

Report of the Oxford Living Wage Review Group for Scrutiny Committee - Tuesday 6 March 2018

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Promoting the Oxford Living Wage

Report of the Oxford Living Wage Review Group

Commissioned by Oxford City Council's Scrutiny Committee

March 2018

Foreword by the Chair of the Oxford Living Wage Review Group

The current idea of a 'living wage' originated in 2001 in east London – it was the product not of any edict or even political resolution but of discussions in civil society, among low paid workers, faith groups and social justice campaigners. Subsequently this idea was also carried forward by trade unions, political parties, student campaigners and businesses themselves. Today some 3000 organisations are proudly signed up to pay staff and contractors either the National 'Real' Living Wage or London Living wage. This campaign has created such a strong profile that in 2016 the then chancellor, George Osborne, somewhat controversially used the concept to promote a staged increases in the National Minimum Wage for those 25+ also branding it as the 'national living wage'.

Some 10 years ago Oxford City Council adopted the Oxford Living Wage. This came to be set at 95% of the London Living Wage. In 2017 our scrutiny committee decided to review our work in this area and we set out to engage with key partners - those groups in civil society who have done so much to promote the idea, local businesses and of course we reviewed our own record in implementation.

An important area of debate was the relationship between the Real National Living Wage (£8.75hr) and the Oxford Living Wage (£9.69hr). We acknowledged that the path to achieving the Oxford Living Wage might lie through using the national rate as a stepping-stone. We would also welcome higher pay rates should they be achieved.

This review in itself has been very positive. It has stimulated considerable debate and strengthened links among those in our city campaigning for a living wage. This highlights an important leadership and facilitation function for us. Can we use our significant influence to work with partners to drive this work forward, perhaps with a regular annual event for stakeholders? Can we embed promotion of the Oxford Living Wage into our contacts with local businesses? And how do we monitor progress? And, of course, we need to help organisations celebrate and publicise their commitment to the living wage.

Finally many thanks are due to members of the scrutiny review committee, the Living Wage Foundation, low paid workers themselves and all those witnesses who gave their time so freely and spoke with such knowledge and passion. Of course thanks to our council officers gave evidence and organised the sessions and compiled this report.

Councillor Mark Ladbrooke
Chair of the Oxford Living Wage Review Group

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Introduction

1. The role of Oxford City Council's Scrutiny Committee is similar to the role of select committees at the UK parliament. Scrutiny is led by councillors who are not on the City Executive Board (the main council decision making body) and is empowered to question council decision makers and make recommendations to them. Scrutiny can also investigate any issue that affects the local area or its inhabitants, whether or not it is the direct responsibility of the Council.
2. The Scrutiny Committee established the Oxford Living Wage Review Group in autumn 2017. Members were concerned that significant parts of the local economy continue to pay low wages that do not reflect the particularly high costs of living in Oxford. The Committee tasked the Review Group with examining how the Council could promote the implementation of the Oxford Living Wage (OLW) across Oxford, before reporting back with findings and recommendations. The Review Group has cross-party membership comprising of the following city councillors:
 - Councillor Mark Ladbrooke (Chair)
 - Councillor Angie Goff
 - Councillor Dan Iley-Williamson
 - Councillor Ben Lloyd-Shogbesan
 - Councillor David Thomas
3. During the course of this scrutiny review a separate living wage campaign was underway in the city involving some city councillors. Related issues such as pay inequality and the gender pay gap also featured prominently in the national news.

Background

4. Oxford is a dynamic and successful city with relatively low long term unemployment. However, the cost of living is higher than almost anywhere else in the UK, and the minimum wage is not considered to be enough for an individual or family to avoid living in poverty with all the ill effects that has.
5. This review followed ten years after Oxford City Council passed a living wage motion in 2007. The motion stated that *“to promote the economic and social well-being of people living and working in Oxford, [the Council] believes that everyone working in the City should be paid a living wage”*. The following resolutions were agreed by Council:
 - a) *That Oxford City Council should commit to achieving Living Wage Employer status by April 2009, paying at least £7 per hour to all staff (permanent and temporary, including sub-contracted employers);*
 - b) *That the City Council should work with living wage campaigners, low paid workers, trade unions and employers to make Oxford a ‘Living Wage City’ in which every worker earns a living wage;*
 - c) *That the Chief Executive should designate an officer to prepare a report to the Executive Board setting out the financial commitment needed to achieve Living Wage Employer status, to consult with the Council’s employees, and to work with other employers to get them to commit to becoming Living Wage Employers. This report should explore all possible funding options, including redistribution of current salary levels within the Council structure”*.
6. The Council subsequently adopted a policy in September 2009 of paying at least the rate of the ‘Oxford Living Wage’ to all directly employed Council employees, contracted and sub-contracted staff. The rate of the Oxford Living Wage was set at 95% of the ‘London Living Wage’ in recognition of the high cost of housing in Oxford, which has regularly been cited as one of the least affordable cities in which to buy or rent a home in the UK. This report provides a commentary on the progress made following this motion as well as recommending further actions.

Explanation of living wage rates

7. The different ‘living wages’ referred to in this report are explained below and the rates of these are set out in Table 1:

National Living Wage (NLW) – The compulsory legal minimum wage rate to be paid to all workers aged 25 and over announced by HM Government in July 2015. A National Living Wage of £7.20 per hour (increasing to £9 per hour by 2020), replaced the minimum wage of £6.50 per hour. Despite its name, the level of the National Living Wage is not based on an assessment of the cost of living.

Real Living Wage (RLW) – The voluntary rate promoted by the Living Wage Foundation in all areas of the UK outside of London. The Real Living Wage rate is based on an independent calculation of what employees and their families need to earn in order to meet the costs of living. Employers paying the Real Living Wage or the London Living Wage can become accredited living wage employers.

London Living Wage (LLW) – The voluntary rate promoted by the Living Wage Foundation in London, reflecting the higher costs of living in the capital and building on the established system of ‘London weighting’. The rate is based on a separate independent calculation of what employees and their families need to earn in order to meet the costs of living in London.

Oxford Living Wage (OLW) – The voluntary rate promoted by Oxford City Council to reflect the high costs of housing in Oxford, which are out of step with local wages. Following an assessment of the costs of living in Oxford compared to London the rate was pegged to 95% of the London Living Wage.

Table 1: Hourly ‘living wage’ rates in April 2017 and April 2018

	National Living Wage	Real Living Wage	Oxford Living Wage	London Living Wage
<i>Set by</i>	<i>HM Government</i>	<i>Living Wage Foundation</i>	<i>Oxford City Council</i>	<i>Living Wage Foundation</i>
Rate – Ages 25 and over	£7.50 rising to £7.83	£8.45 rising to £8.75	£9.26 rising to £9.69	£9.75 rising to £10.20
21 to 24	£7.05 rising to £7.38			
18 to 20	£5.60 rising to £5.90			
Under 18	£4.05 rising to £4.20			

Principal objective

- The Review Group’s first task was to agree what the focus and methodology of their review should be. An initial meeting took place on 1 August 2017 where the Review Group agreed a scoping document (attached as Appendix 1). This was endorsed by the Scrutiny Committee in September 2017. The scoping document articulated that the purpose of the review would be:

“To consider how the Council can promote the implementation of the Oxford Living Wage (OLW) across Oxford. Key lines of inquiry are:

- What more can the Council do internally to promote the OLW? Are there opportunities to strengthen encouragement to contractors, offer incentives to employers who pay the OLW, publicise the OLW in Your Oxford, etc.?*
- What more can the Council do to promote the OLW and make it unacceptable for employers in the city to not pay a living wage? Would a Kitemarking system be workable?”*

Methods of investigation

- The Review Group’s findings and recommendations have been informed by verbal and written evidence provided by a range of witnesses including low paid workers and their representatives, employers based in the city, faith groups, academics and other interested parties (see Appendix 2 for acknowledgements), as well as responses to the Review Group’s own survey and the Council’s budget consultation, a literature review (including previous reports to and by Scrutiny about the Oxford Living Wage) and desk research.

10. The case studies included in this report are based on verbal and written testimony provided to the Review Group by the individuals and employers concerned or their representatives.

Findings and recommendations

The national context

11. A recent study has shown that a record high of 60% of people living in poverty in the UK are in working households¹. Research conducted for the Living Wage Foundation estimated that in 2017, 21% of all jobs held by UK employees paid less than the Real Living Wage², which is based on the cost of living in the UK outside of London.
12. Women (26%) are more likely than men (16%) to earn less than the Real Living Wage. All age groups are affected by low pay but the figure is particularly high for 18 to 24 year olds, more than half of whom outside of London earn less than the Real Living Wage³. The job categories most affected by low pay are bar staff (86%), waiting staff (83%), launderers, dry cleaners and pressers (77%) and kitchen and catering assistants (75%). Other job categories that tend to earn below the Real Living Wage include cleaners, hairdressers, sales assistants, shelf fillers and school midday staff.
13. Clearly for many people working in the UK in a range of occupations, work doesn't pay enough to escape poverty, and there is a direct link between low pay and ill health. The number of hours a person can work is a significant factor and may be limited by personal circumstances such as caring responsibilities, or by employers, which is an issue of particular concern. The Review Group was alerted to an example of a large employer asking workers to sign contracts to work 20 hours per week while committing to not working elsewhere. It appears that many other workers cope with low pay by working multiple jobs or working through their holidays. As well as impacting the quality of life and health of people living in poverty, low pay also puts demands on the public finances through in work benefits. This is part of the broader issue of precarious contracts which compounds the problems of low pay.

Minimum Income Standard

14. The Centre for Research in Social Policy has developed a methodology known as the Minimum Income Standard (MIS) for defining what level of income is needed to reach a minimum socially acceptable standard of living in the UK. The MIS informs the calculation of the Real Living Wage and the London Living Wage (and indirectly the Oxford Living Wage - which is set at 95% of the London Living Wage). The MIS is based on case studies and precise analysis with members of the public of what items need to be included in a minimum household budget. The analysis is conducted every second year, with an inflation linked element added for the years in between.

¹ [Record 60% of Britons in poverty are in working families - study, The Guardian, 22 May 2017 \(accessed 14 February 2018\)](#)

² [Living Wage Research for KPMG 2017 Report, IHS Markit, 2017 \(accessed 14 February 2018\)](#)

³ [How many jobs are paid less than the living wage in your area? ONS, 12 October 2015 \(accessed 14 February 2018\)](#)

Take up of the Real Living Wage

15. The Living Wage Foundation operates an accreditation system for the Real Living Wage across the UK, supported by a public kite mark. The Review Group heard from the Foundation that 3,000 UK employers have now committed to paying the Real Living Wage. This number has more than trebled over the over three years. The rate of the Real Living Wage is intended to be a floor and applies to the whole of the UK outside of London. The Foundation works with businesses and provides various tools and resources including an interactive map of accredited employers, legal advice, digital packs and a franchise model for accreditation, which is used in Scotland, Wales, Hong Kong and Jersey. In gaining accreditation, employers are required to sign a legal license agreement form. The Foundation also had a whistle-blowing mechanism for people to raise concerns about accredited employers.
16. The Review Group heard that 85 local authorities, including Oxford City Council, are accredited living wage employers in the UK but no other local authority promotes its own living wage rate. The Foundation said that evidence suggests that promoting one rate (outside of London) is the best and most successful approach and the living wage kite mark benefits from its simplicity.

The local context

17. Oxford has a buoyant local economy, a highly skilled workforce and a very low rate of unemployment, with less than 1% of the working age population claiming Jobseeker's Allowance.
18. Despite its economic success Oxford faces significant challenges. It is frequently cited as the most unaffordable place to live in the UK due to the very high cost of housing, which is out of step with local wages. The Review Group heard from an academic that there is some evidence to suggest that high rental costs are causing people to leave the city, not least because these costs have increased while many benefits have decreased in real terms.
19. Overall poverty rates in Oxford are in line with the UK average but this picture is somewhat clouded by Oxford's very large student population. Public Health data shows that 20% of children in Oxford live in poverty⁴, which is higher than the average for England and rises to 25% when adjusted for housing costs⁵. Men in the most deprived areas of the city typically live nearly ten fewer years than those in the most affluent areas.

Case study 1: First-hand account of a low paid worker in Oxford

I work in a care home in Oxford earning £7.54 an hour but due to ill health I can only work 12 hours a week. This comes to less than my monthly rent. As my wife also works we don't receive benefits. We have to watch every penny and struggle to afford food and social activities. The conditions where I work are very bad and there is a culture of fear and bullying. Women in particular are afraid to join the union. The HR department are not supportive and leaders just believe what they are told.

⁴ [Oxford Health Profile 2016, Public Health England, 6 September 2016 \(accessed 15 February 2018\)](#)

⁵ [Poverty and deprivation, Oxford City Council \(accessed 15 February 2018\)](#)

20. All but one person responding to the Review Group's survey strongly agreed that low pay is a significant issue affecting the city or its people. A representative of an advice agency based in the city advised the Review Group that 10% of their clients seek help with employment issues such as non-payment of wages, not being paid holiday leave, care workers not being paid for breaks or travel, and having to work unpaid overtime. They have particular concerns about pay and terms and conditions in sectors such as hospitality, cleaning, education and retail.

Case study 2: A low paid worker for whom a living wage would make a real difference

This person cared for his mother until her death and now cares for his brother, to whom he pays rent as he can't afford to pay rent elsewhere. He needs a car to travel to work but can only afford second hand vehicles which tend to be unreliable. He hasn't had a holiday for 30 years and his only treat is an Oxford United season ticket. He has considered pay day loans but has resisted so far. He currently earns £8 per hour and would like to work longer shifts but his employer can't offer that. An increase of 50p per hour would make a tremendous difference.

Local take up of the Real Living Wage and Oxford Living Wage

21. 11.1% of jobs in the city are estimated to pay below the Real Living Wage⁶, which is amongst the lowest rates of low paying jobs anywhere in the UK. This is likely to reflect the profile of employment in a city with high concentrations of jobs in universities and the public sector and several world-leading research institutes, as well as the high cost of living causing some employers to pay more in order to recruit and retain employees. While the proportion of low paying jobs is relatively small, there are almost 15,000 workers in the city earning less than the Real Living Wage - let alone the Oxford Living Wage, which takes the high local cost of housing into account.

Case study 3: A transport services provider

This company employs around 600 people and is part of a wider group of companies. Some workers are on zero hours contracts but only where it suits their personal circumstances and none are in 'hours poverty'. All workers are paid above the Real Living Wage with the exception of contracted cleaners and caterers, who were outsourced when the company introduced a living wage policy. Moving to the Real Living Wage had reduced the pay gaps between different roles and resulted in some pressure to restore differentials. This company would serious consideration to becoming an accredited living wage employer and recognises the potential benefits of doing so. They were not previously aware of the Oxford Living Wage but would look carefully at the consequences of working towards paying the Oxford Living Wage in future.

22. According to the Living Wage Foundation, there are around 63 accredited Living Wage employers in Oxford. These include the University of Oxford and several Oxford colleges (but not the majority), banks, retailers and other businesses. Other employers may pay a living wage but have not sought formal accreditation, which comes with a financial cost.

⁶ [How many jobs are paid less than the living wage in your area? ONS, 12 October 2015 \(accessed 14 February 2018\)](#)

Case study 4: A local authority

Another of the largest employers in Oxford, with a lowest pay rate of £7.78 per hour paid to school lunch supervisors and cooks. In total, 19% of the workforce (expressed as full time equivalents) is paid below the Oxford Living Wage and 6% below the Real Living Wage. The authority does not identify what is paid to individuals on commissioned services because this will depend on the operating model of the provider. Recruitment and retention of social workers is a real issue but a review has found that pay is not the central issue. The authority is not opposed to the aspiration of becoming a living wage employer but cost is a very limiting factor as funding from HM Government decreases and demand for expensive statutory services rises. Raising pay to the level of the Oxford Living Wage and adjusting differentials would cost this authority in the region of £20m per year.

23. For 86% of those who responded to the Review Group's survey, the Real Living Wage is not high enough to meeting the basic needs of a person or family living and working in Oxford, while a majority (57%) felt that the Oxford Living Wage is sufficient. There is no clear picture of which employers pay the Oxford Living Wage, or how many employees earn at least the Oxford Living Wage in the city.
24. The Review Group spoke to representatives of a small number of employers based in the city. A common theme for public service providers is the financial squeeze these organisations are facing in the aftermath of the financial crisis of 2007-2008. This is severely restricting the flexibility of these employers to pay their workers a living wage. The Review Group welcomed the leadership being shown by some local organisations in the face of these pressures. Sectors such as health care remain a challenge because commissioning is highly complex and the key considerations tend to be cost and the level of activity provided, and in this context it is very difficult to raise the issue of low pay up the agenda.

Case study 5: A community school alliance trust

The biggest issue faced by this trust is that school funding is not keeping in line with the increased costs of operating in this sector. They also face the issue of a widening gap between staff salaries and the cost of living, which impact the lowest paid staff (who earn £8.19 per hour) the most. The board of this trust supports the moral case underpinning the Oxford Living Wage wholeheartedly. They have discussed moving to the Oxford Living Wage and are looking at the financial implications of doing so and over what time period they could implement it.

Council implementation of the Oxford Living Wage

25. The Review Group found that good progress has been made by the Council in respect of paying a living wage to permanent, agency and casual staff. These groups all earn at least the Oxford Living Wage.

Directly employed staff

26. Implementation of the Oxford Living Wage of £7 per hour in 2009 was achieved by removing the bottom salary points on the Council's pay scales. At the time 29 employees were paid less than this, although some transferred to Fusion around this time as part of a new leisure services partnership agreement. The lowest Council pay point was raised from £6.21 per hour to £7.10 per hour. This boosted the earnings of the very lowest paid Council workers at a time when public sector pay growth has often failed keep up with general inflation (let alone increasing housing costs in a city such as Oxford), hitting the living standards of many working households.
27. The lowest Council salary is currently equivalent to an hourly rate of £9.49, above the Oxford Living Wage rate of £9.26. This will increase to £9.79 in April 2018 when the rate of the Oxford Living Wage, which is set at 95% of the London Living Wage, rises to £9.69 following a recent re-assessment of the cost of living in London.
28. Prior to the announcement of these new rates the Review Group sought advice on the cost of moving the lowest salary points from £9.49 up to the level of the London Living Wage of £9.75, and to £10 per hour. For the 2017/18 Council year the cost of moving to the London Living Wage, including additional pensions and National Insurance contributions, would have been £40k. A rise to £10 per hour would have benefited 57 employees, costing the Council up to £77k. This is in the context of an annual spend on employees and employee related expenses of £55m. These figures were for one year only and did not take account of future increases in the level of the London Living Wage or the cost of raising other pay points to maintain pay differentials.
29. The survey responses indicate that of the living wage rates offered, there was the most support (43%) for the Council paying the London Living Wage of £9.75 as a minimum. The Review Group note that from 1 April 2018 the lowest Council pay point of £9.79 will be a few pence higher than this.
30. The Council is outside of national pay bargaining and its next three-year local pay deal will include annual lump sum or percentage increases (whichever is higher) which will proportionally benefit the lowest paid workers the most while maintaining differentials.

Casual workers

31. The Council does not have any zero hours contracts but does have some casual contracts, for example for seasonal youth engagement work, where there is no obligation on workers to accept the hours offered. Casual employees are paid at least the Oxford Living Wage and after 13 weeks have the right to be paid the same as permanent staff.

Oxford Direct Services

32. Approximately half of the Council's total workforce will be transferred to a new trading company on 1 April 2018 on their existing terms. The company could seek to offer alternative employment terms to these staff in future, or in the interim, to new starters. However, there is no suggestion that the company would seek to pay less than the Oxford Living Wage and it would ultimately be answerable to the Council as its owner.

Agency workers

33. The Oxford Living Wage was extended to agency staff benefitting approximately thirty cleaners, refuse loaders and street cleaners. This cost the Council £80k including on-costs.

Apprentices

34. The only exception remains the Council's apprentices, who are paid above the statutory national minimum for apprentices and who, on successful completion of their training, are likely to migrate into full-time roles paid above the Oxford Living Wage.

Setting the Oxford Living Wage at 95% the London Living Wage

35. Having reviewed evidence from a range of sources and considered the case for various alternatives, the Review Group concluded that the Oxford Living Wage (linked to 95% of the London Living Wage) remains the most appropriate pay policy for the Council. Only two respondents to the Review Group's survey disagreed or strongly disagreed with this approach.

Recommendation 1 - That the Council continues to pay all its staff and agency workers at least the Oxford Living Wage, which should continue to be set at 95% of the London Living Wage rate.

Implementation of the Oxford Living Wage by Council suppliers

36. The Review Group found that progress has also been made for workers employed by Council suppliers, including on major projects such as the Westgate shopping centre redevelopment project and the Barton Park joint venture. However, there are significant constraints in terms of enforcing payment of the Oxford Living Wage to contracted and subcontracted staff. The Review Group also looked at the advice the Council makes available to potential suppliers and took legal advice to understand whether the Council was going as far as it could and to understand the constraints.

Guidance to businesses on selling to the Council

37. Prior to the award of contracts it is important that the council makes it clear the expectation that those bidding for the contract will pay at least the Oxford Living Wage. The guidance the Council provides to business wishing to sell to the Council does not contain any mention of the Council's commitment to the Oxford Living Wage or the expectation that suppliers will also pay the Oxford Living Wage. The Review Group suggest that this guidance would be strengthened by the inclusion of a statement about the living wage to manage the expectations of potential suppliers from the outset.

Recommendation 2 - That the Council includes in its advice to businesses on selling to the Council a statement about the Council being an accredited living wage employer and the benefits of paying the Oxford Living Wage in terms of best value, wellbeing and quality.

Procurement

38. The Council asks potential suppliers to self-certify that they (and their sub-contractors) pay the Oxford Living Wage through the procurement process but the Review Group found that the Council has no mechanism for verifying their responses. Under procurement law it is not possible to include payment of the Oxford Living Wage as a qualifying criterion, or to judge tenders on that basis because it is unlawful (or at least

unenforceable) for one legal entity to seek to dictate the terms and conditions under which another legal entity employs its staff. Guidance issued by the Scottish Government reinforces this position:

“Scottish Government has obtained clarification from the European Commission. This confirms that contracting authorities are unable to make payment of the Living Wage a mandatory requirement as part of a competitive procurement process where the Living Wage is greater than any minimum wage set by or in accordance with law.”⁷

Contracting

39. When the Council awards supply contracts with a value greater than £100k, clauses are inserted requesting that contractors ensure that the Oxford Living Wage is paid to all employees (and the employees of their suppliers) aged over 18 providing the goods and services supplied. Excluding the Council’s Direct Services operations, which transfer to a company structure in April 2018, the Council has around 187 such suppliers. The following statement is included in the standard terms and conditions for goods and services that are available on the Council’s website.

The Supplier acknowledges the Council’s commitment that a “Living Wage” be paid to all of its employees and the employees of its suppliers over 18 years of age. The Supplier shall make all reasonable endeavours to ensure that it complies with all such “living wage” requirements as specified by the Council from time to time in regard to all its employees and representatives engaged in providing the Goods and/or Services. In addition, it shall procure that any Sub-contractor engaged to provide the Goods and/or Services shall also comply with the Council’s Living Wage policy in relation to all of its employees or representatives so engaged⁸.

40. The Review Group suggest that the Council continues with its policy that contractors ensure that any workers engaged in Council business over the age of 18 are paid at least the rate of the Oxford Living Wage.

Recommendation 3 - That the Council continues to require suppliers with contract values over £100k to pay their staff and subcontracted staff working on Council projects at least the Oxford Living Wage.

41. The Review Group note that the Council could theoretical treat non-payment of the Oxford Living Wage by a contractor as a breach of contract but whether this would be legally enforceable is untested and there is no British case law in this area. Ultimately if a supplier was found to be in breach of a living wage clause the Council could decide not to renew the contract, which should provide some incentive for suppliers to comply.
42. The Review Group was alerted to European case law where public bodies in the EU had been found to have imposed regional living wage rates unlawfully. The outcomes of a small number of EU cases suggest that the Oxford Living Wage clause is only likely to be enforceable where employees live in (or perhaps close to) Oxford. The legal position could change in future so the Review Group suggest that the Council keeps a close watch on any developments.

⁷ [“Living wage” provisions in public procurement contracts, Practical Law Public Sector Blog, 16 December 2015 \(accessed 20 February 2018\)](#)

⁸ [Standard Goods and Services Terms and Conditions up to £150,000, Oxford City Council \(accessed 20 February 2018\)](#)

Recommendation 4 - That the Council maintains a watching brief on the legal position (including any emerging case law) relating to public bodies requiring contractors to pay their staff a living wage, with a view to strengthening the obligations on the Council's own suppliers and their subcontractors, should the opportunity to do so arise in future.

Monitoring compliance

43. The Review Group questioned how the Council would identify if a supplier was in breach of the living wage clause and heard that monitoring does not take place because it is not a requirement, only a request, that suppliers pay the Oxford Living Wage. The Review Group suggest that the Council looks at whether some form of routine monitoring could be introduced, accepting that any system may have to be based on self-certification by suppliers, with workers through their unions reporting non compliance.

Recommendation 5 – That consideration is given to whether and how the Council could periodically monitor the payment of the Oxford Living Wage by suppliers and their subcontractors so that concerns could be raised with suppliers if they were found to not be keeping to their commitments.

Fusion staff

44. The Council's long-term contract with its leisure partner, Fusion Lifestyle, pre-dates the living wage policy but the Council ensures that Fusion employees providing Council services are paid the Oxford Living Wage by making additional payments to Fusion to fund the difference.

Living Wage employer status

45. The Review Group suggest that the Council should retain its status as an accredited living wage employer to demonstrate its ongoing commitment to paying a living wage and meeting the accreditation requirements of the Living Wage Foundation. These include paying at least the Real Living Wage to all directly employed staff over the age of 18 (which the Council exceeds by paying the Oxford Living Wage) and having a plan to pay on-site contractors a living wage, which the Council also has.

Recommendation 6 - That the Council ensures that it remains a fully accredited living wage employer.

Making Oxford a living wage city

46. The Review Group heard from multiple sources that more progress needs to be made in promoting the benefits of the Oxford Living Wage to employers in the city. There was an agreement that the council needs to develop strong partnerships across civil society to strengthen this work. The strong impassioned support from faith groups and anti poverty groups and social justice campaigners was exceptionally important. The Review Group also recognises that trade unions will be key allies in this work and promoting union recognition with local employers will be an important facet. There is broad recognition that there are benefits to businesses in 'badging' the fact that they pay the Real Living Wage or the Oxford Living Wage because consumers will, perhaps increasingly, make positive purchasing decisions based on this knowledge. The Review Group believe that there is both a moral case and a business case to be made for paying a living wage and all but one respondent to the Review Group's survey

strongly agreed with the principle that employers in the city should be encouraged to pay their employees more than the legal minimum (the other respondent strongly disagreed).

47. A targeted approach is likely to be the best way to encourage take up of the Oxford Living Wage in the short term. The top 100 employers in the city employ almost 70,000 workers, which represents over half of all jobs in the city, so encouraging these employers to pay a living wage is likely to make the most difference in tackling low pay in the city. Of these employers, the ones whose operations are largely focused on Oxford, rather than across the UK or beyond, are likely to have the most flexibility to implement a local wage policy. Similarly, employers that currently pay marginally below a living wage (such as a certain department store based in the city) may also be more inclined adopt a living wage policy as the cost to them will be relatively modest.
48. The Review Group welcome the addition of a £5k project fund to promote the Oxford Living Wage, which has been included in the Council's budget for 2018/19.

Working with the Living Wage Foundation

49. The fact that the Council promotes its own local living wage which is different from the rate promoted by the Living Wage Foundation is clearly, to some extent, a limiting factor in terms of encouraging wider take up. This is because the Oxford Living Wage has not been backed by resources and a system of accreditation.
50. The Review Group found that there is a real willingness on the part of the Living Wage Foundation to work with the Council on promoting the principles behind the Living Wage but they are unable to manage the complexity of promoting and accrediting our own Oxford Living Wage.
51. In light of the modest progress made to date and the evidence about the continued effects of low pay on poverty and wellbeing in the city, the Review Group conclude that any effort to raise pay at the lowest end of the income scale should be encouraged so as not to make 'the best the enemy of the good'. The ambition should be that every worker in the city earns a living wage, as articulated in the original Council motion and if this could be achieved it would significantly help to alleviate the worst effects of poverty in the city. As such, the Review Group suggest that the Council should be prepared to work in partnership with the Living Wage Foundation on promoting the Real Living Wage to local employers as a staging post on the way to paying the Oxford Living Wage.

Recommendation 7 - That the Council commits to working with the Living Wage Foundation and the broad coalition of stakeholders, especially local trade unions, on making Oxford a Living Wage City. This could include the City Council promoting the payment of the Foundation's 'Real Living Wage' to local businesses as a step in the right direction towards committing to pay the higher Oxford Living Wage from a future date.

Promoting Living Wage employers

52. A few witnesses the Review Group spoke to felt that the best way to encourage wider take up of a living wage would be to name and shame employers that are known to not pay a living wage. The Review Group has some sympathy with this argument but

conclude that it is not a wise strategy for the Council to be calling out employers. Instead, a partnership approach is considered to be more practical.

53. The Review Group suggest that the Council could do more to positively promote employers that are known to pay a living wage by making this information publically available, or at least more accessible than it is at present. The Council could produce, for the first time, a list of employers that pay the Oxford Living Wage and make this list available on the Council website and through the Your Oxford newsletter. Similarly the Council's Living Wage webpage could include a direct link to the Living Wage Foundation's living wage employer map, which enables people to search for accredited living wage employers in their area.

Recommendation 8 - That the Council creates, maintains and promotes a list of local employers paying the Oxford Living Wage and makes this list available on the Council website, and newsletter, as well as linking to the Living Wage Foundation's map of employers paying the Real Living Wage.

Council grant recipients

54. The Review Group suggest that when looking to promote the wider take up of the Oxford Living Wage or Real Living Wage, a good place to start would be the organisations in receipt of direct funding from the Council, as this is where the Council is likely to be able to maximise its leverage. Whether payment of a living wage should be a precondition of funding would need careful consideration given the nature of these organisations and the work that they do. The Review Group certainly suggest that the Council makes it clear that it expects commissioned services with paid employees to pay at least the Oxford Living Wage. The Council will also contact other local public sector commissioners urging them to do likewise.

Recommendation 9 - That the Council makes it very clear that in most circumstances grants will only be awarded to organisations paying their employed staff no less than the Oxford Living Wage, and contacts other local public sector commissioners urging them to do likewise.

Oxford Economic Growth Steering Group

55. The Council can also speak directly to employers and seek to influence them through business partnerships. The Review Group identified that the Economic Growth Steering Group of the Oxford Strategic Partnership (OSP) is a good forum through which to do this. Membership of the steering group includes the Leader of the Council and representatives from businesses and business groups, universities and colleges, the Local Enterprise Partnership and the County Council. The OSP is being relaunched with a greater focus on task and finish reviews into issues relevant to the city. The Review Group suggest that the living wage would be an ideal topic for the Economic Growth Steering Group to pursue.

Recommendation 10 - That the Council puts the issue of the Oxford Living Wage and the Real Living Wage on the agenda of the Economic Growth Steering Group to seek ongoing input into ways of boosting its adoption.

Living Wage seminar

56. The Review Group suggest that another good way to engage with businesses would be to hold an annual forum event promoting the benefits to employers of paying a living

wage. An event could be linked to the work of the Oxford Economic Growth Steering Group and perhaps have a wider theme, for example around inclusive growth or improving staff retention or wellbeing, if this approach would engage more employers.

Recommendation 11 - That the Council hosts an annual Oxford Living Wage seminar or symposium, which could involve local employers, trade unions, campaigners, universities, faith leaders and the Living Wage Foundation, to monitor progress and promote the case for the Oxford Living Wage and encourage employers to sign up to that or the Real Living Wage.

Designated officer

57. The Review Group note that currently no single officer has responsibility for leading and shaping the Council's activities and campaigns around promoting the Oxford Living Wage and suggest that this responsibility should be allocated to an officer within the Economic Development Team, alongside the £5k of funding which has been allocated to this team to promote the Oxford Living Wage. Furthermore the Review Group urge the team to promote the benefits of union recognition to employers.
58. The Living Wage Foundation's Living Wage Week presents a good opportunity to raise awareness and encourage take up of a living wage. The Review Group commend the work of the Council's Communications Team in promoting Living Wage Week 2017, which resulted in numerous local press articles, radio coverage and social media campaigns, and would like to see these exercises repeated in future years. This should be in addition to an ongoing programme of promotional activities and dialogue with employers.

Recommendation 12 - That the Council allocates responsibility to a designated officer to support and oversee the promotion of the Real Living Wage and the Oxford Living Wage. This should include a suite of 'business as usual' activities, as well as specific campaigns, for example around Living Wage Week (building on the successful communications campaign of Living Wage Week 2017).

Monitoring progress

59. The Review Group note that the Council's ambition to make Oxford a living wage city is not currently backed by any targets or system of monitoring, without which it is not possible to measure take up and progress. It would be easy for the Council to measure the number of living wage employers in the city since this information is made publically available by the Living Wage Foundation. Measuring take up of the Oxford Living Wage would necessitate the Council maintaining a list of employers known to pay the Oxford Living Wage, as recommended elsewhere in this report.

Recommendation 13 - That the Council sets additional targets for the promotion of the 'living wage', with at least one such target monitored at the corporate level:

- a) The number of accredited living wage employers based in the city (e.g. doubling the current number within 2 years).***
- b) The number of local employers paying the Oxford Living Wage.***

Flying the flag

60. To support the campaigns around Living Wage Week 2017 the Council procured a living wage employer flag from the Living Wage Foundation but was unable to fly it due to a clash with the Council's longstanding commitment to fly the Royal British Legion Flag during the week leading up to Remembrance Sunday. The Review Group suggest that consideration is given to a compromise solution whereby both flags could be flown during Living Wage Week in future years. In addition, or as an alternative, the Council could update its flag flying protocol to include flying the Living Wage Employer flag on the day when the new living wage rates come into effect every April.

Recommendation 14 - That the Council commits to flying the Living Wage Employer flag when pay rates are raised every April. Consideration should also be given to flying the Living Wage Employer flag during part or all of Living Wage Week (which would require resolving a clash with an existing commitment to fly the Royal British Legion flag during the same week).

Conclusion

61. The Review Group warmly welcome the Council's successful implementation of the Oxford Living Wage since the living wage motion was passed by Council in 2009. Low pay clearly remains a big issue for a significant number of people in the city and the Review Group strongly encourage a step change in Council efforts to support Oxford becoming a city in which every worker is able to earn a living wage. This would surely be a hallmark of building a world class city for everyone; the Council's overriding ambition.
62. The Review Group's recommendations are intended to provide some practical measures for continuing and widening the promotion of the Oxford Living Wage and – as a first step for local employers on the way to paying the Oxford Living Wage – the Real Living Wage. The Review Group hope that their recommendations will meet with broad approval.

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Scrutiny Project Scope – Oxford Living Wage

Review Topic	Implementing the Oxford Living Wage across Oxford
Lead Member	Councillor Mark Ladbrooke
Other Members	Councillor Angie Goff Councillor Dan Iley-Williamson Councillor Ben Lloyd-Shogbesan Councillor David Thomas
Officer Support and allocate hours	Scrutiny Officer support – approx. 2-4 days per month for up to 4 months (Mid-August – Mid-Dec). Additional support from other Council officers as required.
Background	<p>Oxford is a dynamic and successful city with relatively low long term unemployment. However, the cost of living is higher than almost anywhere else in the UK, and the minimum wage is not enough for an individual or family to avoid living in poverty with all the ill effects that has.</p> <p>The Council is committed to supporting social inclusion and ensuring that workers and their families can live free from poverty by paying the Oxford Living Wage (set at 95% of the London Living Wage) as a minimum to all at Council staff. Contractors and subcontractors are also encouraged to pay the Oxford Living Wage.</p>
Rationale	<p>The Scrutiny Committee prioritised a review focusing on promoting the Oxford Living Wage when agreeing their work plan for 2017/18.</p> <p>Members are concerned that significant parts of the local economy continue to pay low wages that do not reflect the particularly high costs of living in Oxford. It is hoped that a scrutiny review can help to drive forward work on promoting the Oxford Living Wage more widely, making it an effective local employment standard.</p>
Purpose of Review / Objective	<p>To consider how the Council can promote the implementation of the Oxford Living Wage (OLW) across Oxford. Key lines of inquiry are:</p> <ul style="list-style-type: none"> - <i>What more can the Council do internally to promote the OLW? Are there opportunities to strengthen encouragement to contractors, offer incentives to employers who pay the OLW, publicise the OLW in Your Oxford, etc.?</i> - <i>What more can the Council do to promote the OLW and make it unacceptable for employers in the city to not pay a living wage? Would a Kitemarking system be workable?</i>

Indicators of Success	<ul style="list-style-type: none"> - Wide and constructive engagement with stakeholders and experts that delivers a range of opinion. - The production of evidence-based report with agreed conclusions. - Interim findings are timed to coincide with Living Wage Week (5-11 November). - The majority of any recommendations are agreed and implemented. - Positive feedback from members, officers and witnesses. - Stimulation of a broader discussion about low pay in the city. - A heightened awareness of the human impacts of low pay and how employees can raise concerns and access support services. - Council reaffirms its commitment to work with partners to make Oxford a 'Living Wage City' where every worker is paid a living wage. - The production of a list of employers in the city who pay the OLW. - An uptake in the number of employers who pay a living wage. - A portfolio / member responsibility for promoting the OLW.
Out of scope	<p>Issues around the availability and affordability of housing in the city and issues related to pay inequality (e.g. gender pay gap), while relevant, will not be central to the review.</p>
Methodology/ Approach	<p>Evidence gathering could include:</p> <ul style="list-style-type: none"> - Inviting written evidence from low paid workers and members of the public via email and / or an open access online consultation; - Inviting written and / or verbal evidence from Council officers, key stakeholders and expert witnesses; - Considering what can be learnt from other local authorities; - Desk research / literature review.
Specify Witnesses / Experts	<p>The following</p> <ul style="list-style-type: none"> - Matthew Peachey, Economic Development Manager; - Amanda Durnan, Strategic Procurement and Payment Manager; - Bruce Thompson, Building Ops Manager; - Justin Thorne, HR Resourcing Business Partner; - TBC, Business Rates; - TBC, Communications Team; - Low paid workers earning below the Oxford Living Wage; - Workers who have benefited from being paid the OLW; - Representatives of the following groups based in the city: <ul style="list-style-type: none"> o The Living Wage Foundation; o Low paid workers e.g. Unite the Union, USDAW; o Blackbird Leys Credit Union; o Anti-poverty campaign groups; o Business e.g. Oxfordshire Chamber of Commerce; o Large employers e.g. Oxford University Hospitals NHS Foundation Trust; o Small employers e.g. Covered Market traders; o Benefits advice agencies e.g. CAB; o Oxford University Students' Union (Living Wage Campaign); o Faith groups; o Community Associations; o Academics e.g. Prof. Danny Dorling or Mark Fransham.

Specify Evidence Sources for documents	<ul style="list-style-type: none"> - ONS employment data. - Literature on low paid and the living wage. - Council documents e.g. motion to Council in November 2007, Report to CEB in May 2009. - Written submissions from members of the public and others - Press articles. 		
Site Visits	TBC		
Projected start date	11 July 17	Draft Report Deadline	24 Nov 17
Meeting Frequency	Monthly	Projected completion date	19 Dec 17

Draft outline of meetings

Meeting one – 1 August 2017
Scoping meeting to agree key lines of inquiry, witnesses and methods of engagement.
Meeting two – 12 September, 5pm
Evidence session 1
Meeting three – 3 October, 5pm (provisional)
Evidence session 2
Meeting four – 17 October, 2pm (provisional)
Evidence session 3
Meeting five – 1 November, 5pm (provisional)
Meeting to reflect on evidence gathered and consider recommendations.
Meeting six – 15 November (provisional)
Meeting to consider and approve a draft report for submission to the Scrutiny Committee and City Executive Board in December. The Panel may wish to do this via email.

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Appendix 2: Acknowledgments

The Oxford Living Wage Review Group would like to thank the following people for providing evidence and advice to inform their findings and recommendations.

From Blackfriars, Oxford:

- Richard Finn

From the Living Wage Foundation:

- Emma Kosmin

From the Centre for Research and Social Policy at Loughborough University:

- Laura Valadez

From Oxford Bus Company:

- Luke Marion

From Oxford Citizens Advice Bureau:

- Al Bell

From Oxford City Council:

- Lindsay Cane, Legal Services Manager
- Amanda Durnan, Strategic Procurement and Payments Manager
- Steph Nichols, HR Business Partner
- Matt Peachey, Economic Development Manager
- Bruce Thompson, City Centre and Streetscene Services Manager
- Justin Thorne, HR Resourcing Business Partner
- Mish Tullar, Corporate Policy, Partnership and Communications Manager

From Oxfordshire Clinical Commissioning Group:

- Joe McManners

From Oxfordshire County Council:

- Ruth O'Loughlin
- Fiona Percival

From Oxfordshire Food Bank

- Paul Medley

From the Union of Shop, Distributive and Allied Workers:

- Sue Merrell

From Unite the Union:

- Fred Hanna
- Ian Woodlands

Representing themselves:

- Martin Brodrick
- Mark Fransham
- Peter Nowland
- Hannah Taylor

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Summary of Responses

Summary Graphs




List Responses

Cross Tabulate

Export



1

Have you read the background information about the Oxford Living Wage?

Yes		93% (13)
No		7% (1)
Don't Know		0% (0)

2

Are you responding on behalf of an organisation?

Yes		14% (2)
No		86% (12)

3

If you answered yes to Question 2, on behalf of which organisation are you responding?

This question has been answered 2 times.

4

To what extent do you agree or disagree that low pay is a significant issue affecting the city or its people?

Strongly agree		93% (13)
Agree		0% (0)
Neutral		7% (1)
Disagree		0% (0)
Strongly disagree		0% (0)

5

If you agree that low pay is a significant issue affecting the city or its people, please can you summarise any experience you have of the impacts of low pay in Oxford?

This question has been answered 10 times.

6

The legal minimum wage for employees aged 25 or over is £7.50 per hour (£14,434 per year). Do you think the legal minimum wage is high enough to meet the basic needs of a person or family living and working in Oxford?

Yes		7% (1)
No		93% (13)
Don't Know		0% (0)

7

The legal minimum wage for employees aged 21 to 24 is £7.05 per hour (£13,696 per year) and for employees aged 18-20 it is £5.60 per hour (£11,096 per year). Do you agree with the principle that the legal minimum wage should be lower for adults aged under 25?

Yes		0% (0)
No		93% (13)
Don't Know		7% (1)






8

Thinking about the relatively high cost of living in Oxford, to what extent do you agree or disagree with the principle that the City Council should pay its employees more than the legal minimum?

Strongly agree		86% (12)
Agree		7% (1)
Neutral		0% (0)
Disagree		0% (0)
Strongly disagree		7% (1)




9

To what extent do you agree or disagree with the principle that employers in the city should also be encouraged to pay their employees more than the legal minimum?

Strongly agree		93% (13)
Agree		0% (0)
Neutral		0% (0)
Disagree		0% (0)
Strongly disagree		7% (1)

10

The Living Wage Foundation promotes the payment of the 'Living Wage' which is based on what people need to live. The Living Wage rate is £8.45 per hour (£16,743 per year) for employees of all ages outside of London. Do you think the Living Wage is high enough to meet the basic needs of a person or family living and working in Oxford?

Yes		7% (1)
No		86% (12)
Don't Know		7% (1)

11

Thinking about the cost of living in Oxford, to what extent do you agree or disagree that the Council should promote the payment of a wage rate that is higher than the Living Wage for the rest of the country (outside of London)?

Strongly agree		93% (13)
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Agree		0% (0)
Neutral		0% (0)
Disagree		0% (0)
Strongly disagree		7% (1)

12





The City Council has a policy to promote the payment of the ‘Oxford Living Wage’, which is £9.26 per hour (£18,303 per year) for employees of all ages. Do you think the Oxford Living Wage is high enough to meet the basic needs of a person or family living and working in Oxford?

Yes		57% (8)
No		29% (4)
Don't Know		14% (2)

13







The rate of the Oxford Living Wage has been set at 95% of the ‘London Living Wage’, which is based on the cost of living in London and is reviewed annually. This decision was informed by a comparison of housing and transport costs in Oxford and London. To what extent do you agree with the principle of linking the Oxford Living Wage with the London Living Wage in this way?

Strongly agree		36% (5)
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Agree		29% (4)
Neutral		21% (3)
Disagree		7% (1)
Strongly disagree		7% (1)

14

Which of the following wage rates do you think the City Council should pay its employees as a minimum?

More than £9.75 per hour		29% (4)
The London Living Wage - £9.75 per hour		43% (6)
The Oxford Living Wage - £9.26 per hour		21% (3)
The Living Wage - £8.45 per hour		7% (1)
The legal minimum - £7.50 per hour for over 25s / £7.05 for ages 21-24 / £5.60 for ages 18-20		0% (0)
Don't know		0% (0)

15

Please use this space to make other comments on the issue of low pay.

This question has been answered 9 times.

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