

## **Procurement policy on Living Wage**

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This is an Equality Impact Assessment of the Procurement policy on Living Wage. Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to:

- eliminate unlawful discrimination, harassment and victimisation;
- advance equality of opportunity between different groups; and
- foster good relations between different groups.

The duty to pay 'due regard' is required to be demonstrated in the decision making and the implementation process. Assessing the potential equality impact of proposed projects that are part of the programme is the means by which we show 'due regard'.

### **1. The Decision**

To implement the living wage as required by the accreditation conditions in respect of all relevant contracts as and when the opportunity arises.

### **2. Methodology**

This assessment will review the proposal as set out in the report. It will look at how each option could advance equality of opportunity and/or could adversely impacted different people. It will also consider how community relations is fostered.

The campaign for a Living Wage is promoted by The Living Wage Foundation (LWF), a registered charity that provides advice, support and accreditation to Living Wage employers.

### **3. The Impact**

The Living Wage is calculated according to the basic cost of living in the UK. The UK Living Wage for outside of London is currently £7.65 per hour. This figure is set annually by the Centre for Research and Social Policy at Loughborough University. Within London, the Living Wage rate is set annually by the Greater London Authority and covers all boroughs in Greater London. This is currently £8.80 per hour (£16,977 per annum)

#### **How is equality of opportunity advanced by this decision?**

The Living Wage can provide a hand up for the lowest paid. The interim report from the Living Wage Commission (*Working for poverty*, February 2014) set out how the lowest paid were suffering from a 'double squeeze' of stagnating pay and rising costs of living.

The majority of people in poverty in the Milton Keynes are working. Working families are increasingly having to turn to help, such as food banks and unsustainable debt, to get by.

The Living Wage Commission has found that the Living Wage can provide life-changing opportunities for the lowest paid. Living Wage employees have told the Commission of the access the Living Wage allows them to the goods and services that most people deem necessary to participate in society. To some this has meant being able to send their children to a friend's birthday party, for others it has meant being able to pay household bills on time or replace essential goods when they break. For many families it has meant parents no longer have to work all hours to put food on the table, and they can afford to see more of their children.

The Living Wage can provide a range of benefits for those employers. After speaking to businesses, employer groups and low-paid workers, as well as analysing the evidence on the effects to businesses from paying a Living Wage, the Living Wage Commission has established that the Living Wage can open the door to productivity increases for businesses.

This is the result of Living Wage employees contributing higher levels of effort and an openness to changing job roles. Other business benefits include cost-saving opportunities from increasing staff retention and the stability of the workforce, as well as reduced absenteeism.

The evidence points to improved levels of morale, motivation and commitment from staff across the pay distribution in Living Wage workplaces.

There is a strong public policy case for a significant increase in coverage of the Living Wage. An increase in coverage of the Living Wage implemented together with improved skills and training could narrow or even plug the gap in levels of productivity.

### **Are there risks?**

While the evidence suggests the Living Wage provides great opportunities for society and the low-paid, there are risks that need to be acknowledged. It could lead to greater unemployment and difficulties in meeting budgets.

While the Living Wage provides a welcome solution for the lowest paid staff, it does not in and of itself provide a panacea for stagnating wages across the mid to low-wage distribution.

### **Summary:**

Whilst the National Living Wage Commission opposed across-the-board specific compulsory Living Wage requirements in public sector procurement, it suggested a more nuanced approach that would advance equality of opportunity. The commission called for a procurement based on value that can support the Living Wage campaign while keeping long-term costs down.

Much of the relevant Council's work is not completed on our premises and/or land, which is the subject of "Living Wage Employer Status", but is provided by commissioned organisations in the community. Equality reports from the Commission on Human Rights and Equality (CEHR) have shown how one of the biggest issues with Care for the Elderly (and we can assume other groups) is the turnover in staff that arises from poor wage levels. There is evidence that this happens locally too.

In later reports, CEHR highlighted the role of Councils in setting a maximum commissioning price for care services and how this has an adverse effect on care services. The Council operates a similar process, even a set fee for Domiciliary Care, which means that bids from providers offering a better quality service based on higher wages will be dismissed before they are considered.

The Care Act implementation is likely to help in this process, as commissioners will have to consider all appropriate suppliers costs, which will include setting a living wage level to employment costs.