

## **Outsourced Services Scrutiny Panel (OSSP)**

### **Explanatory on the living wage**

#### **Issue**

At the OSSP meeting on 6 July 2105, it was agreed that the Chair would report to the Panel on Council policy and practice regarding paying a living wage to its employees and its contractors' employees.

#### **Background**

The living wage is the amount an individual needs to earn to cover the basic costs of living. Costs vary around the country and different living wage rates are set for London, and the rest of the UK.

The current UK living wage is set at £7.85 an hour. In London the rate is £9.15 an hour.

The Living Wage Foundation promotes the idea of a living wage. It has received widespread political support, but endorsement by employers has been more limited.

#### **Watford Borough Council Policy**

It is not Watford Borough Council policy to promote a living wage. However, in practice all Council employees are on a pay scale which starts above the living wage. This fact was confirmed by the Mayor at Council in March 2013 in a response to a question from Councillor Brandon.

In regard to the Council's contracts with service providers, again there is no policy in place to promote a living wage. However the contract drawn up with Veolia in 2013 does include an obligation on the company to award all employees the living wage. Veolia is required to ensure that wages keep pace with rises advised by the Living Wage Foundation.

#### **2015 Budget**

At the additional summer budget to Parliament on 8 July 2015, the Chancellor George Osborne announced that the government would introduce a compulsory living wage from April 2016.

The living wage will be paid to workers aged 25 and above. Initially it will be set at £7.20 an hour, with a target of it reaching more than £9 an hour by 2020. The wage will apply to part-time and full-time workers.

The minimum wage (currently £6.50 for those aged 21 and over, rising to £6.70 in October) will remain in place and the compulsory living wage will be a top up for workers aged 25 and over.

## **Local authorities**

Unison carried out a survey of all 375 authorities in England and Wales at the end of 2013. This found that 27.5% – a total of 103 – councils had adopted the living wage.

The largest concentration of authorities adopting this policy was in London, where some 61% had adopted the living wage. In the East of England, the figure was 17% and included Cambridge City Council, Harlow Council, Ipswich Borough Council, Norwich City Council.

## **References**

The following references provide more detailed information:

<http://www.livingwage.org.uk/what-living-wage>

<http://www.bbc.co.uk/news/business-33463231>

<http://www.lgcplus.com/news/third-of-authorities-adopt-living-wage/5067052.article>