

**Manchester City Council  
Report for Information**

**Report to:** Health Scrutiny Committee – 4 February 2020

**Subject:** Living Wage accreditation

**Report of:** Director of Workforce & Organisation Development, Manchester Health and Care Commissioning

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**Summary**

This report provides the Health Scrutiny Committee with an overview of the living wage accreditation status of Manchester Health and Wellbeing Board partner organisations. Accreditation as living wage employers and promotion of the real living wage to partners and suppliers will contribute to the development of a progressive and equitable city, where those on the lowest salaries are able to benefit more from economic growth and investment in health and social care services. This forms part of the locality social value approach and also supports the embedding of ‘good work’ practice to improve health outcomes for the collective health and social care workforce.

**Recommendations**

The Health Scrutiny Committee is asked to:

1. Note the report; and
  2. Comment on the progress to date and areas for further scrutiny.
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**Wards affected:** All

<b>Environmental Impact Assessment – the impact of the issues addressed on achieving the zero carbon target for the city</b>

<b>Manchester Strategy Outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: Supporting a diverse and distinctive economy that creates jobs and opportunities	
A highly skilled city: world class and home grown talent sustaining the city’s economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our	Living wage accreditation is a key mechanism to support delivery of this strategic priority and falls under ‘ensuring good work for all’.

communities	
A liveable and low carbon city: a destination of choice to live, visit work	
A connected city: world class infrastructure and connectivity to drive growth	

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**Background documents (available for public inspection):** None

## **1. Introduction**

- 1.1 This report provides an overview of the benefits of living wage accreditation for the individual Health and Wellbeing Board partner organisations and for the combined workforce of Health and Wellbeing Board partner organisations and the supply chain. Living wage accreditation is just one example of 'good employment' which Board partners can deliver and use to influence other employers in the city. The report also provides an overview of the accreditation status of each partner organisation which represents significant progress. It also identifies areas of focus for collaboration around implementation of milestones.

## **2. Background**

- 2.1 The calculation of the UK ('real') Living wage is undertaken by the Resolution Foundation (within the auspices of the Living Wage Foundation) who have developed a methodology which includes: the costs of a core basket of goods and services; housing costs; Council Tax; travel costs; and childcare costs. The rate is reviewed annually each November, with a current rate of £9 an hour and the new rate for 2020/21 announced as £9.30 outside of London. The different rates are set out in Appendix 1.
- 2.2 A range of local authorities, public and private sector and voluntary and community sector organisations have now achieved formal accreditation as 'living wage employers' nationally. In order to achieve accreditation employers must:
- Pay all directly employed staff the 'real' living wage.
  - Pay regular third party contracted staff - such as cleaners and catering staff - the 'real' living wage.
  - Set out a baseline position in terms of all contracts and whether suppliers already pay the real living wage or intend to do so.
- 2.3 If it is not possible to move to the 'real' living wage straight away, this can be implemented in a phased approach by moving contracts to living wage when possible. Each contract is included as a milestone in the Licence Agreement with the employer as negotiated with the Living Wage Foundation. For NHS organisations, it is recognised that the vast majority of contracts are managed on an annual rolling basis and that there are some complexities in terms of the levers that commissioners have to influence organisations which receive packages of funding from NHS England which are supplemented locally for example.
- 2.4 The expectation of employers applying for accreditation is that, where necessary, they will provide an 'uplift' to budgets to providers to allow for the real living wage to be paid.

- 2.5 Some contracts can be categorised as 'out of scope' by agreement with the Living Wage Foundation. In the main, this only applies to contracts which are time limited to eight weeks or less or which are for supplies which do not include staffing costs. N.B. Individual employer accreditation applications are limited to the service which they commission or procure from a third party.
- 2.6 As part of the accreditation and implementation agreement, employers are expected to promote and commend the living wage.

### **3. Living Wage accreditation status of Board partner organisations**

#### **3.1 Greater Manchester Mental Health NHS Trust (GMMH)**

GMMH was the first Board organisation to achieve accreditation. It has been a Living Wage Foundation accredited employer since 2015 when it became the first NHS Trust in the North West to commit to paying its' staff the independent living wage. The drivers for the Trust to commit to this were related to two key areas; Firstly, to recognise the Trust's social value commitment to ensure that all of its workforce received a wage that enabled them to cover the real cost of living, recognising the impact this could have on families living within the communities served. Secondly, to support the Trust's wider strategy to recruit and retain the best talent possible and to support its drive to reduce absenteeism and improve employee satisfaction.

The main groups of staff who have benefited from the Trust as a Living Wage employer are:

- Domestic staff
- Nursing Assistant/Healthcare support workers
- Porters
- Receptionists
- Driver
- Administrative/clerical staff

A large proportion of these staff live within the local area in which they provide services.

The Trust acquired the mental health services for Manchester in 2017 and as part of the process agreed to ensure all of the staff that transferred were paid in line with the Living Wage and thus substantially increased the number of employed staff that benefit.

Whilst it is difficult to identify cause and effect, since the implementation of the Living Wage, the Trust has demonstrated improvements in staff survey outcomes that relate to fairness of pay, staff recognition and staff feeling valued. Whilst there are ongoing challenges in health in terms of recruitment and retention, being a living wage employer enables the Trust to differentiate from others and is a strong employment message and brand.

### 3.2 **Manchester City Council (MCC)**

MCC announced its successful application for accreditation on 11<sup>th</sup> November 2019, setting out the benefits that living wage accreditation will bring to the city in terms of tackling poverty and creating a more equitable city. This is linked to the following other charters;

- Ethical Employment agreement – This requires all voluntary sector organisations to follow ethical employment standards.
- Ethical Procurement Policy – This sets out MCC's expectations of providers to meet a high standard of ethical trade practices.
- Ethical Care Charter – This sets out a series of protection measures for care workers.

MCC also includes significant weighting for social value within its procurement processes. Living wage accreditation is one of the criteria included within this weighting. The commitment to budget uplift to cover the cost of real living wage within the recent homecare procurement processes is a step change which has sent out a clear message to all providers as well as supporting MCC's accreditation.

MCC has included all adult social care and population health staff and contracts within its accreditation application, based on its legal and financial responsibilities.

All MCC staff are already paid above the real living wage. Implementation of MCC's accreditation milestones plan will provide continued focus to work with its provider base to improve living standards for some of the city's lowest paid workers.

### 3.3 **Manchester Health and Care Commissioning (MHCC) / Manchester Clinical Commissioning Group (MCCG)**

MHCC closely aligned its application to MCC's given the overlap of providers of community and residential services and our shared approach to the delivery of social value through procurement.

MHCC achieved accreditation in January 2020. As MCC included all contracts for which MCC has a legal and financial responsibility, MHCC's application therefore only incorporated CCG funded contracts and was made in MCCG's name.

As part of the work undertaken to support the accreditation application, MCCG surveyed its supplier base to set out a baseline position. This baseline will be added to through the collation of annual inclusion and social value monitoring returns.

MCCG and MCC are seeking to align their approaches wherever possible. In particular, this applies to personal health budgets. MCC and MHCC have categorised this as an area of future focus.

Under Agenda for Change, all MCCG staff are already paid above the real living wage for Manchester.

### **3.4 Manchester University NHS Foundation Trust (MFT)**

MFT currently pays the real living wage to all directly employed staff and to Retention of Employment contracted staff. MFT is in the process of undertaking an assessment of whether or not third party staff are paid the real living wage by the April 2020. MFT will then decide what the next steps will be in terms of accreditation through the development of a formal plan.

### **3.5 Manchester Local Care Organisation (MLCO)**

MLCO is committed to supporting Living Wage as part of its strategy to improve health and well-being for the city, but will not be able to apply for living wage accreditation in its own right. All staff are deployed into the MLCO from MCC, MFT and MCCG so are all already paid above the real living wage. Legal and contractual responsibility for staff and third party providers remains with MFT and MCC. However as commissioning and contract management functions move over to MLCO from MHCC and MCC, MLCO will use its influence as a tactical commissioner to promote the real living wage including providing for any budget uplifts needed to pass on the real living wage. MLCO will also build real living wage compliance into its social value and contract monitoring delivery models.

### **3.6 Areas for collaboration**

MCC and MHCC have already set out areas for collaboration around community and residential care as part of their applications for accreditation. Grant funding and personal/health budgets are also areas which will be investigated together. Whilst grant funding is technically outside of the scope of living wage accreditation, the Living Wage Foundation is developing its approach to supporting the voluntary and community sector workforce to benefit from the living wage accreditation of its funders.

Whilst responsibility for budgets will stay with MCC and MCCG respectively, the biggest identified areas of overlap and opportunity to make a positive impact on the living standards of Manchester people relate to services which will sit within the MLCO remit. An area of focus over the next year will therefore be around how this is delivered with MLCO.

## **4. Recommendations**

- 4.1 The Committee is asked to note and comment upon the significant progress made.