
LIVING WAGE ACCREDITATION

Report By Service Director HR & Communications

SCOTTISH BORDERS COUNCIL

16 May 2019

1 PURPOSE AND SUMMARY

- 1.1 This report provides a report on Officers' investigations into Scottish Borders Council becoming an accredited Living Wage Employer and seeks Members' authorisation to progress the application process to secure accreditation as a Living Wage Employer.**
- 1.2 It is widely believed that the national minimum wage set by the United Kingdom government is inadequate. The Living Wage Foundation calculates a real living wage ("the Living Wage"), according to the cost of living, based on the cost of a "basket" of goods and services. The level of the real living wage is set in November each year and is currently £9.00 per hour.
- 1.3 The Scottish Living Wage Accreditation Initiative, funded by the Scottish Government, has the aim of increasing the number of employers in Scotland who are recognised for paying their staff the Living Wage.
- 1.4 The Scottish Living Wage Foundation issue formal accreditation to employers who meet specified criteria. These include paying all directly employed staff the Living Wage, and ensuring that employees of certain contractors are also paid the Living Wage.
- 1.5 Scottish Borders Council pays all directly employed staff the Living Wage. Not all qualifying contractors currently pay the Living Wage.
- 1.6 Qualifying contractors have been identified (Appendix 1).
- 1.7 It is proposed to enter into discussions with those contractors to ascertain if they currently pay the Living Wage and, if not, how this can realistically be introduced.
- 1.8 Scottish Borders Council can then decide whether to progress with an application for accreditation as a Living Wage Employer.

2 RECOMMENDATIONS

2.1 It is recommended that Council

- a) notes the progress made by Officers in exploring accreditation as a Living Wage Employer;**
- b) Authorises Officers to negotiate with contractors for payment of the Living Wage to employees working on qualifying**

contracts;

- c) Authorises Officers to thereafter apply to the Scottish Living Wage Foundation for accreditation as a Living Wage Employer;**

3 BACKGROUND

3.1 The United Kingdom government sets a national minimum wage which employers are required to pay employees.

The national minimum wage varies according to the age of employees.

The national minimum wage rates are currently as follows:

- 25 and over (badged as the "National Living Wage") - £8.21
- 21 – 24 - £7.70
- 18-20 - £6.15

3.2 It is widely believed that the level of the national minimum wage is inadequate. The Living Wage Foundation calculates a real living wage ("the Living Wage"), according to the cost of living, based on the cost of a "basket" of goods and services. The level of the real living wage is set in November each year and is currently £9.00 per hour.

3.3 Scottish Borders Council pays all employees other than modern apprentices at least the Living Wage.

3.4

The Scottish Living Wage Accreditation Initiative was established in April 2014 by the Poverty Alliance, with funding from the Scottish Government. The aim of the initiative is to increase the number of employers in Scotland who are recognised for paying their staff the Living Wage.

3.5

Recognition is achieved by means of formal accreditation from the Scottish Living Wage Foundation as a Living Wage Employer.

3.6

There are almost 1400 Scottish employers accredited as Living Wage Employers. This includes 16 local authorities.

3.7

To secure accreditation, employers must:

- Pay all directly employed staff who are aged 18 and over the Living Wage.
- Ensure, to the extent permitted by law, that all contracted and sub-contracted staff who are aged 18 and over who regularly deliver a service on Council premises, property or land are paid the Living Wage. ("Regularly" is defined as 2 or more hours of work in any given day in a week, for 8 or more consecutive weeks in a year.)
- Undertake to continue to pay the Living Wage. Accredited employers have six months from the annual rate being set in November to implement this.

3.8 The Council already complies with the first requirement, and is able to commit to complying with the third. There is an agreement between COSLA and the recognised Scottish Joint Council Trades Unions that the Living Wage will be embedded within the pay structures of Scottish local authorities.

- 3.9 The second requirement necessitates correspondence with each of the Council's contractors who meet the above criteria.
If a qualifying contractor is not paying the real living wage, the Scottish Living Wage Foundation will issue accreditation if the Council has a plan in place setting achievable milestones for applying the Living Wage across all of the qualifying contracts.
- 3.10 A list of contractors whose contractual relationship with the Council meets these criteria is attached as Appendix 1.
- 3.11 To gain accreditation the Council now requires to contact each of the contractors to establish if they currently pay the Living Wage.
- 3.12 If they do not, then a plan requires to be developed for payment of the Living Wage. This may be on renewal or retendering of the contract at the end of its term if necessary.
- 3.13 To gain accreditation the Council then requires to work with the Scottish Living Wage Foundation to draw up a set of achievable milestones for applying the Living Wage across all qualifying contracts.
- 3.14 An accreditation licence is then completed and submitted to the Scottish Living Wage Foundation. The milestones are included as an appendix.
- 3.15 Formal accreditation will then be given by the Scottish Living Wage Foundation.

4 NEXT STEPS

- 4.1 It is now proposed to contact each of the contractors to establish if they currently pay the Living Wage.
- 4.2 If they do not, then discussions will be held with the relevant contractors to establish how they can best move to paying the Living Wage and a timetable established for payment of the Living Wage to employees working on qualifying contracts.
- 4.3 Thereafter Officers will work with the Scottish Living Wage Foundation to establish milestones for contractors paying the Living Wage, complete an accreditation licence and apply for accreditation as a Living Wage Employer.

5 IMPLICATIONS

- 5.1 **Financial**
There is an annual fee of £480 to gain and thereafter retain accreditation.
Discussions with qualifying contractors may result in additional contractual costs.

5.2 **Risk and Mitigations**

If the Council does not apply for accreditation there is a risk of adverse publicity as a number of other authorities are accredited.

As above, there is a risk of an increase in contractual costs if contractors incur additional expense as a result of paying the Living wage.

This will be mitigated by drawing up a realistic timetable for contractors to start paying the Living Wage.

5.3 **Equalities**

Becoming an accredited Living Wage Employer would increase the number of people receiving the Living Wage in the Scottish Borders. This will have a positive impact on equality groups who have traditionally earned less than others, including women, people with a disability and people from minority ethnic backgrounds.

It would also contribute to the Council's duties to promote equality of opportunity and foster good relations between those who have a particular protected characteristic and those who do not.

5.4 **Acting Sustainably**

An increase in the number of people in the Borders population receiving the Living Wage would have positive social and economic effects.

5.5 **Carbon Management**

There are no effects on carbon emissions.

5.6 **Rural Proofing**

There are no implications that would compromise the Council's rural proofing policy.

5.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes required to either the Scheme of Administration or the Scheme of Delegation.

6 CONSULTATION

- 6.1 The Monitoring and Reporting Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Financial Officer and the Clerk to the Council have been consulted and their comments have been incorporated into the report.

Approved by

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Author

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Background Papers: Appendix 1 – Living Wage In Scope Contracts**Previous Minute Reference:**

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Finance can also give information on other language translations as well as providing additional copies.

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