

Scottish
**Living
Wage**
Accreditation


Living Wage: A Guide for Employers

An initiative from the Poverty Alliance, in partnership with Living Wage Foundation, funded by the Scottish Government





Contents

- 1** *The Brass Tacks*
 - 2** *Why should businesses pay a real Living Wage?*
 - 3** *Scottish Living Wage Employers*
 - 4** *Accreditation requirements*
 - 5** *A real Living Wage v the “national living wage”*
 - 6** *FAQs and where to go for more information*
- 

1 The Brass Tacks

Living Wage Rates

The Living wage is currently £8.45 in the UK and £9.75 in London.

This is a real Living Wage that reflects the real cost of living.

The Living Wage is an independently calculated and voluntary rate of pay. To ensure that the Living Wage continues to reflect the real cost of living, it is recalculated each year.

On becoming Living Wage accredited, employers are awarded the Living Wage Employer Mark. This mark is a badge of honor. Displaying it clearly demonstrates to your employees, customers and the public that your organization is committed to tackling in-work poverty and that you are a responsible employer.





Why should businesses pay a real Living Wage?

The case for paying a real Living Wage can be broadly be broken down in the follow three categories:






The social case

Levels of ‘in-work poverty’ are increasing. For the first time, the majority of people in Scotland who are in poverty are working. This is a clear sign that the government’s national minimum wage is not enough. Families in Scotland increasingly have to turn to food banks and get in to unsustainable debt just to get by. Paying a real Living Wage can combat this.

Living Wage employees have told us that the Living Wage allows them to access good and services that most people deem necessary to participate in society.

The business case

The following are some of the findings from independently conducted research on employers who have introduced the Living Wage:

-  *25% fall in **absenteeism***
-  *66% reported a significant impact on **recruitment and retention***
-  *70% of employers felt that the Living Wage had **increased consumer awareness** of their organisation’s commitment to be an ethical employer*
-  *80% reported an enhancement in the **quality** of their staff’s work*
-  *93% of employers said that accreditation had a positive impact on their company’s reputation*

The public policy case

There is evidence that an increase in coverage of the Living Wage could mean the UK Treasury could gain up to £4.2 billion in increased tax revenues (£2.8 billion) and reduced expenditure on tax credits and other in-work benefits (£1.4 billion).

There could be further multiplier effects arising from putting a modest amount of disposable income into the pockets of the UK's lowest paid staff, with demand subsequently increasing in the economy.

*Additionally, an increase in coverage of the Living Wage implemented together with improved skills and training could narrow or even plug the gap in levels of productivity between the UK and other G7 countries. (The UK's output per hour is 21% lower than average for the six other members of the G7 – the USA, Germany, France, Italy, Japan and Canada).**

**BEYOND THE BOTTOM LINE: The challenges and opportunities of a living wage. By Kayte Lawton and Matthew Pennycook. IPPR & Resolution Foundation. January 2013.*

3

Scottish Living Wage Employers

Guitar Guitar, Glasgow

“ Our staff are our greatest asset, and the backbone of our company. By moving onto a Living Wage, we are solidifying our commitment to the well-being of our employees, their families and the future of our local community. It is a move we're very proud of. ”

- Graham Bell, Managing Director

Utopia Computers Kilmarnock, Ayrshire

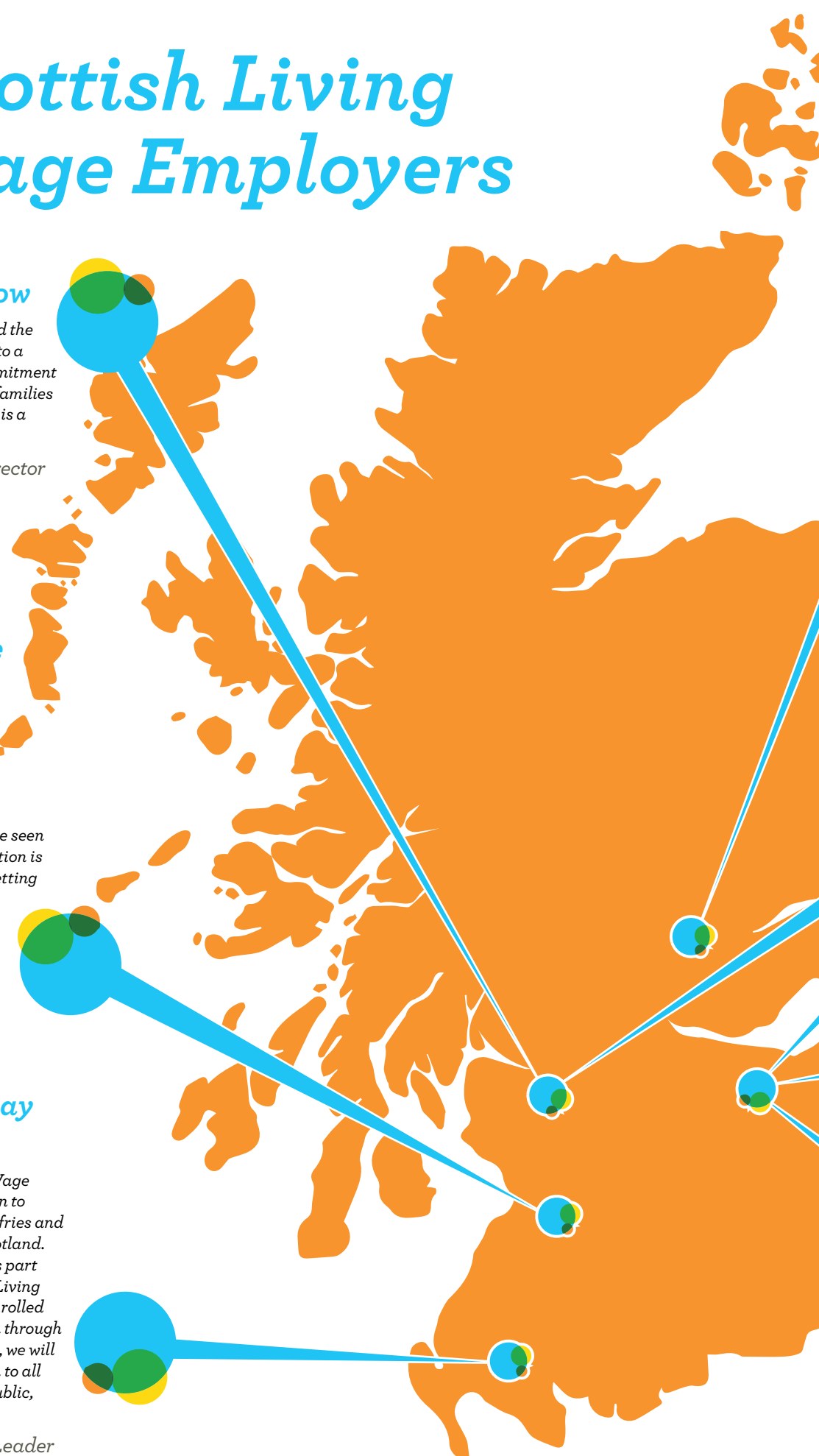
“ I think that profitable companies should re-assess and ask what it really means to pay their employees the minimum wage. In reality, they are telling their staff ‘this is the very lowest we can legally pay you’. Paying the Living Wage has been a fantastic move and experience for Utopia. We have seen increased productivity, and staff motivation is at an all-time high. I can't recommend getting Living Wage accredited enough! ”

- Craig Hume, Director

Dumfries and Galloway Council

“ Our Council considers the Living Wage as the single most important contribution to tackling poverty across the region. Dumfries and Galloway is the lowest paid region in Scotland. I am proud that this council is playing its part in tackling that problem by delivering a Living Wage for our staff. But I want to see that rolled out to as many workers across our region through our partners and contractors. Therefore, we will be promoting Living Wage accreditation to all organisations in our region across the public, third and private sectors. ”

- Ronnie Nicholson, Council Leader



SSE, Perth

“ For SSE, being a Living Wage employer is about doing the right thing for people who work for us. That’s good for our employees and it’s good for business too. But just as importantly, it is a symbol of the type of company we want to be: being responsible in all that we do in order to make a difference to people’s lives. ”

- Rachel McEwen | Director of Sustainability, SSE

Brewdog, Ellon, Aberdeenshire

“ All of our staff will receive a wage that will afford them a good standard of living wherever they might be located.

We have always done things differently at BrewDog, and our Living Wage pledge is just one part of a commitment to rewarding our amazing teams, from the brewery to bars, and from bottle shops to restaurants. ”

- James Watt, co-founder at BrewDog

Bluebird Care, Edinburgh and Glasgow

“ From both Jane’s and my perspective, Bluebird Care Edinburgh & Glasgow South don’t see the Living Wage as a privilege, it should be seen as the basic amount in which to move forward on. Our staff do an outstanding job caring for people in their own homes and they deserve every penny. Are they worth it... Absolutely! Our people are the lifeblood of our business; with a well-paid, happy and committed workforce we have happy and contented customers. ”

- John Perry, Director

The Stand Comedy Club, Edinburgh

“ We pay the Living Wage because we can afford to, it pays us back with a higher level of staff commitment and loyalty. It is important that our staff are treated well and it’s no surprise that we have so many long term employees providing stability and great service to our customers. ”

- Kenny O’Brien, Area Manager

Standard Life, Edinburgh

“ By implementing our UK Living Wage policy, we help the people who work for Standard Life in the UK and support the communities in which we are based. Being a UK Living Wage Employer has helped us attract high quality candidates who want to stay and we are also seeing a positive impact on our employee engagement and the overall quality of the work we do. It is an important part of our strategy to be a sustainable and responsible business. ”

- Sandy Begbie, Chief Operations Officer



Accreditation requirements

To become an accredited Living Wage employer, you must complete the UK Living Wage Employer Accreditation License. There are three areas to consider.



Directly employed staff

At time of accreditation, all directly employed staff aged 18 and above must be on at least the Living Wage. This does not apply to apprentices and interns.



Contracted employees

All contracted staff who “regularly” provide you with services must either be paid the Living Wage or have a plan in place to move these staff to the Living Wage. We define “regularly” as two or more hours in any given day for eight consecutive weeks. We will work with you to develop milestones to ensure contract staff move to the real Living Wage.



The new Living Wage rate

The new Living Wage rate is announced each year in the first week of November. Accredited employers must implement the new rate within six months of the announcement.

The chart on the next page details the process of accreditation from start to finish.



Decide you want to be a Living Wage Employer and contact us

We will work with you to identify your needs and complete the steps below. It helps to have the support of senior staff members who can drive the initiative. If you are large organisation you might find it useful to assemble a small team with representatives from HR, CSR, Procurement and Finance.



Are all directly employed staff paid the Living Wage?



If anyone is on less than the real Living Wage then ensure they are receiving the real Living Wage. Then think about...



Are contracted staff such as cleaners, catering and security staff being paid the Living Wage?

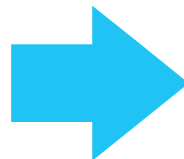


Ask your contractors to implement the real Living Wage. If they can't or won't, you can still be accredited now if you provide a commitment that contracts will be renewed at the Living Wage rate.



What is the commitment on contractors?

You must develop a set of achievable milestones to apply the Living Wage across your contracts. The Scottish Living Wage Accreditation Initiative can work with you to develop these. These milestones will be included in your accreditation licence. Once this is all agreed...



Complete the accreditation licence



Completed licences will be processed within 5 working days



A real Living Wage v the “national living wage”








What’s the difference between the “national living wage” and the Living Wage?

In April 2016 a new band of Minimum Wage was created for those aged 25 and above, it was termed the “national living wage”. **Despite its name, the “national living wage” is not a Living Wage; it is simply a new Minimum Wage for over 25s.**

Table one shows the 5 bands of the Minimum Wage and the second compares the “national minimum wage” with a real Living Wage.

Age	Minimum Wage Rate
25 & over (national living wage)	£7.20
21 to 24	£6.95
18-20	£5.55
Under 18	£4.00
Apprentices	£3.40

“government national living wage”	The real Living Wage
The compulsory minimum rate of pay for over 25s that employers must pay by law – due to be £7.20 per hour.	 A voluntary rate that employers can choose to commit to paying - currently £8.45 per hour in Scotland.
The highest band of minimum wage. See details of the different bands below.	 There is one rate for all workers over the age of 18.
Set by the UK Government.	 Set by the Living Wage Foundation.
Based on an estimation of the minimum employers should pay.	 Based on the real cost of living and the “Minimum Income Standards” required for a basic, but adequate standard of Living.
A statutory obligation which employers must meet or face legal challenge.	 A movement of businesses, organisations and individuals and a demonstration of best practice and fair work .



FAQs



How long does it take for businesses to become accredited?

It depends on the size of your organisation. Some employers can be accredited straight away whilst others may need to take a while to assess their existing situation and examine the costs and benefits. If an employer has a large number of contracts they will need to identify who those contracts are with and when they are due for renewal so they can be moved up to the real Living Wage.



What happens when the rate of the Living Wage changes?

The UK Living Wage figures are announced in November of each year during Living Wage Week. Living Wage Employers have six months from the date of the announcement to implement the rise.



What is the Living Wage as an annual salary?

The calculation is an hourly figure because many low paid staff are not salaried, and because many work several jobs in different places. People on annual salaries may get other benefits that staff on an hourly rate don't get. You can work out the annual equivalent salary by multiplying the Living Wage by the number of hours worked per week, by 52 weeks of the year.

For example:

£8.45 per hour x 35 hours per week = £295.75 per week

£295.75 per week x 52 weeks in the year = £15,379 per annum (before tax)



Can bonuses be included in the Living Wage?

Staff must receive a minimum of the Living Wage rate per hour. Guaranteed bonuses such as time away from home allowance or city living bonuses can be included. Non-guaranteed bonuses such as sales or production related bonuses cannot be included.



Who does the real Living Wage apply to?

The real Living Wage applies to all staff over the age of 18 that work “regularly” on your premises. This includes directly employed staff, contracted staff and subcontracted staff.

“Regularly” is defined in the licence agreement as two or more hours in any given day for eight or more consecutive weeks of the year.



Requiring a voluntary Living Wage would go against EU public procurement regulations. This must mean public sector organisations/utilities companies can't sign up?

The concerns around the Living Wage and procurement legislation are valid as this is a complicated issue. However, we have successfully worked with a number of large public sector and utility organisations and the procurement question, whilst complex, is not insurmountable. The obligation to pay the real Living Wage rate to all contracted and sub-contracted staff only applies “to the extent permitted by law”. We therefore do not expect public sector organisations/utility companies to mandate the Living Wage in all of their procurement, as this could leave them open to challenge. However, there are a large number of ways the real Living Wage can be included, encouraged and promoted through procurement whilst still keeping within the law and, if these approaches are adopted, accreditation can be achieved.



What about pay differentials?

The best approach to pay differentials will differ from employer to employer, so this question will ultimately have to be an HR/management decision. However, we can advise that as the Living Wage movement grows we are seeing more and more support from the wider work force as they increasingly recognise the importance of lifting their friends and colleagues out of in-work poverty. We've also heard a number of great reports from our accredited Living Wage Employers about the effect that accreditation had on team-spirit, morale and engagement with their employer. People want to work for organisations they feel proud of and becoming an accredited Living Wage Employer is one way to help achieve that.



Doesn't the government adopting a living wage mean that your campaign is over?

No, because the government minimum isn't a living wage as it's not based on the cost of living. Whilst there is still a gap between the government minimum and the amount you need to live on, we will be encouraging all employers to take a stand and go further by paying a real Living Wage as it's actually based on what a family needs to get by.



What should I pay my apprentices and interns?

We recognise that providing training experiences for interns and apprentices can have financial and human costs for businesses. Whilst the Living Wage Employer accreditation does not require employers to provide the Living Wage to these staff members, we are delighted to say that many accredited employers do pay these staff members the full Living Wage rate. There are also examples of accredited employers paying the adult level of the National Minimum Wage to apprentices and interns who are on temporary, developmental placements. We recommend that employers who can afford to pay interns and apprentices the real Living Wage should do so. We recommend that businesses follow the Department for Business Innovation & Skills Best Practice Code for Quality Internships.



Do I need to police my entire supply chain?

We encourage Living Wage Employers to send out a communication to everyone they do business with letting them know that they have become a Living Wage Employer, and encouraging them to consider doing the same. However the accreditation does not require your supply chain to pay the real Living Wage, unless they are regularly delivering a service on your premises.



What about staff outside of the UK?

The Living Wage is calculated according to the cost of living in the UK. We are a UK organisation and wages for staff outside of the UK are not covered by the agreement. We recommend companies consider the international Living Wage guidance provided by the Ethical Trading Initiative.



What about shared buildings?

Any staff that work on your premises for two or more hours a day for eight or more consecutive weeks of the year must be paid the Living Wage.

You may have cleaners that work on your premises, within a building that is shared with other tenants. This first step is to find out from your building management company whether the cleaners are paid the Living Wage. The ideal outcome would be to persuade your building management to pay any cleaners, security and reception staff the Living Wage. You might want to organise a meeting of tenants in the building and raise the issue of the Living Wage with this group. If you can get support from a group of tenants and then approach the building manager together you will have a more powerful case for persuasion. If it is not possible to persuade your tenants and building manager to work with you on the Living Wage then you can request to pay the staff the real Living Wage rate for the time they are providing a service on your premises. As you are a paying client the building manager should be willing to provide you with a service agreement on the terms you require.

For more information please contact:



*accreditation@
povertyalliance.
org*



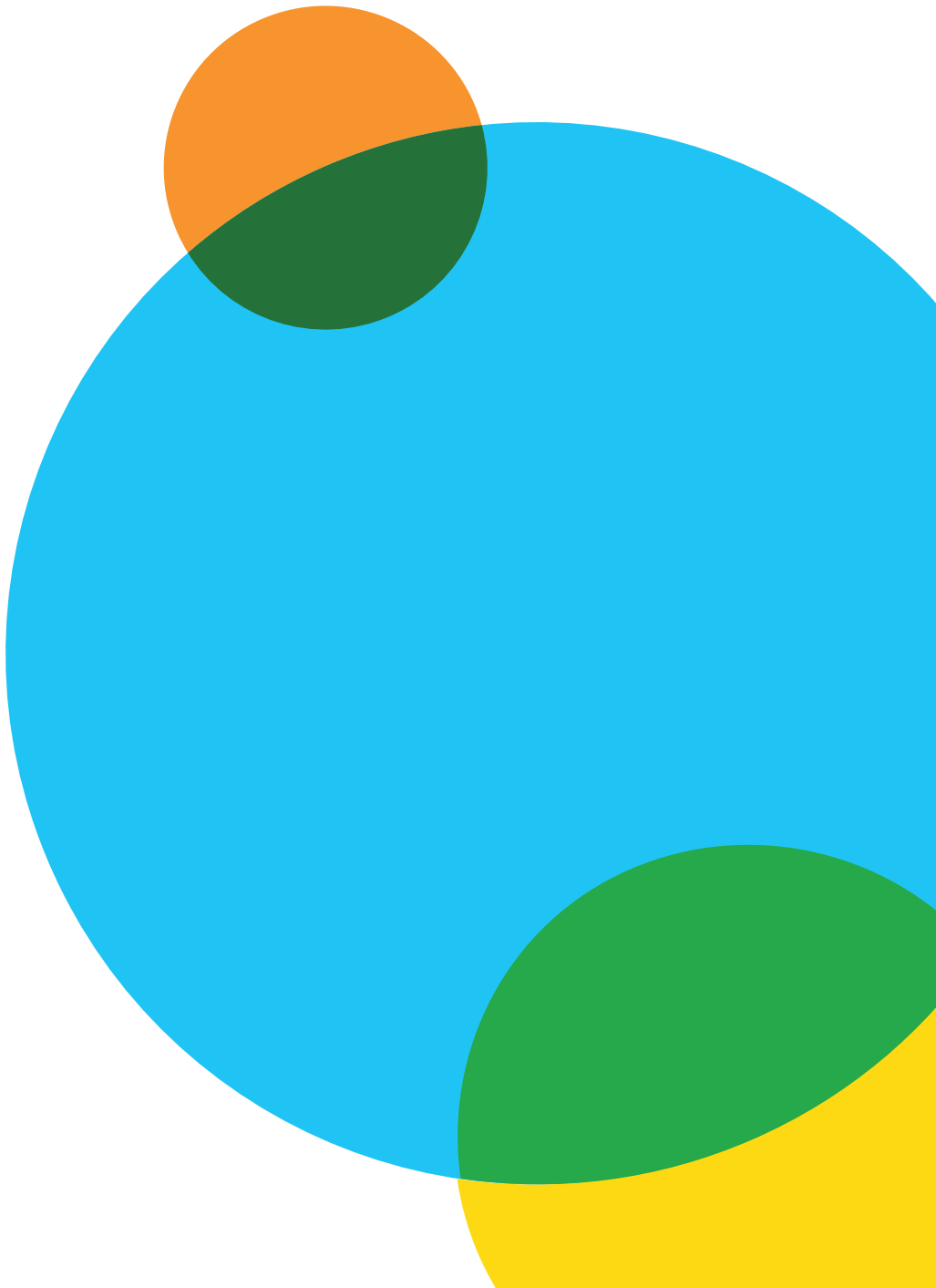
*162 Buchanan St.
Glasgow
G1 2LL*



*www.
scottishlivingwage.org*



*0141
353 0440*





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