

Subject:	Findings and Recommendations of the Brighton & Hove Living Wage Commission		
Date of Meeting:	10 May 2012		
Report of:	Strategic Director – Resources		
Lead Cabinet Member:	Leader of the Council, Cabinet Member for Finance & Central Services		
Contact Officer:	Name:	Emma McDermott	Tel: 29-6805
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Key Decision:	No	Forward Plan No:	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 Following its approval as a key commitment to tackling inequality in the council's new corporate plan in October 2011 the Leader of the Council instigated an independent Living Wage Commission to examine the benefits, risks and opportunities for establishing a living wage for the city of Brighton & Hove.
- 1.2 The Commission concluded its work in March 2012 and published a report, the findings and recommendations of which are presented to Cabinet in this report.

2. RECOMMENDATIONS:

- 2.1 That Cabinet notes the findings of the Living Wage Commission and support their recommendations, as listed in paragraph 3.7
- 2.2 In support of recommendation four (4) of the living wage report Brighton & Hove City Council, within its procurement process and on a case by case basis, trials requesting contractors to submit a living wage and a non living wage bid. In addition, with partners, the council will share learning from this work and help develop approaches to include the Living Wage in the procurement work of other public bodies in the city.
- 2.3 That Cabinet approves recommendation five (5) of the Living Wage Commission report and instructs officers to explore the possibility of gaining Living Wage accreditation.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 A living wage is a minimum hourly wage that takes into account certain basic costs of living. It is a voluntary commitment by employers, separate from the statutory National Minimum Wage.

- 3.2 In October 2011, instigated by Brighton & Hove City Council, an independent Living Wage Commission was set up to examine the benefits, risks and opportunities for establishing a living wage for the city of Brighton & Hove, and to report on:
- A city position on adopting a living wage.
 - A living wage (hourly rate) for the city of Brighton & Hove.
 - How employers could be supported to implement a living wage for directly employed staff and to review their procurement, contract and best value policies to ensure that as far as possible, within the law, the living wage is paid to all contracted staff.
 - Identifying any specific issues and requirements for different employment sectors within the city.
 - To ensure that pursuing a living wage helps tackle inequality while protecting and promoting the competitiveness and effectiveness of businesses and organisations.
- 3.3 The Commission's role was to act in an advisory capacity to Brighton & Hove City Council's Cabinet, Brighton & Hove Strategic Partnership (BHSP) and the Public Service Board (PSB). The City Council acted as the accountable body for the Commission. The Commission had no formal decision making or budgetary powers.
- 3.4 The Commission was chaired by Julia Chanteray, President of the Brighton & Hove Chamber of Commerce. Membership of the Commission included representatives from the public, private and community & voluntary sector, as follows:
- City Council: Leader, Cabinet Member for Finance & Central Services, Labour & Co-op Group representative, Conservative Group representative
 - City Council Chief Executive
 - Business representatives: Chamber of Commerce, Economic Partnership
 - Tourism sector representative (Chair of Hotel Association)
 - CVSF representatives and CEO CVSF
 - Trade Unions representatives (Unison, GMB, Unite)
 - NHS Brighton & Hove
 - Sussex Police
 - University of Brighton
 - The Living Wage Foundation
- 3.5 The Director of the Living Wage Foundation acted in an advisory capacity to the Commission and facilitated access to Donald Hirsch (Head of Income Studies, Centre for Research in Social Policy, Loughborough University), the independent consultant who calculates the national living wage figure and has worked with the GLA on the London Living Wage figure.

3.6 The key findings of the Living Wage Commission were that:

- In line with recommendations from the Living Wage Foundation and the independent findings of the Commission's work the city adopts the national living wage figure of £7.20 as the living wage for Brighton & Hove.
- Public sector organisations in the city are already in a relatively good position to meet this rate.
- The private sector position is not as favourable as a whole, but there is significant variation in wage distribution between different parts of the sector.
- There is good support for a living wage among the business community, but with a need for practical help and advice to turn business support into higher wages.
- There are specific issues and concerns about the Living Wage in businesses that are key to the city's employment and economy, including retail, hospitality and wider tourism sectors, that require further work.
- The Third Sector, in general, pays the living wage with the exception of organisations that are competing for contracts directly with the private sector, i.e. transport, carers.
- Public sector procurement presents a challenge but there are opportunities to address this in a phased way.
- Making a living wage a reality needs to be directly linked to other activity to stimulate the local economy.
- That the figure of £7.20 although challenging for many employers should be seen as a minimum living wage level, and that this level of pay is a first step towards a potentially higher figure that fully reflects the costs of living in Brighton & Hove.

3.7 The final recommendations of the Commission were:

1. Adopt the national living wage figure of £7.20 as a minimum living wage for Brighton & Hove.
2. A campaign be developed to raise awareness and promote the benefits of a living wage for businesses, including providing practical business support, developing a local 'kitemark' scheme and linking in with the national living wage campaign and the accreditation scheme. The campaign to include support and further work with retail, hospitality and wider tourism sectors.
3. The City's overarching cross sector working forums, the Brighton & Hove Strategic Partnership and the Public Service Board to formally endorse £7.20 as a living wage for the city, to take responsibility for overseeing the campaign and for the long-term promotion and development of a living wage for the city. This work to include revising the success of the campaign over a two year period and agreeing further changes to the living wage level as appropriate.

4. Brighton & Hove City Council, within its procurement process, to trial requesting contractors to submit a living wage and a non living wage bid as mandatory. With partners the council will share learning and help develop approaches to include the Living Wage in the procurement work of other public bodies in the city.
 5. Brighton & Hove City Council to lead by example in the public sector and, as part of this, explore the possibility of gaining formal accreditation as a Living Wage employer from the Living Wage Foundation.
 6. Community & Voluntary Sector Forum to lead by example in the third sector and, as part of this, explore the possibility of gaining formal accreditation as a Living Wage Employer from the Living Wage Foundation.
 7. Embed the principle and promotion of the living wage in all new city strategic plans, strategies and programmes, in particular the city's new economic development strategy.
- 3.8 Further resources relating to the Commission, including minutes of the meetings and copies of presentations given in evidence, are available on the council's website, <http://www.brighton-hove.gov.uk/index.cfm?request=b1162204>

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 The Commission was established as a consultative and advisory body and included representatives from key sectors and employers in the city (see para. 3.4). Experts and professionals with knowledge and experience of issues relating to the Living Wage were invited to speak to the Commission as part of the evidence gathering process.
- 4.2 As part of the Commission's work consultation exercises were also held with the wider business community and with larger community and voluntary sector employers in the city.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 In setting the 2012/13 budget the Council made a risk provision for pay related matters including providing funding for the Living Wage. The recommendations of this report on procurement and accreditation require a trail and options to be considered which do not have material financial implications; a further report will be brought back with fully costed options.

Finance Officer Consulted: Anne Silley

Date: 23/04/12

Legal Implications:

- 5.2 With reference to recommendation 4 in paragraph 3.7, there is a degree of uncertainty about the extent to which European law permits the inclusion of living wage requirements in a procurement exercise, where that exercise is subject to the EU Procurement Rules. The purpose of the Procurement rules is to co-

ordinate procedures for the award of public contracts, so as to eliminate barriers to the freedom to provide services. The imposition of a blanket requirement for all contractors to submit both a 'living wage bid', and a 'non living wage bid' runs the risk of being subject to a legal challenge on the basis that for some services, this will act as a barrier to potential suppliers. This risk can be minimised if the decision to apply a living wage requirement is approached on a case by case basis, and this explains why – at para 2.2. of this report – Cabinet is asked to approve an amended version of recommendation 4.

In addition, if a living wage requirement is to form part of the technical specification for a contract, or the award criteria to be applied, case law has established that the requirement must be linked to the subject matter of the contract. Again, this means that the legal risk of a challenge is minimised where the matter is considered on a case by case basis.

Lawyer Consulted: Oliver Dixon

Date: 23 April 2012

Equalities Implications:

5.3 The Commission's findings were based on evidence of the challenges faced by individuals and families living on low wages or excluded from the labour market within the city due to high living costs, and the proven effectiveness of the Living Wage to help more people achieve a decent standard of living.

Sustainability Implications:

5.4 The council has adopted a One Planet approach to sustainability and is working towards formal endorsement as a 'One Planet Region'. This involves making commitments and setting out how it will meet targets under ten principles of sustainability. One of these is Equity and Local Economy, under which the council should set out how "the council and its key partners will be Living Wage employers, appropriate to that region, and aspire to create a working environment that supports equity and inclusiveness."

Crime & Disorder Implications:

5.5 The Commission did not consider any specific crime and disorder implications relating to the Living Wage.

Risk and Opportunity Management Implications:

5.6 The Commission's report weighs up the risks and opportunities of the Living Wage for businesses and for individuals. On balance it is viewed that potential risk is outweighed by the benefit, for both parties, and that the risk to business is minimised by virtue that the Living Wage is an entirely optional code of practice. However, in order to try and maximise take up of the campaign, advice will be offered to businesses to help manage additional costs incurred by increasing pay.

Public Health Implications:

- 5.7 The principle aim of the Living Wage is to reduce poverty and increase the minimum standard of living for individuals and for families, thereby improving their basic health and wellbeing. Evidence shows that work improves mental health, and a Living Wage can be linked to improved job satisfaction and productivity. The Living Wage is intended to encourage people to move into employment where low pay would otherwise be prohibitive to moving from benefits into work.

Corporate / Citywide Implications:

- 5.8 The Commission considers that by adopting a Living Wage for Brighton & Hove there is a potential benefit both for business and residents, along with a reputational advantage for the city and its economy as a whole. The council will be responsible for implementing Recommendations four and five of the Commission's report, as per paragraph 3.7. The Brighton & Hove Public Service Board and the Brighton & Hove Strategic Partnership will oversee progress of the local Living Wage campaign on behalf of the city.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The Commission considered the implications of introducing varying (higher and lower) Living Wage rates, based on analysis of pay sectors and the degree of risk to business and also potential benefit to individuals. The Commission concluded that the current national Living wage rate of £7.20 per hour was the most suitable starting point in terms of establishing a successful citywide Living Wage campaign in the current economic climate.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The recommendations are the independent findings of the Brighton & Hove Living Wage Commission. Cabinet is asked to endorse the Commission's recommendations and approve specific recommendations for the council relating to procurement processes and Living Wage accreditation.

SUPPORTING DOCUMENTATION

Appendices:

1. Brighton & Hove Living Wage Commission, Final Report, March 2012

Documents in Members' Rooms

None

Background Documents

None

