee's position with regard to this matter and seek approval to commence the process of corporate accreditation from April 2021.
- 3.2 Presently, 22 out of the 32 Scottish local authorities have secured Living Wage employer accreditation status.
- 3.3 The report to Business Services Committee is the result of a referral from discussion at the Communities Committee from your meeting on 5 September 2019 a report to Business Services Committee on 23 April 2020 and an updated briefing to elected members on 31<sup>st</sup> December 2020.

#### 4 Discussion

- 4.1 The new rate of Real Living Wage (RLW) was announced in November 2020 confirming an increase of 20p from £9.30 to £9.50 per hour. The increase takes effect from 1 April 2021. It is estimated that 45,600 Scottish workers will

benefit from the rate increase which represents an estimated £240M uplift in pay to primarily benefit low income Scottish families. For a full-time worker, there is an average £1500 per annum positive difference in pay between payment of National Living Wage (£8.72) and Real Living Wage (£9.30 rising to £9.50)

- 4.2 In order to achieve formal accreditation as a Living Wage employer, the Real Living Wage (RLW) must be paid to all directly employed staff and contracted staff where the Council is in control of the payment. It is thought the Council meets this element of the criteria already. In terms of other contracted and subcontracted staff (where the Council is not in direct control of payments), RLW cannot be mandated or in isolation be a factor in award criteria.
- 4.2 For accreditation purposes, payment of RLW must be encouraged and promoted to contractors and their subcontracted staff who work “regularly” on Council premises (buildings or sites owned or leased by the Council including roads, parks, communal areas, playgrounds and open spaces). “Regularly” means for at least 1 day per week for a minimum of 2 hours per day for a minimum of 8 consecutive weeks.
- 4.3 Colleagues from the HR&OD team and Commercial and Procurement Services (C&PS) have liaised with counterparts in other local authorities and Living Wage Scotland (LWS) to gain an understanding of what is involved in securing Accreditation, including for example issues such as timescales, barriers, milestones, resources, template letters, supplier segmentation, evidence capture, and lessons learned.
- 4.4 The journey towards securing accreditation for an employer is expected to take between 8 and 12 months, based on feedback from other Councils and LWS. It is thought that commencing the process of accreditation in April 2021 (when the new rate of £9.50 per hour begins to apply) could represent an ideal time to commence a corporate application.
- 4.5 The significant challenge for the Council, suppliers and contractors is that the impact of Covid-19 remains considerable. However, LWS reported that over 200 new signatory employers have successfully completed the employer accreditation process between March 2020 and January 2021. The individual, community and business impacts of Covid-19 remain at an unprecedented scale and there are clearly going to be major challenges ahead in relation to recovery. It is recognised that the scale of impact means that for many businesses ensuring they remain viable remains their primary aim. Arguably, to promote or encourage suppliers and contractors commit to paying the Real Living Wage at this time might be regarded as inappropriate, as laudable as the principle behind Accreditation and the RLW may be. Whether or not suppliers and contractors are in a position to pay RLW or seek employer accreditation in their own right, the Council would still be meeting accreditation standards by promoting the benefits of RLW payment/accreditation to qualifying suppliers in an appropriate manner to the required extent.

- 4.7 It is worth reflecting on the benefits of accreditation, for both the Council and suppliers and contractors. From an employer's perspective there are benefits in terms of attracting and retaining the best staff, and for the Council the potential is there to play a leadership role in support of the wider Fair Work agenda and in encouraging employers to sign up to it. The feedback from accredited employers is positive in enhancing their reputation, motivating their staff, differentiating themselves from other businesses and improving relationships between managers and staff. For the employees concerned, there can be wider benefits than simply increased income (e.g. increased job security, upskilling, promotion prospects, gender balance etc.) More detailed information can be found at the [livingwage.org.uk](http://livingwage.org.uk) website.
- 4.8 Members should be assured that LWS indicated very strong support for the C&PS Fair Work Practices/RLW Method Statement and the extent it is already embedded into procurement activity. There is an acceptance that the issue is addressed to the extent permitted by law, basic statutory compliance is exceeded by addressing all protected characteristics and including provisions on gender pay gaps.
- 4.9 For Members' information, once an employer receives accreditation, the scheme is largely self-policing and LWS does not require accredited employers to submit evidence of compliance each year. An accredited employer is trusted to continue to observe accreditation criteria and any additional commitments consistently and ethically. LWS operate a whistleblowing policy whereby any employee of an accredited employer can make representations that they are not receiving RLW in situations where accreditation would suggest they should be. Complaints are handled sensitively and confidentially and assuming there is positive engagement, would not lead to an accredited employer being stripped of accredited status.
- 4.10 The annual cost of accreditation is £480+ VAT per annum, which alongside the staffing resources required would be the overall cost to the Council. LWS do not expect public authorities to take unacceptable procurement or state aid risks by subsidising uplifts to RLW. The only exception is centrally funded uplifts to employees working for adult social care providers. Commitments to uplift agency staff have been implemented and budgeted for since 2017 so no additional direct costs are anticipated.
- 4.11 Procurement Annual Reports contain a provision relating to the inclusion of Fair Work Practices/RLW (as opposed to contractors paying RLW.) The Procurement Annual Report utilising 2019/2020 data reported an inclusion rate of 82.3% re Fair Work Practices/RLW considerations in regulated contracts.

## **5 Council Priorities, Implications and Risk**

- 5.1 This report helps deliver the Council Priority of Economy and Enterprise within the pillar of Our Economy.
- 5.2 This report helps deliver on the LOIP Priority – Child Poverty

5.3 The table below shows whether risks and implications apply if the recommendations are agreed.

Subject	Yes	No	N/A
Financial		X	
Staffing	X		
Equalities	[EIA attached as appendix 1]		
Fairer Scotland Duty	[EIA attached as appendix 1]		
Town Centre First		X	
Sustainability	X		
Children and Young People's Rights and Wellbeing	X		

5.4 An equality impact assessment has been carried out as part of the development of the proposals set out above. It is included as Appendix 1 and *there is a positive impact as follows:*

Policies and procedures relating to procurement activity in this area have a strong emphasis on the Public Sector Equality Duty, Fair Work Practices including Real Living Wage, and a wide range of other socio-economic considerations designed to alleviate various forms of poverty (including child poverty) and disadvantage under the Fairer Scotland Duty. Equalities and socio-economic impacts are considered to be universally positive, equitably applied and do not create adverse impacts requiring mitigation.

5.5 The staffing implications are as follows:

A dedicated resource would be required to lead accreditation and work in collaboration with relevant colleagues in relation to supplier engagement. It is estimated that this would require 1 FTE to undertake the task of supplier engagement. As indicated the process may last between 8 and 12 months to complete.

5.6 The scheme is largely self-policing and LWS does not require accredited employers to submit evidence of compliance each year. Additional resources only required for the initial 8-12 months of securing employer accreditation.

## 6 Scheme of Governance

6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are

incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation. In addition, the Heads of HR&OD, C&PS and Economic Development & Protective Services have also been consulted on the contents of this report.

- 6.2 The Committee is able to consider [and take a decision on] this item in terms of Section D.1(c) of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to a Community Planning matter and is related to tackling poverty and inequality.

**Ritchie Johnson Director of Business Services**

Report prepared by Stuart Calderwood, Community Benefits and Sustainable Procurement Manager

**List of Appendices – Equality Impact Assessment (EIA) (Appendix 1)**

EQUALITY IMPACT ASSESSMENT

EIA Version	Date	Author	Changes
1	4 <sup>th</sup> February 2021	Stuart Calderwood	

Stage 1: Title and aims of the activity (“activity” is an umbrella term covering policies, procedures, guidance and decisions including those that affect services the council delivers).	
Service	Communities
Section	Commercial and Procurement Services (C&PS)
Title of the activity etc.	<b>LIVING WAGE EMPLOYER ACCREDITATION</b>
Aims and desired outcomes of the activity	To secure corporate commitment to pursuing an application for Aberdeenshire Council to become an accredited Living Wage Employer
Author(s) & Title(s)	Stuart Calderwood, Community Benefits & Sustainable Procurement Manager

Stage 2: List the evidence that has been used in this assessment and explain what it means in relation to the activity you are assessing.		
Evidence	What does it say?	What does it mean?
Internal data (customer satisfaction surveys; equality monitoring data; customer complaints).	The Council applies Real Living Wage to directly employed staff and agency workers under contract. In a procurement context, 83.3 % inclusion of Fair Work/Real Living in contracts published in 2019/2020	The Council is contributing positively towards various forms of poverty but there is potential room for improvement.
Internal consultation with staff and other services affected.	Informally, widespread support amongst all Services...particular staff involved in anti-poverty measures	Although adults receive the benefit of increased wages and more secure work, children in those households benefit

<p>External consultation (partner organisations, community groups, and councils).</p>	<p>Collaborative working with Aberdeen City Council and Highland Councils plus other accredited bodies indicate the universally positive impact on individuals and households. Not only leads to increased wages/improved prospects but potentially more job security and satisfaction</p>	<p>All public and private sector bodies see the benefit in paying living wage and encouraging wider promotion. Contractors report an increase in staff morale, staff retention and productivity.</p>
<p>External data (census, available statistics).</p>		
<p>Other (general information as appropriate).</p>	<p><a href="https://www.livingwage.org.uk/news/living-wage-costs-benefits-report">https://www.livingwage.org.uk/news/living-wage-costs-benefits-report</a></p> <ul style="list-style-type: none"> <li>• Over half of employees (54%) felt more positive about their workplace once the LW was introduced and 52% felt more loyal</li> <li>• Staff leaving rates fell by 25%</li> <li>• Almost a third (32%) of workers felt it benefitted their family life by allowing them to do things like spend more time with family</li> <li>• Almost 4 in 10 (38%) workers reported financial benefits such as being able to buy more goods and save more:</li> <li>• Government could save almost £1bn a year because of the increase in the tax base and reduced welfare spending just from firms in London paying the Living Wage</li> <li>• A two person household could get up to an extra £5000 a year</li> </ul>	

Stage 3: Evidence Gaps.	
Are there any gaps in the information you currently hold?	No

Stage 4: Measures to fill the evidence gaps.		
What measures will be taken to fill the information gaps before the activity is implemented? These should be included in the action plan at the back of this form.	Measures:	Timescale:
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A

Stage 5: What steps can be taken to promote good relations between various groups/areas?	
These should be included in the action plan.	Promotion of Real Living Wage encourages employers and groups of employers (including public sector partners) to be more ethical/socially responsible and share good practice. The public often do not respond well to organisations with poor employment practices. Nudge theory has increased the number of participating employers (22 Scottish local authorities and over 155 public sector organisations_

Stage 6: How does the policy/activity create opportunities for advancing equality of opportunity?
Equalities and socio-economic impacts in this area are considered to be universally positive, equitably applied and do not create adverse impacts requiring mitigation. Increases wages, household income and potentially security of employment.

Stage 7a:				
Are there potential impacts on protected groups?				
The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.				
Who is affected by the activity or who is intended to benefit from the proposed activity and how? Complete the table below for each protected group by inserting "yes" in the applicable box/boxes below.				
	Positive	Negative	Neutral	Unknown



Age – Younger	Yes			
Age - Older	Yes			
Disability	Yes			
Race – (includes Gypsy Travellers)	Yes			
Religion or Belief			Yes	
Sex			Yes	
Pregnancy and maternity	Yes			
Sexual orientation – (includes Lesbian/ Gay/Bisexual)			Yes	
Gender reassignment – (includes Transgender)			Yes	
Marriage and Civil Partnership			Yes	

Stage 7b: Do you have evidence or reason to believe that this policy, activity etc. will or may impact on socio-economic inequalities?

This is about trying to be fair to everyone. Part of that is realising that not everyone may be starting at the same place. Some individuals and families may have low income, may have very little or no savings which means they are living from month to month therefore changes to council policies/services may have a greater adverse impact on them.

On this basis you should consider potential impacts on individuals/families by:

- Place: on specific vulnerable areas or communities (SIMD, regeneration, rural) e.g. housing, transport.
- Pockets: household resources, (Income, benefits, outgoings) ability to access a service
- Prospects: peoples life chances e.g.access to, or ability to access: employment, training, services (such as council or health) or support.

Groups of people who may be impacted include, but not limited to:

<ul style="list-style-type: none"> <li>• Unemployed</li> <li>• Single parents and vulnerable families</li> <li>• People on benefits</li> <li>• Those involved in the criminal justice system</li> <li>• People in the most deprived communities</li> <li>• People who live in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>• Pensioners</li> <li>• Looked after children</li> <li>• Carers including young carers</li> <li>• Veterans</li> <li>• Students</li> <li>• Single adult households</li> <li>• People who have experienced the asylum system</li> </ul>	<ul style="list-style-type: none"> <li>• Those leaving the care setting including children and young people and those with illness</li> <li>• Homeless people</li> <li>• People with low literacy/numeracy</li> <li>• People with lower educational qualifications</li> <li>• People in low paid work</li> <li>• People with one or more protected characteristic</li> </ul>
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Please complete by inserting “yes” in the applicable box/boxes below.

Socio-economic disadvantage	Positive	Negative	Neutral	Unknown
Pockets: Low income/income poverty – cannot afford to maintain regular payments such as bills, food, clothing	Yes			

Pockets: Low and/or no wealth – enough money to meet basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	Yes			
Pockets: Material deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure and hobbies	Yes			
Place: Area deprivation – where you live, where you work	Yes			
Prospects: Socioeconomic background – social class i.e. parents education, employment and income , educational achievement.	Yes			

Stage 8: What are the positive and negative impacts?		
Impacts.	Positive	Negative
Please detail the potential positive and/or negative impacts you have highlighted above. Detail the impacts and describe those affected.	More disposable income, more household income	
	Alleviation of child poverty, food and fuel poverty through more disposable income	
	Potentially more job security and satisfaction	
	Increased prospects for retention and advancement	

Stage 9: Have any of the affected groups/areas been involved, engaged with or consulted?	
If yes, please give details of how this was done and what the results were. If no, how have you ensured that you can make an informed decision about mitigating steps?	No

Stage 10: What mitigating steps will be taken to remove or reduce negative impacts?		
These should be included in any action plan at the back of this form.	Mitigating Steps	Timescale
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A

Stage 11: What monitoring arrangements will be put in place? How the EIA will be used to monitor the proposal	
These should be included in any action plan (for example customer satisfaction questionnaires).	Fair Work Practices inclusion captured in Procurement Annual Report

Stage 12: What is the outcome of the Assessment?		
Please complete the appropriate box/boxes	1	No negative impacts have been identified –please explain.
	Equalities and socio-economic impacts are considered to be universally positive, equitably applied and do not create adverse impacts requiring mitigation.	
	2	Negative Impacts have been identified, these can be mitigated - please explain. * Please fill in Stage 13 if this option is chosen.

	3	The activity will have negative impacts which cannot be mitigated fully – please explain. * Please fill in Stage 13 if this option is chosen

\* Stage 13: Set out the justification that the activity can and should go ahead despite the negative impact.

Stage 14: Sign off and authorisation.			
Sign off and authorisation.	1) Service and Team	C&PS (Category Manager Team)	
	2) Title of Policy/Activity	<b>LIVING WAGE EMPLOYER ACCREDITATION</b>	
	3) <b>Authors:</b> I/We have completed the equality impact assessment for this policy/activity.	Name: Stuart Calderwood Position: Community Benefits and Sustainable Procurement Mgr Date: 4 <sup>th</sup> February 2021 Signature:	Name: Position: Date: Signature:
		Name: Position: Date: Signature:	Name: Position: Date: Signature:
	4) Consultation with Service Manager	Name: Date:	
	5) Authorisation by Director or Head of Service	Name: Craig Innes Position: Head of Commercial & Procurement Date: 4 <sup>th</sup> February 2021	Name: Position: Date:

	6) If the EIA relates to a matter that has to go before a Committee, Committee report author sends the Committee Report and this form, and any supporting assessment documents, to the Officers responsible for monitoring and the Committee Officer of the relevant Committee.	Date:
	7) EIA author sends a copy of the finalised form to: equalities@aberdeenshire.gov.uk	Date: 8-2-2021

