South East Wales Corporate Joint Committee

Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

REPORT SUMMARY

ITEM 7: Real Living Wage: Approach & Accreditation

Purpose

This report outlines the benefits of CCR becoming an accredited Real Living Wage Employer, and the accreditation process CCR would have to undertake. The report also outlines the benefits to Greater Manchester of becoming a Real Living Wage region and details steps CCR may take to scope the possibility of becoming a Real Living Wage region.

Summary

- To ensure alignment with the CCR Strategic Equality Plan, and reflecting our ambition in driving inclusivity as an organisation and region, this report outlines the positive steps the organisation can take towards becoming an accredited Real Living Wage Employer.
- The report outlines the steps required to achieving accreditation for the organisation, including the costs and the benefits that can be realised for both the organisation and employees, by becoming Real Living Wage Accredited
- As approved in CCR's Strategic Equality Plan, CCR will scope the possibility of becoming a real living wage region.
- Citing Greater Manchester as a case study, becoming a Real Living Wage Region is a long-term and on-going ambition for CCR as it necessitates extensive collaboration with key stakeholders across the region.
- Officers aim to have completed a scoping exercise and will publish a report on the feasibility and practical implications of becoming a Real Living Wage Region in 2025.

Recommendations

The Corporate Joint Committee is asked to:

(1) Consider this report and agree to proceeding with the accreditation process for CCR to become a Real Living Wage organisation.
(2) Support CCR's approved ambition of scoping the possibility of becoming a Real Living Wage Region, as per CCR's Strategic Equality Plan.

Contact Officer

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Report for:	ACTION
Contains Confidential or Exempt Information	NO

For Consideration By	Corporate Joint Committee
Report Title	Real Living Wage: Approach & Accreditation
Report of	Kellie Beirne, Chief Executive
Contact Details	Kellie.Beirne@cardiffcapitalregion.gov.uk
Date to be Considered	26 July 2024
Implementation Date	Immediate
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Recommendations

1. The Corporate Joint Committee is asked to:

   (1) Consider this report and agree to proceeding with the accreditation process for CCR to become a Real Living Wage organisation.

   (2) Support CCR's approved ambition of scoping the possibility of becoming a Real Living Wage Region, as per CCR's Strategic Equality Plan.

Report Summary

2. This report outlines the benefits of CCR becoming an accredited Real Living Wage Employer, and the accreditation process CCR would have to undertake.

3. This report also outlines the benefits to Greater Manchester of becoming a Real Living Wage region and details steps CCR may take to scope the possibility of becoming a Real Living Wage region.

Reasons for Report

4. In March 2023, following on from discussions with the Leader of Cardiff Council, Cardiff Capital Region (CCR) proceeded to take positive actions to progress (i) CCR becoming a Real Living Wage employer, and (ii) CCR scoping the possibility of becoming a Real Living Wage Region. Cardiff

Council engaged with CCR, given their leading role and experience in the Cardiff Living Wage Action Group.

5. CCR's transition to the South East Wales Corporate Joint Committee (SEWCJC), and its establishment as a standalone public body, has enabled it to undertake these steps. To ensure alignment with the CCR Strategic Equality Plan, and reflecting our ambition in driving inclusivity as an organisation and region, this report outlines the positive steps CCR may take towards becoming an accredited Real Living Wage employer.

Proposal for CCR as a Living Wage Employer

6. Employers who pay the Living Wage can seek accreditation from the Living Wage Foundation. This scheme legally binds the employer to continue paying the Real Living Wage (RLW) to all their employees, as well as any third-party staff.

7. For an employer to be accredited, they will need to do the following:
   i. Pay the Real Living Wage (at the time of writing, £12 per hour) to all directly employed staff over the age of 18;
   ii. Have a plan to extend the Living Wage to all regular sub-contracted staff as well. The employer will need to identify all third-party staff who work regularly on the premises, or other sites where the organisation carries out work;
   iii. Ensure that payment of the real Living Wage is included in all relevant procurement processes for contracted workers;
   iv. Complete and submit the application form.

8. Cynnal Cymru, as the accreditation body in Wales, will support organisations through the accreditation process. Once an application has been submitted, a confirmation of the company's accreditation will be emailed to them within 5-10 working days. An accreditation fee is then invoiced to the company annually.

9. Evidence from studies undertaken by the Living Wage Foundation and Cardiff Business School found that 94% of businesses who have been accredited by the RLW reported that they had benefited from implementing it.

10. Employers who have implemented the RLW have noted many benefits including:

- improved reputation of their business or organisation;
- increased levels of motivation among employees;
- increased retention rates for employees;
- increased ease in attracting staff.
- improved relations between management and staff.;

- implementing the RLW also helps employers to differentiate themselves in a positive way from others in their industries.

11. Benefits to implementing the Real Living Wage at CCR:

- aligning internal operations with our external messaging and the mission of CCR toward pursuing economic wellbeing and a fairer economy, in line with CCR's Strategic Equality Plan;

- conforming with our responsibilities under the Wellbeing of Future Generations Act and our Economic Wellbeing Duty to ensure we are pursuing sustainable development and inclusive growth;

- CCR would stand as a good example for businesses across the region. Where employers are seeking out and campaigning to become Real Living Wage Accredited, they tend to be found in a context within a Living Wage City or a supportive local council. CCR could take this opportunity to showcase best practice across the region;

- adopting the Living Wage moves public bodies towards meeting our SDG obligations by helping to ensure decent work, reduce inequalities, and fight poverty.

Looking Ahead: Scoping CCR as a Real Living Wage Region – the Greater Manchester Case Study

12. In 2021, Greater Manchester set themselves a goal of becoming the first city-region to pay all employees within the area a real Living Wage.

13. A Living Wage City-Region action group was established to drive their goal to ensure that all employers in the city-region pay the living wage by the end of the decade, as recommended by the Independent Inequalities Commission. The action group works towards creating better jobs, using the Greater Manchester's Good Employment Charter that aims to raise employment standards across the city-region.

14. Greater Manchester now has over 690 accredited RLW employers, paying their staff £12 per hour. Their efforts have also been recognised at the Living Wage Champion Awards in 2022.

15. A Real Living Wage city region can benefit from the increase in employee wages. A study by The Living Wage Foundation and the Smith Institute estimated that if a quarter of Greater Manchester's low earners saw their pay raised to the RLW, the subsequent increase in wages, productivity and spending could deliver a £56m boost to their local economy. Although this study was undertaken with Greater Manchester as an example, the positive effects can be applied to other regions as well.

16. As approved in CCR's Strategic Equality Plan, CCR will scope the possibility of becoming a real living wage region. Becoming a Real Living Wage Region is a long-term and on-going ambition as it necessitates extensive collaboration with key stakeholders across the region.

17. We aim to have completed a scoping exercise and will publish a report on the feasibility and practical implications of becoming a Real Living Wage Region in 2025. CCR gaining its own RLW accreditation is the first step on this journey.

18. This will ensure CCR can take the steps needed to develop the concept of a Living Wage region as a charter, aiming to steer the behaviours of economic actors to a mutually reinforcing model of fair work.

Financial Impact on Budget

19. Accreditation with the Real Living Wage Foundation requires an annual fee, dependent on the size of the organisation. CCR would be required to pay an annual fee of £264 to receive and uphold their accreditation.

20. All contracted workers must be paid the Real Living Wage.

21. As the Real Living Wage increases in line with the cost of living, there is an expectation that CCR will meet the new threshold and pay the annual fee to continue to uphold their accreditation.

Comments of the Director of Resources and Section 151 Officer

22. As set out in the Staffing Implications section of this report, the pay of CJC employees is determined by the Nation Joint Council (NJC) for Local Government Services. The 2023/24 pay scales (the latest approved) shows that all grades above Grade 2/3 Spinal Point 3 are set above the Real Living Wage (RWL). All existing CJC employees are paid above this minimum threshold level (£22,737), so in effect the CJC is already compliant with the RWL.

23. The cost of the Real Living Wage Foundation annual fee can be met within existing CJC approved resources. Subject to the approval of this report and successful accreditation to the Foundation, a dedicated budget line can be included within the CJC's overall budget, to ensure that the base sum and any annual inflationary increases are captured as part of the annual budget setting process.

Comments of the Monitoring Officer

23. In order to become an accredited Living Wage Employer, CCR will need to pay all of its directly employed staff a Living Wage, and have a plan in place to extend that to regular sub-contracted staff as well. The current Living Wage rate is set at £12.00 per hour.

Equality, Diversity, and Inclusion

26. The Equality Act 2010 (Public Authorities subject to the Public Sector Equality Duty) (Wales) Order 2021 amended Part 2 of Schedule 19 to the Equality Act 2010 to provide that Corporate Joint Committees are subject to the Public Sector Equality duty set out in Section 149 of the Equality Act 2010.

27. The Equality Act 2010 (Authorities subject to a duty regarding Socio-economic Inequalities) (No. 2) (Wales) Regulations 2021 amended section 1 of the Equality Act 2010 in order to add Corporate Joint Committees to the list of relevant authorities subject to the Socio Economic Duty.

28. The Committee must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Act; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not.

29. The characteristics protected under the Act are:
- age;
- disability;
- gender reassignment;
- marriage and civil partnership;
- pregnancy and maternity;
- race;
- religion or belief;
- sex; and
- sexual orientation.

30. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

31. The socio-economic duty requires public bodies to, when making decisions of a strategic nature about how to exercise its functions, have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage. Officers are of the view that the decisions recommended in this report will have a positive equalities impact.

32. CCR is outwardly committed to advancing the economic development of the Region, through its investments and projects across key portfolio areas and its additional regional planning powers. As part of the recently published Strategic Equality Plan, CCR committed to seeking out investments and interventions that look to support fair work with better wages and conditions. As part of that commitment, it is key that CCR itself, as a newly established Public Body, looks to improve their organisational commitment to existing and future employees by gaining their accreditation.

33. In line with our Strategic Equality Plan annual reporting requirements, and the disclosure of Gender Pay information, CCR will include an annual review of the wider impacts of obtaining the RLW accreditation to ensure it is having the desired effect.

Well-being of Future Generations

34. The Corporate Joint Committees (Amendment of the Well-being of Future Generations (Wales) Act 2015) Regulations 2021 bring CJCs within the scope of Parts 2 and 3 of the Well-being of Future Generations (Wales) Act 2015.

35. The Well-being of Future Generations (Wales) Act 2015 places a duty on public bodies to carry out sustainable development, meaning the process of improving the social, economic, environmental and cultural well-being of Wales by taking action aimed at achieving the well-being goals of:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

and by acting in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

36. In order to act in accordance with the sustainable development principle, when exercising its functions, the Committee must take account of the following things:
- the importance of balancing short term needs with the need to safeguard the ability to meet long term needs;
- the need to take an integrated approach to achieving the well-being goals;
- the importance of involving others with an interest in achieving the well-being goals and of ensuring those persons reflect the diversity of the population of the region;
- how acting in collaboration with others could assist to meet the region's well-being objectives;
- how deploying resources to prevent problems occurring or getting worse may contribute to meeting the region's well-being objectives.

37. In developing the Recommendations of this report, regard has been had to the well-being duty arising under the Well-Being of Future Generations (Wales) Act 2015 ('the Act').

Welsh Language Implications

38. The Welsh Language Standards (No.1) Regulations 2015 (Amendment) Regulations 2021 bring Corporate Joint Committees within the scope of the standards specified by the No.1 Regulations.

39. In accordance with the Welsh Language Standards (No.1) Regulations 2015, consideration has been given to the impact the recommendations made in this report may have on opportunities for people to use and promote the Welsh Language, whether the proposals treat the Welsh Language more or less favourably than the English Language, and opportunities for increasing the positive effects, or decreasing the negative effects, of the proposals on the Welsh Language.

40. No negative impacts were identified which would prevent approval being sought to implement the recommendations of this report.

Risk Management

41. The operational risks associated with attaining the RLW accreditation are minimal, as the process of applying, receiving and maintaining this accreditation are clear.

42. It is advised there may be unintentional reputational risks associated with CCR if the Committee do not endorse and support the organisation in gaining the accreditation, as CCR outwardly supports and seeks to directly invest into those who do pay the Real Living Wage and are working towards gaining their accreditation.

43. As a newly recognised public body, this presents a fitting time for CCR to gain their RLW accreditation.

Links to CCR Priorities

44. This report relates to the following outcome(s) set out in CCR's Regional Economic and Industrial Plan for 2023- 2028:
    - COMPETITIVE - Enable businesses within our priority sectors and public services to achieve higher levels of productivity through innovation-led growth.
    - CONNECTED - Invest in cutting-edge digital and physical infrastructure and grow the green economy through investing in and promoting companies, technologies and community initiatives that are embracing the de-carbonisation agenda.
    - RESILIENT - Maximise 'good growth' by ensuring prosperity is shared and spread across the Region and take direct steps to reduce the economic and social disparities between our places.

45. This report builds on CCR's Strategic Equality Objectives within its Strategic Equality Plan and approved ambitions to become a Real Living Wage accredited employer and to scope the possibility of becoming a Real Living Wage Region. In addition, as a CJC, this aligns with CCR's statutory power relating to Economic Wellbeing.

Value for Money

46. It will cost CCR £264 annually to initially receive and continue to uphold their accreditation. This fee is relatively small, given the wider benefits and alignment to CCR's outward strategic ambitions this demonstrates.

Staffing/Workforce Implications

47. At the time of writing, it is understood that all CCR employees are paid above the Real Living Wage. Attaining the accreditation underwrites CCR's commitment to ensuring they remain a RLW employer.

48. As highlighted in the Key Implications section of this report, gaining the accreditation has multiple benefits for staff and the wider workforce which includes improved reputation of the business, increased ease in attracting staff and helping employers differentiate themselves.

Timetable for Implementation

49. Upon the CJC approving the recommendations of this report, the RLW accreditation will be relatively straight forward to attain. CCR have had initial conversations with Cynnal Cymru, who will be able to support CCR through the application process, which will take a couple of months.

Kellie Beirne, Chief Executive
22 July 2024