

BIRMINGHAM CITY COUNCIL

Living Wage Policy

1.0 BACKGROUND

- 1.1** The Leader's Statement in June 2012 communicated the intention to introduce the Living Wage, as part of a Business Charter for Social Responsibility, for Council employees and the promotion of this amongst Birmingham businesses.
- 1.2** The Council has paid the Living Wage as set out by the Living Wage Foundation to its employees since July 2012, including Community, Community special, Voluntary Controlled and Maintained Nursery Schools.
- 1.3** In October 2012 the Council obtained Living Wage employer accreditation where it committed to work towards the adoption of the Living Wage within its supply chain.
- 1.4** The Council's Living Wage Policy was approved by Cabinet in April 2013, along with the inter-linked Birmingham Business Charter for Social Responsibility (BBC4SR) and Social Value policies. These policies were adopted against the backdrop of the recently enacted Public Services (Social Value) Act 2012. They are aimed at maximising the social, economic and environmental value of the Council's area derived from its significant procurement spend.
- 1.5** In April 2014 the Real Living Wage was applied by the Council to all its contracted agency staff.
- 1.6** The Living Wage Policy ensures that people working on behalf of the Council are paid the same minimum rate as if they worked directly for the Council. We also believe that since our procurement policies mean that more of them will be Birmingham residents, then putting more money into those people's pockets will help local shops and businesses, creating a virtuous spiral that can treble its value to the local economy. There is plenty of evidence that paying the Real Living Wage, as set out by the Living Wage Foundation, boosts flexibility and performance, reduces sickness and aids staff retention.

2.0 WHAT WE MEAN BY THE REAL LIVING WAGE

- 2.1** The Real Living Wage is not the same as the National Living Wage which is a legal requirement. The Real Living Wage, is the same as that set out by the Living Wage Foundation and independently determined on an annual basis by the Centre for Research in Social Policy at Loughborough University. The current rate can be found at: www.livingwage.org.uk This Living Wage is not a statutory requirement but a voluntary undertaking.
- 2.2** The Real Living Wage as described above is intended to recognise the dignity of work and the importance for individuals, families and society of people being able to earn a living. The idea is rooted in notions of contribution, reciprocity and community.

For employees, the Living Wage Foundation's Living Wage means no longer having to work multiple jobs, getting some sleep and being able to provide for and spend time with their family.

For employers, it means higher staff morale, better quality work, improved rates of retention, lower rates of sickness and absence, and reputational gain. For local authorities, it can mean more money being spent by local employees in the local economy.

3.0 THE POLICY CONTEXT

3.1 The strategic context for the Council's Living Wage policy was derived from the following key Council policies:

- Leader's statement (June 2012), specifically:
 - a) To tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for our elderly and safeguarding for children.
 - b) To lay the foundation for a prosperous city, built on an inclusive economy.
 - c) To involve local people and communities in the future of their local area and public services – a city with local services for local people.
- Giving hope, changing lives (the Social Inclusion green paper).

3.2 This Policy continues to be a key Council priority as a major contributor to creating a stronger local economy through better jobs and improved skills. It builds on the achievements to date and recognises that a living wage generates value locally, prosperity shared and harnesses the distinct and different strengths of our communities. Employment is the route to independence and out of poverty.

4.0 IMPLEMENTATION

4.1 The City Council will therefore require, to the extent permitted by law, that any contractor, including subcontractors, who supplies an employee (other than an intern or apprentice) who provides a service or completes works, involving 2 or more hours of work in any given day in a week, for 8 or more consecutive weeks on:

- Council premises; and/or
- Property owned or occupied by the Council; and/or
- Land which the Council is responsible for maintaining or on which it is required to work

will pay employees the Real Living Wage in respect of their time working on a Council contract or grant funded service.

Where the 8 consecutive week threshold is achieved the payment of the Real Living Wage will be made in respect of all of those weeks and any additional weeks worked by such employees.

4.1.1 The following qualifications apply to the above:

- Grants for the purchase of capital assets are exempt from this policy
- Contracts and grants solely for the supply of goods are exempt from this policy.

- 4.2 Adherence to the Real Living Wage, in accordance with this policy, will be through the standard terms and conditions of Council contracts and Conditions of Grant Aid (COGA).
- 4.3 Any supplier/contractor not willing to apply the Real Living Wage will be deselected during the procurement process.
- 4.4 The Council will implement the annually revised Real Living Wage rate as set out by the Living Wage Foundation within 6 months of the date on which any increase in the UK Living Wage is officially announced, and will require all suppliers/contractors, sub-contractors and grant recipients to do the same as part of the terms of the contract/grant.
- 4.5 If the application of the Real Living Wage is not considered to be appropriate this will need to be justified by the Chief Officer who is commissioning the relevant works or services and be approved by the Cabinet Member for Value for Money and Efficiency. Reports that are not advocating the application of the Birmingham Living Wage will not be eligible for inclusion in the Council's Procurement Governance Arrangements irrespective of the value.
- 4.6 Where the application of the Real Living Wage is considered to be appropriate regardless of the location, this will need to be financially justified by the Chief Officer who is commissioning the relevant works or services and approved by the Cabinet Member for Value for Money and Efficiency. It will then be included in the appropriate report.
- 4.7 The care sector is a challenging area for the Real Living Wage. Following consultation a report was agreed at Cabinet 12 December 2017 which included details of how the Council will implement the Real Living Wage in the care sector. Further information can be found in the Commissioning Strategy for Adult Social Care – December 2017. <https://birmingham.cmis.uk.com/birmingham/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/10029/Committee/2/Default.aspx>

5.0 REPORTING ON THE REAL LIVING WAGE

5.1 Birmingham City Council will:

- a) Report and promote the suppliers/contractors & grant recipients who have adopted the Real Living Wage within their organisation and supply chain.
- b) Monitor contracts to check that suppliers continue to pay the Real Living Wage, especially after the annual uplift which takes place every November.