



AGENDA ITEM

(3.3.1)

PEOPLE & CULTURE COMMITTEE

LIVING WAGE EMPLOYER ACCREDITATION

Date of meeting	13/10/2021
FOI Status	Choose an item.
If closed please indicate reason	Choose an item.
Prepared by	Karen Wright, Assistant Director of Policy, Compliance and Governance
Presented by	Karen Wright, Assistant Director of Policy, Compliance and Governance
Approving Executive Sponsor	Executive Director for People
Report purpose	FOR NOTING

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

Committee/Group/Individuals	Date	Outcome
(Insert Name)	(DD/MM/YYYY)	Choose an item.

ACRONYMS

NI	National Insurance
UHB	University Health Board
UK	United Kingdom
VAT	Value Added Tax
CTM	Cwm Taf Morgannwg

1. SITUATION/BACKGROUND

- 1.1 The real Living Wage is based on the basic cost of living and is voluntarily paid by over 7,000 UK employers, who believe a hard day's work deserves a fair day's pay. NHS Wales's employers pays the living wage to all employees, paid on Band 1 and 2 of the Agenda

for Change pay bands. These bands were uplifted by the Welsh Government, to the rate of £9.50 per hours, with effect from the 1 April 2021, to maintain payment of the living wage to NHS employees.

1.2 Full time employee receiving the living wage earn about £1,150 a year more than those on the government's National Minimum Wage.

1.3 The National Minimum Wage is the minimum pay per hour most workers in the UK are legally entitled to receive. Unlike the Living Wage, it is not calculated according to the basic cost of living in the UK. The Minimum Wage rate varies depending on the worker's age and whether they are an apprentice. Most workers who are 23 years or older must be paid the highest hourly rate of £8.91 per hour.

1.4 From 1 April 2021, the National Minimum Wage hourly rates are:

23 and over	21 to 22	18 to 20	Under 18	Apprentice
£8.91	£8.36	£6.56	£4.62	£4.30

1.5 Who are the Living Wage Foundation and what do they do?

The Living Wage Foundation is a UK campaigning Organisation, which aims to persuade employers to pay a living wage to workers. The Organisation was established in 2011, publishes an annual Living Wage figure and accredits employers who pay the wage, following an application and assessment process.

1.6 The cost of Cwm Taf Morgannwg University Health Board (CTM) becoming an accredited Living Wage Employer is currently £480.00 plus VAT.

1.7 Only one NHS Wales Organisation, Cardiff and Vale UHB, is an accredited Living Wage Employer. Cwm Taf Morgannwg University Health Board has the ambition of being an accredited Living Wage Employer, during the current financial year.

1.8 The Health Board already promotes, via our job advertisements and our job description and person specification documents that we pay our employees the Living Wage, to attract applicants to apply for our Band 2 roles (noting Band 1 is now closed to new entrants).

1.9 What is the living Wage Accreditation Process?

The accreditation is a signed legal licence between the Living Wage Foundation and the employer. To receive a licence and become an accredited employer, there is a formal application process, which the Health Board would have to complete, to assure the Foundation that we satisfy the necessary requirements.

- 1.10 Obtaining and retaining accreditation is not only based on paying our directly employed employees the Living Wage but also requires the Health Board to ensure that our third party contracted staff (e.g. security, cleaning and catering that provide services, not products) the Living Wage.
- 1.11 The Foundation acknowledges that some contractors may refuse to work with an organisation, on implementing the Living Wage for their employees. Therefore, they will still consider accrediting an organisation that currently engages with contractors that do not pay their staff the Living Wage. In this situation, the Foundation will seek evidence that the employer has agreed and robust phased plans in place with the contractors, to implement the Living Wage rate over a period of time.
- 1.12 The employer must also commit, were a contractor refuses to work with them on implementing the living wage, they will continue to use their services, but only until the end of the contract. At the end of the contract, when the service is re-tendered, it would have to specify that the contractor must be a Living Wage Employer.
- 1.13 Where the Foundation agrees that an organisation can have accreditation, based on a phased implementation approach (i.e. the living wage is rolled out across third party contracts over time or when the contracts come up for renewal), the accreditation agreement, will clearly set out the procurement milestones. The Foundation checks in regularly with these organisations, to ensure the milestones are on track / being achieved.
- 1.14 The statutory apprentice wages are lower than the National Minimum Wage, as the employer is required to contribute to the cost of training and in recognition, in the early stages they tend to spend more time training than working. For this reason, the Foundation do not require apprentices to be paid the Living Wage. However, they encourage accredited employers to extend the full Living Wage to apprentices.
- 1.15 The Health Board will commence hiring employees via the government's Kick Start Scheme in November / December 2021. This scheme will provide the Health Board with funding to create job placements for 16-24 year olds on Universal Credit. This funding



includes 100% of the National Minimum Wage (depending on the employee's age) per employee, for 25 hours per week, for a total of six months, along with the associated employer NI and minimum automatic pension enrolment contribution costs.

1.16 Accredited Living Wage Employers are expected to top up the salaries of Kick Start Scheme employees, aged 18 years or over. This is because Kick Start Scheme placements, unlike apprenticeships, do not require the inclusion of formal training or study and are therefore, classed as regular jobs, eligible for Living Wage payment.

1.17 How long does it take to be accredited by the Foundation?

The timescales vary according to the size of the organisation and the number and types of contracts they have with third party contractors providing services to them.

1.18 CTM is a large and complex organisation, which has a significant number of service contracts, with third party service providers. To progress our application, we are required to determine and evidence, which service contracts are relevant, which contractors wish to engage in paying the Living Wage and when they are due for renewal.

1.19 From the experience of Cardiff and Vale UHB, it can take Workforce and Procurement colleagues up to six months, to gather the information and begin the process of holding discussions with the service contractors, regarding their position in respect of implementing the Living Wage to their employees.

1.20 CTM Workforce and Procurement colleagues have commenced this work and are engaging with Cynnal Cymru, a charity used by Cardiff and Vale UHB, to assist them with the accreditation process. Cynnal Cymru continues to work with Cardiff and Vale UHB with the ongoing phased implementation of their action plans and meeting the agreed milestones, for service contractors.

1.21 Once CTM has all of the relevant information, it will complete and submit the formal accreditation application form to the Living Wage Foundation. CTM is working towards achieving Living Wage Employer accreditation, by 31 January 2022. The People and Culture Committee will be kept informed of the progress made.

1.22 When CTM becomes an accredited Living Wage Employer, it will receive confirmation, welcoming the organisation to the Foundation,



along with a copy of logo to use on our formal documents and other materials to celebrate our commitment.

- 1.23 The Living Wage Foundation does not carry out annual compliance audits of Living Wage Employers. Accreditation takes the form of a signed legal license agreement, which sets out the Health Board's commitment to paying the Living Wage, to our directly employed employees and those employed by third party service contractors. They may however ask to meet with the Health Board, at any time, to undertake a compliance check. The purpose of the check would be to ascertain whether the Health Board remained compliant with the legal license agreement, by asking for relevant evidence to be produced e.g. random anonymised pay slips or contracts of employment.
- 1.24 In accordance with the legal license agreement, should the Foundation have reason to believe that the Health Board is breaking the terms of their agreement, they would ask that the situation be rectified before taking action to remove accreditation.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 CTM has a duty to inform our existing and any new service providing contractors that we have decided to become a Living Wage employer as soon as possible and certainly, once we become accredited.
- 2.2 The definition of contracted workers is those who work two or more hours a week, for eight or more consecutive weeks per year, providing services to the Health Board. The Living Wage does not apply to contractors that supply the Health Board with products e.g. stationery or medical equipment suppliers.
- 2.3 It is recommended the Health Board communicates our Living Wage commitment to everyone that we do business with and encourages them to consider implementing the Living Wage.
- 2.4 Once the Health Board becomes an accredited Living Wage Employer, it will be required to build this statement and the associated requirements into the tender process when renewing or setting up new service contracts, with third party contractors.
- 2.5 CTM would be required to pay the living wage to all employees hired via the Kick Start Scheme, once accredited.
- 2.6 CTM would need to consider the recommendation to pay the living wage to apprentices, once accredited.



3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

3.1 By becoming an accredited Living Wage Employer, CTM would:

- be only the second NHS organisation in Wales to do so;
- have to carefully monitor Living Wage compliance across the organisation and also with our third party service contractors, via the procurement process;
- have to comply fully with the payment of the Living Wage to directly employed employees and contractor staff. Failing to do so could result in reputational damage;
- have to find the additional funds to top up the salaries for employees hired via the Kick Start Scheme; and
- Potentially have to find the additional funds to top up the salaries for apprentices, should the organisation adopt the Living Wage Foundation recommendation.

4. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Staff and Resources If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below) If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below. If no, please provide reasons why an EIA was not considered to be required in the box below. Becoming an accredited, Living Wage Employer will ensure that all Health Board employees, worker and contractors are paid the living wage, regardless of any protected characteristics.
Legal implications / impact	There are no specific legal implications related to the activity outlined in this report.



<p>Resource (Capital/Revenue £/Workforce) implications / Impact</p>	<p>Yes (Include further detail below)</p>
	<p>Should the Health Board become an accredited Living Wage Employer it would be required to pay the Living Wage rate to Kick Start employees and ensure that any engaged contractor staff are paid at this rate. The associated increased salary and on costs / contract costs would be passed on to the Health Board to fund.</p> <p>The Health Board may decide to pay the Living Wage to apprentices, which would require the associated salary and on costs being picked up by the organisation.</p> <p>There is an annual fee, which is currently £480.00 per annum plus VAT, to be an accredited Living Wage Employer, via the Living Wage Foundation Scheme.</p>
<p>Link to Strategic Well-being Objectives</p>	<p>Work with communities and partners to reduce inequality, promote well-being and prevent ill-health</p>

5. RECOMMENDATION

- 5.1 The People and Culture Committee is asked to
- 5.2 **NOTE** the Health Boards ambition and commitment to becoming an accredited Living Wage Employer.
- 5.3 **NOTE** the progress being made to become an accredited Living Wage Employer.
- 5.4 **NOTE**, CTM is working towards achieving Living Wage Employer accreditation, by 31 January 2022.