



Living Wage Scotland

# Employer Accreditation Guide

*the real living wage  
for the real cost of living*

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Living Wage accreditation celebrates employers that choose to go further than the government minimum, by paying the real Living Wage to all relevant workers.

Accreditation is the process where an employer applies for the licence rights to display the Living Wage employer mark, a recognised symbol of responsible business practice.

To gain the licence rights to display, employers must enter into a licence agreement with the Living Wage Foundation, confirming that the real Living Wage is paid to all relevant workers.

On approval of the licence agreement, employers become accredited as Living Wage employers.

The Living Wage employer mark is designed to help employers signal their support of the Living Wage movement to staff, stakeholders, and consumers.

In Living Wage Week 2019, there were over 6000 accredited Living Wage employers across the UK, with over 1600 of those based in Scotland. Living Wage Scotland work with employers in Scotland, to award the Living Wage employer trademark.

The real Living Wage is an hourly rate of pay, set independently and updated annually. It is calculated according to the basic cost of living in the UK and employers choose to pay it on a voluntary basis.

The real Living Wage is currently £9.30 across the UK and £10.75 in London.



The Living Wage rates are updated in November each year, during Living Wage Week. The calculation is overseen by the Living Wage Commission, an independent body drawn from leading Living Wage employers, trade unions, civil society and academics. The calculation is conducted by leading think tank The Resolution Foundation, and the methodology is based on the best available data and evidence on living standards in the UK.

In April 2016, the government introduced a higher minimum wage rate for all staff over 25 years of age, inspired by the Living Wage campaign, and referred to it as the 'National Living Wage'. The government's National Living Wage is not calculated according to what employees and their families need to live, but rather it is based on median earnings. The real Living Wage rate is the only UK Wage rate based on living costs. The real Living Wage covers all essential items such as housing costs, food, transport and childcare, as well as important purchases such as a winter coat for children.

### The real Living Wage and the UK government minimum rates (November 2019)

Real Living Wage (UK)	National Living Wage	National Minimum Wage			
18+	25+	21 - 24	18 - 20	Under 18	Apprentice
£9.30	£8.21	£7.70	£6.15	£4.35	£3.90

The key parts to accreditation:

## 1. Directly Employed Staff

The accrediting employer must ensure that all directly employed members of staff aged 18 and over are paid at least the real Living Wage from the point of accreditation.

Note that apprentices are not within scope of the accreditation. See FAQs for more information.

## 2. Regular Contracted Staff

Accrediting employers must also ensure that all third-party contracted workers who regularly work on the premises (or other sites where the organisation carries out its work) are paid the real Living Wage. These workers are **in-scope** of the accreditation.

Typically, this might include contracted cleaners, catering, security and maintenance staff; however, the job roles carried out by regular contracted workers will vary in each organisation.

We define **regularly** as two or more hours in any given day in a week, for eight consecutive weeks.

Note that contracted workers do not need to be on the real Living Wage at the point of accreditation, provided there is a plan in place to uplift these workers to the real Living Wage rate within an agreed timescale. We refer to this phased implementation as **milestones**. See FAQs for more information.

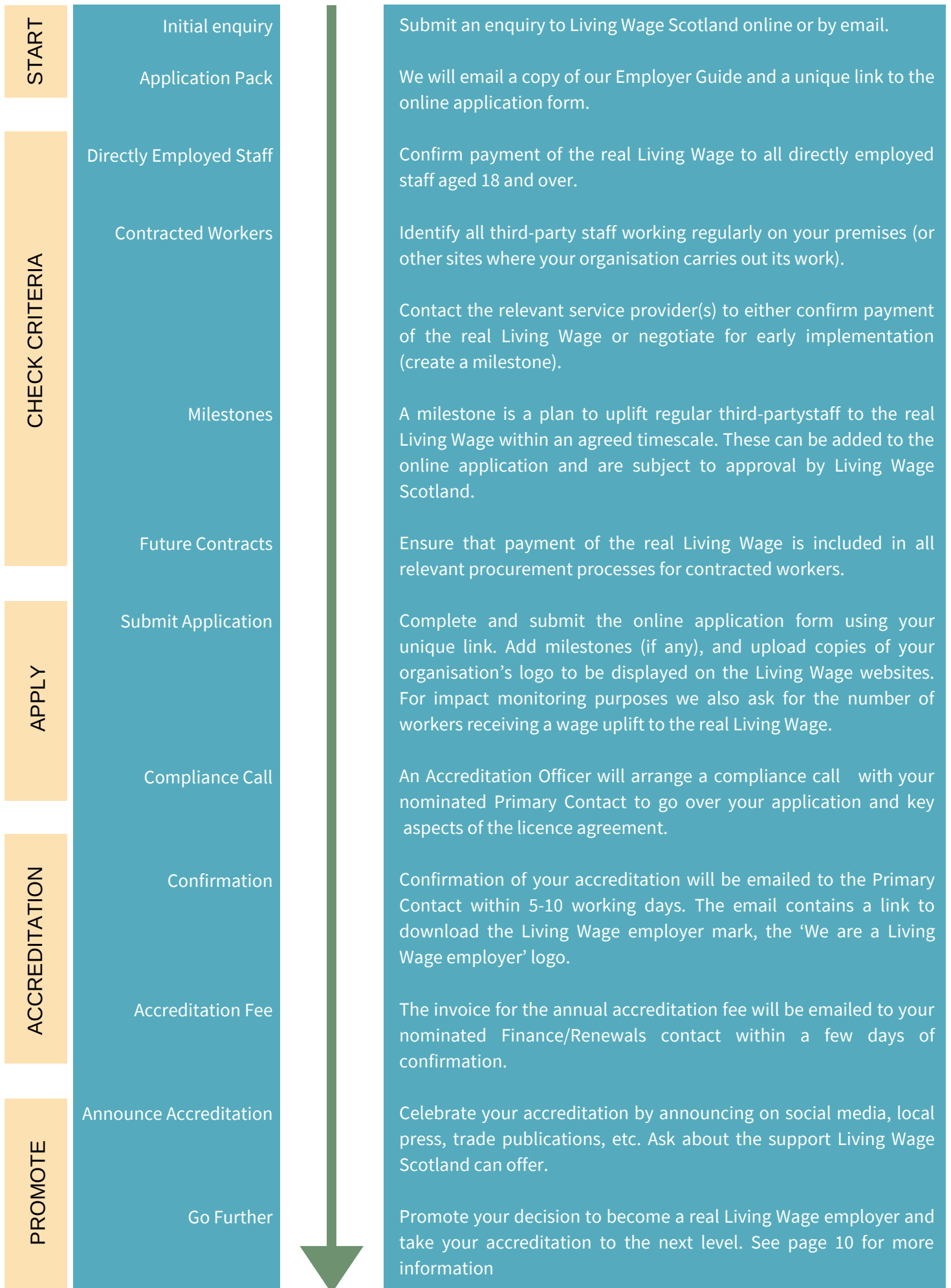
## 3. Accreditation Fee

There is an annual fee for accreditation that varies according to the type of organisation and the total number of staff (directly employed + regular contracted staff).

Organisation Type	Total Number of Staff	Annual Fee (excluding VAT)
Private Sector	501+	£3,000
Public Sector & Charities	501+	£480
All Sectors	251 - 500	£480
	51 - 250	£240
	11 - 50	£120
	0 - 10	£60

Our fee structure was adopted so as not to exclude smaller organisations from joining. Accredited employers are invited to renew their accreditation on an annual basis.

Accreditation fees support the work of the Living Wage movement and the accreditation scheme. On approval of the licence agreement, the Living Wage Foundation licences the employer to use the **Living Wage Employer Mark**.



In a recent survey, 93% of employers reported they had gained as a business since becoming accredited. The Living Wage employer network have reported a wide range of business benefits since becoming accredited.

These benefits include:

- Enhanced company and brand reputation
- Improved retention rates resulting in savings in recruitments and training costs
- Strong signal of Corporate Social Responsibility
- Increased number and quality of job applicants
- Distinguished organisation from industry peers
- Enhanced the quality of the work of staff
- Reduction in absenteeism
- Improved loyalty and customer satisfaction

Paying the real Living Wage has benefits for business, employees and wider society. Formal accreditation provides recognition of your Living Wage commitment and sends a public signal of your organisation's vision and values. From large manufacturing companies to independent coffee shops, employers have a shared sense of pride in being part of the Living Wage movement.

“One of our strategic objectives is to be an employer of choice and the rates we pay reflect the importance we place on our people. Becoming a Living Wage accredited employer is really important for us as it signals, not only to our staff, but also to the wider community, that Kingdom is now, and will always continue to be, a socially responsible organisation.”

Bill Banks, Chief Executive, Kingdom Group

80% of employers believe that the Living Wage has enhanced the quality of the work of their staff

70% of employers say Living Wage accreditation had increased consumer awareness of their commitment to be an ethical employer

86% of employers report Living Wage accreditation has enhanced their reputation as an employer

“It’s great to know that our employer values our skills and the work that we do on a daily basis. It shows they care about our quality of life outside of work, which consequently makes me want to work harder for them. I feel more financially stable because I am being paid well. Being paid a fair wage means I don’t have the stress of money hanging over me all the time. I can enjoy myself out-with work.”

Nicky, employee at Nauticus

By paying the real Living Wage, employers are choosing to ensure their staff can earn a wage that supports a decent standard of living.

Workers who have benefited from their employer’s commitment to paying the real Living Wage have told us how this has impacted them both personally and professionally.

These benefits include:

- Fewer financial pressures/worries
- Ability to save and plan for the future
- Ability to afford the ‘little extras’
- Feeling more valued by their employer
- Increased motivation at work
- Enhanced team relations and cohesiveness

## Good for society

Organisations who become accredited are joining one of Scotland’s most successful civil society campaigns. The Living Wage employer mark is now widely recognised as the mark of a responsible employer and is used by organisations to promote their accreditation and to increase awareness about the impact of the real Living Wage.

“It’s about the whole nation, we can’t all be high earners, we can’t all have fancy jobs, but we have to look after each other and I think that’s an important message to get across for the people of Scotland.”

Ann Budge, Heart of Midlothian Football Club

By paying a wage that accurately reflects the cost of living, we can help to create a more just and compassionate society that promotes inclusivity and wellbeing. The real Living Wage continues to be a successful tool in freeing thousands of people from the grip of in-work poverty throughout Scotland.

Please see responses to some of our most Frequently Asked Questions (FAQs). For more information and other enquiries, please contact the Living Wage Scotland team.

### **1. What is the real Living Wage?**

The real Living Wage is an hourly rate of pay set independently and updated annually. It is calculated according to the basic cost of living in the UK (and London), and employers choose to pay it on a voluntary basis. More information and current rates can be found on page 3 of this guide.

### **2. What do I have to do to accredit as a Living Wage employer?**

The full criteria for accreditation can be found on page 4 of this guide, but in summary, the two key accreditation requirements are as follows: all directly employed members of staff aged 18 and over must be paid at least the real Living Wage; and, to the extent permitted by law, all regular contracted workers must be paid the real Living Wage.

### **3. Is there a fee for accreditation?**

Yes, there is an annual fee for accreditation that varies according to the total number of staff and the type of organisation. See our fees table on page 4.

### **4. Are we required to pay apprentices the real Living Wage?**

No, the accreditation scheme allows employers to exclude apprentices in recognition of the employer's commitment and associated training costs. Apprenticeships must be official and integral to a recognised trade or qualification. Note that many of our accredited employers choose to pay their apprentices the real Living Wage.

### **5. What about interns and volunteers?**

Unlike apprenticeships, which are structured and audited schemes with a qualification awarded at completion, internships are not legally defined roles. Interns who are not explicitly exempt from a wage under UK Government guidelines must be paid the real Living Wage. Genuine volunteers (unpaid) are generally not within scope of the accreditation.

### **6. What is a milestone?**

A milestone is a plan to uplift regular contracted workers to the real Living Wage within an agreed timescale. Unlike directly employed staff, contracted workers do not need to be on the real Living Wage at the point of accreditation, provided the accrediting employer and Living Wage Scotland have mutually agreed phased implementation of the real Living Wage for these workers.

### **7. How do we create a milestone for regular contracted workers?**

Accrediting employers must work with their current contracted service providers to identify all regular contracted workers earning less than the real Living Wage. Contractors should be asked whether they would be willing to negotiate payment of the real Living Wage to these workers within a reasonable timescale. This plan would form the basis of a milestone.



**8. What if my organisation has a large or complex supply chain?**

Many large private and public sector organisations have already accredited as Living Wage employers, with guidance and support from the Living Wage Scotland team. If you have a large or complex supply chain, we strongly recommend an initial meeting to discuss how the criteria and process will apply to your business.

**9. What about future contracts?**

The accrediting employer must ensure that all relevant future contracts are awarded based on payment of the real Living Wage to regular third-party workers. For organisations subject to public sector procurement regulations, Fair Work practice can be adopted to ensure that, to the extent permitted by law, contracted workers receive the real Living Wage. Our Accreditation Officers can help with more information, including best practice.

**10. We are located in a shared building with shared services provided by the landlord. Should we consider these workers for our accreditation?**

Yes, regular third-party staff working for you on your premises should be considered in-scope for your accreditation. Accrediting employers must work with their landlord to identify workers earning less than the real Living Wage (e.g. cleaning staff). Your landlord might be persuaded to pay the real Living Wage, or you could negotiate a service level agreement to ensure these workers receive the real Living Wage for the hours worked for you. Our Accreditation Officers can offer more advice.

**11. Can bonuses be included in the real Living Wage rate?**

Only guaranteed cash payments can be included in the real Living Wage calculation. For example, an employer could include a guaranteed allowance for inner city weighting or time away from home, but performance or productivity related bonuses cannot be included.

**12. What about pension contributions and salary sacrifice schemes?**

Employer contributions to pensions cannot form part of the Living Wage calculation under any circumstances. An employee's pension contributions may take their take-home pay below the Living Wage hourly rate. Living Wage accreditation allows for a salary sacrifice to form part of the Living Wage payment, but only if the benefit is opt-in, rather than opt-out.

**13. When do I have to implement the new rate?**

The real Living Wage rates are updated annually each November. Accredited employers have 6 months to implement the new rate (by 01 May). Accrediting employers always accredit at the current rate (e.g. the new rate, if accrediting after the November announcement).

**14. Can I get further help and support?**

Absolutely, our Accreditation Officers can offer further guidance and answer any questions. Please contact the Living Wage Scotland team on 0141 353 0440 or [accreditation@povertyalliance.org](mailto:accreditation@povertyalliance.org)

How can I promote my accreditation?

Following your accreditation as a Living Wage employer we encourage you to promote your accreditation as much as possible so that you see the most benefit.

Options to promote your accreditation:

- Communicate internally to all staff on why the organisation signed up for Living Wage accreditation and outline ways in which this might affect/benefit them
- Arrange to have a photo taken with our Living Wage employer logo boards, which can be shared on social media or other channels
- Host a celebratory event to announce your accreditation
- Write to suppliers, customers or partners about your Living Wage commitment
- Display your plaque and Living Wage employer stickers prominently at your business
- Use the "We are a Living Wage employer" logo on websites, email footers and any other correspondence or marketing that would reach either customers or suppliers
- Write a short blog article to be featured on our Living Wage Scotland website to share your organisation's experience of Living Wage accreditation
- Issue a press release about why your Living Wage accreditation is an important achievement for your organisation, or for your industry/sector
- Celebrate your accreditation anniversary each year to maximise the positive brand benefit associated with becoming an accredited Living Wage employer
- Participate in Living Wage Week - the annual celebration of the Living Wage movement in the UK each November

There are many more suggestions from us on offer and we are happy to support specific requests to assist in the promotion of your organisation's accreditation.

## Going further

Employers can go even further and become a champion of the real Living Wage to help grow the Living Wage movement. This could include options to:

- Work collaboratively with Living Wage Scotland and Living Wage Foundation on activities to champion the real Living Wage to other employers in your local area, your industry or your business networks
- Apply for a Living Wage award to secure recognition for activities to champion the real Living Wage
- Engage with additional initiatives on offer from Living Wage Scotland and Living Wage Foundation, such as Living Wage Places (a scheme to expand the real Living Wage locally and in partnership with other Living Wage employers)

<b>2001</b>	Citizens UK began the Living Wage movement in East London. The movement began at a meeting in East London in 2001, when grass roots organisation Citizens UK brought together churches, mosques, schools and other local institutions to talk about the issues affecting their communities. One issue came up time and time again- low pay
<b>2007</b>	The Poverty Alliance established the Scottish Living Wage Campaign
<b>2011</b>	Living Wage Foundation: The Living Wage movement went national - first UK Living Wage rate
<b>2014</b>	Living Wage Scotland was established, hosted by The Poverty Alliance, in partnership with the Living Wage Foundation
<b>2017</b>	Living Wage Scotland reached a target to accredit 1000 employers in Scotland
<b>2019</b>	Over 6000 accredited employers in the UK (over 1600 in Scotland)  Living Wage Scotland continues to work with employers across all industries and sectors

## Further reading

- Living Hours: providing security of hours alongside a real Living Wage
- Living Wage Places: a toolkit on tackling low pay by celebrating local action
- Learn about our Living Wage employers: employer case studies
- The real Living Wage and health inequalities: NHS Health Scotland

All the above can be accessed via [www.scottishlivingwage.org](http://www.scottishlivingwage.org)

Join the movement today

# Living Wage Scotland

Get in touch with us:

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