



## **Living Wage Campaign and Local Authorities**

# **Independent Commission on a Living Wage for South Tyneside**

**Wednesday 19<sup>th</sup> June 2013**

**Stephen Crossley**

**Institute for Local Governance, Durham University**

**GIVING CHILDREN AN EQUAL CHANCE**

## Why consider paying a Living Wage?

- The 'relentless rise' of in-work poverty
- The social gradient in health
- An emerging business case across different sectors
- Achieving corporate priorities
- Supporting some of the most disadvantaged people in our communities

## The Living Wage Methodology

- Consensual methodology
- Simple and robust – but with some assumptions...
- Still assumes full take up of benefits
- Free from political consideration
- Free from market interference
- Both a small step and a giant leap

## The Living Wage in the North East

- No local authorities in the North East pay the 'Out of London' Living Wage – Newcastle pays the 'Newcastle Living Wage' - £7.20ph
- A small number of voluntary organisations have become accredited Living Wage employers – Children North East, Aquila Way, SNCG
- Larger organisations in the housing and FE sectors have agreed to become Living Wage employers but are not yet accredited

## The Living Wage and Local Authorities – issues to consider

- HR
- Legal
- Procurement
- Communications
- Monitoring
- Wider support

## HR

- The integrity of the pay structure can be preserved through paying a ‘separate discretionary Living Wage supplement’.
- In other LAs, this approach has not affected Single Status grading structures or job evaluation of roles.
- Issues to consider around casual workers
- Apprentices not covered by Living Wage

## Legal

- Work closely with trade unions to develop an approach which minimises impact on the council's pay and grading structure
- “Equal pay risks associated with paying a staff group differently can be mitigated by choosing a mechanism that is transparent and based on a legitimate aim”
- The Living Wage is “a proportionate means of achieving a legitimate aim, namely the application of a national initiative to address poverty”

## Procurement

- Lewisham – contracts priced with/without LW
- Islington – regular meetings with contractors ‘have reinforced the council’s ongoing commitment to a living wage’
- Newcastle – ‘there are clearly significant doubts as to the extent, if any, to which a local authority could take account, in awarding a contract, of whether a potential contractor pays its staff a living wage’



## Procurement

- Both bold and cautious approaches
- Social Value Act
- Reach and impact of Living Wage depends on other employers adopting it
- Potential to phase procurement activity on Living Wage
- Role of NECC - Brighton & Hove Chamber of Commerce actively campaign for a Living Wage

## Procurement

*“It's unwise to pay too much, but it's worse to pay too little. When you pay too much, you lose a little money - that's all. When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing it was bought to do. The common law of business balance prohibits paying a little and getting a lot - it can't be done. If you deal with the lowest bidder, it is well to add something for the risk you run, and if you do that you will have enough to pay for something better.”*

## Communications

- “The need for effective communications should not be underestimated” – individually and institutionally
- Affect on employee relations – large increase in pay for some workers at a time of redundancies and reducing overall staff costs
- Communicating with external stakeholders and residents, many of whom will be looking for work (or better work, or more work)

## Monitoring

- Need to monitor impact of Living Wage
- Potential for more jobs to be affected by LW over coming years and anomalies may occur
- Monitor impact on staff and service delivery
- Monitor impact on procurement
- Monitor financial impact

## Wider support

- “Where the Living Wage has been implemented ... it has provided an important new stimulus to the local economy”
- “There is good support for a Living Wage amongst the business community, but with a need for practical help and advice to turn business support into higher wages”
- “Making a Living Wage a reality needs to be directly linked to other activity to stimulate the local economy”

## Other 'poor work' issues

- Temporary contracts
- Part-time work – 'underemployment'
- Zero hours contracts
- Low take up on 'in-work' benefits
- Training & progression in work
- Maximizing household income

## Summary

- “Committing to the Living Wage is a sea change”
- Institutions cannot tackle poverty effectively if they continue to pay wages which are insufficient to enable employees to ‘lift themselves out of poverty’
- *“The real challenge is to look at, and change as necessary, the whole of local authority activity, in direct relation to the needs of the community it is there to serve.”*

## Contact details

Stephen Crossley

[s.j.crossley@durham.ac.uk](mailto:s.j.crossley@durham.ac.uk)

Tel: (0191) 334 9107

Mob: 07983 408 966