

To: Scrutiny Committee
Date: 2 April 2019
Report of: Economic Development Manager
Title of Report: Update on the Living Wage Recommendations adopted by CEB

Summary and recommendations	
Purpose of report:	To provide an officer update on the City Council's progress against the Living Wage Review Recommendations adopted by CEB in March 2018.
Key decision:	No
Executive Board Member:	Cllr Susan Brown – Economic Development Portfolio
Recommendations: That the Committee:	
1. Notes the report and provide comment on the direction of travel	

Appendices	
Appendix 1	List of Living Wage Paying Organisations
Appendix 2	Update against CEB recommendations
Appendix 3	Good Food Oxford Research – A life on the Living Wage

Introduction and background

1. The current idea of a 'living wage' originated in 2001 in east London – it was the product 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 4,000 organisations accredited for paying staff and contractors either the National 'Real' Living Wage or London Living wage. This campaign 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'.

2. Some 11 years ago Oxford City Council adopted the Oxford Living Wage. This came to be set at 95% of the London Living Wage. In 2017 the Scrutiny Committee decided to review the Council's 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; and local businesses and of course we reviewed our own record in implementation.

3. In April 2018, following a successful Scrutiny review process, Oxford City Council adopted a total of 14 recommendations. These are relevant to all paid staff, and a range of service areas for delivery, most notably Finance, Procurement, Policy and Communications and Economic Development. Cllr Martyn Rush has taken on the role of Living Wage Champion, lead elected representative, promoting the Living Wage.

4. From April 2019, the Living Wage outside London will be £9.00 an hour. If an employee works a 37 hour week, this would mean a minimum annual pay of £17,316. From April 2019, the Oxford Living Wage will be £10.02 an hour. If an employee works a 37 hour week, this would mean a minimum annual pay of £19,278.

Current position on the Real Living Wage

5. In 2015, 11.1% of jobs in the city were estimated to pay below the Real Living Wage (ONS, 2015). The figure in 2018 is 10.3%, well below the 22.8% UK average the lowest in the UK where figures are available (ONS, 2018). There is much more to do of course. This statistic alone means little without understanding housing costs as a ratio to earnings; currently highest in the UK at 16:7 to 1. Average rental costs take one of the highest proportions of people's average monthly income too.

6. Over the last year, we have seen an increase in Oxford headquartered organisations accredited as Living Wage Employers - from 32 in March 2018 to 43 in March 2019. There are now 85 branches overall, up from 63 last year. See Appendix 1.

Progress against Adopted Scrutiny Recommendations

7. Of the 14 recommendations adopted by CEB in April 2018, all of them are being addressed in some way. See appendix 2. Below we highlight some of the key areas of progress and activity.

10. Living Wage Week (5-11 November); The Communications team produced 3 press releases and editorial opinion piece from Cllr Rush. Three additional press pieces were produced directly by the Oxford Mail. Interviews took place with BBC radio and TV South. A series of videos were filmed with Cllr Rush and posted during Living Wage Week. We also posted a video announcement of the new Oxford Living Wage rate. Facebook results were encouraging suggesting a reach of around 16,500 users. Officers are planning more activity in April and throughout the year

11. Officers commissioned a new logo for the Oxford Living Wage – this is now on our www.oxford.gov.uk/livingwage page together with the Living Wage Foundation logo. (see next steps).

12. Direct discussions have been held with numerous employers on the Living Wage, several engaging in further dialogue with the Living Wage Foundation. In Living Wage week, officers held a business event to start a conversation with employers on paying the Living Wage with around 40 in attendance. A lively debate took place on the issues and the inter-relationship between local government and suppliers, the productivity and staff benefits, and the challenges faced by business. Dialogue on the Living Wage

takes places through all Economic Development Team discussions with business as part of a wider agenda of topics.

13. In 2018, officers established an 'Oxford Inclusive Employer Task and Finish Group' under the Oxford Strategic Partnership banner. This is ongoing with numerous major employers on the group. Its focus is Living Wage, Inclusive Recruitment and Social Value as three areas of employer action. The membership is very broad, and the members have different areas of focus or priority. Not all are willing to entertain accreditation at this stage but are willing to look at the other two measures as part of an ongoing dialogue and journey.

14. Oxford City Council, in partnership with the Living Wage Foundation, is vying to become one of the first UK pilots in a new programme, Making Living Wage Places. The Making Living Wage Places programme seeks to recognise the places that are leading the way on the real Living Wage. It will formally recognise the towns, cities, boroughs and regions across the UK that show leadership, progress and ambition on the uptake of the real Living Wage. It is an opportunity to bring together key local institutions and harness place identity as a motivator for more employers to pay a Living Wage.

15. To become an Action Group member, you must be an accredited Living Wage employer, or agree to become one in 2019, and to attend bi-monthly meetings to create and help deliver a Living Wage Oxford plan. Attendees for the first meeting will include Westgate, Anne Veck Hair Salon, Shirtworks, Good Food Oxford, University of Oxford and the Living Wage Foundation. The first meeting of this group is scheduled 28th March.

16. Oxford focussed research ([See appendix 3](#)). Part funded by Oxford City Council, supported by Oxford University, and commissioned by Good Food Oxford (GFO), this new report (in draft) aims to more clearly understand links between income and food poverty alleviation in the Oxford context. To do this, GFO undertook research to examine the impacts of the Real Living Wage (RLW) on the lives of employees and their impact on businesses in Oxford.

17. Through interviews with 25 people (employees and employers) at accredited Real Living Wage organisations in Oxford, the study also aimed to examine the potential benefits and limitations of the Living Wage, providing informative snapshots of the lives of employees living and working locally. The findings from these interviews confirmed that even Real Living Wage may be insufficient to combat food poverty in Oxford.

18. The study provided a case for the further promotion of the Real Living Wage as an absolute minimum for workers in Oxford. While not directly compared within the study, the Oxford Living Wage makes an important step to acknowledge the high costs of living in the city. However, discussions with employers highlighted concerns on the affordability of introducing this higher wage, particularly within smaller organisations. Therefore, it recommended the advocating and further accreditation of organisations to pay the Real Living Wage must be considered a priority, acting as a stepping stone for wider adoption of the higher Oxford Living Wage.

Next Steps 2019-20

19. Given the known affordability issues in the city and a need for a stepping stone from recognising Real Living Wage employers to Oxford Living Wage payers, officers and members have been considering how best to identify and recognise top rate payers. In April 2019, a self-certification system is planned based on employer self-reporting. Once, complete, the Council will keep a publicly available list of employers paying the Oxford Living Wage based on a signed letter from the company or institution committing to the current Oxford Living Wage. Every November, when the new Living Wage rates are announced, employers can voluntarily renew their commitment to the new rates. The voluntary declaration will include directly-employed staff, and contractors where engaged on a long-term basis. Where not in place there must be a commitment to moving contractors to the Oxford Living Wage when it is practicable. The Council will reserve the right to remove employers from the accredited list if it receives information, or otherwise takes the view, that the employer is not acting as declared.

20. The newly published Local Plan 2036 (examination draft) contains an Employment policy supporting Living Wage adoption by the development sector. Finally, the Chair of the OSP along with Members has been encouraging more University of Oxford Colleges to pay the RLW or OLW. 17 colleges (including the University of Oxford) are now accredited.

Financial Consideration

20. £20,000 has been made available in the new budget to promote the Living Wage in 2019-20. Furthermore, a commitment to paying the Oxford Living Wage has been made in the most recent budget agreed by members and built in to the medium term financial plan.

Legal issues

21. The legal implications of commencing OLW self-certification will be properly explored before commencement.

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