

**Manchester Health and Wellbeing Board
Report for Resolution**

Report to: Manchester Health and Wellbeing Board – 22 January 2020

Subject: Living Wage Accreditation

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

Summary

This report provides an overview of the living wage accreditation status of 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 our 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 Board is asked to:

1. Note progress to date and support the recommendations within the report.
 2. Encourage the respective partner organisations on the Board to continue to develop their individual real living wage accreditation plans and to collaborate to support the development of high quality, integrated community and residential services in particular. This forms part of both individual organisation and locality wide social value strategies.
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Board Priority(s) Addressed:

Health and Wellbeing Strategy priority	Summary of contribution to the strategy
Getting the youngest people in our communities off to the best start	
Improving people's mental health and wellbeing	
Bringing people into employment and ensuring good work for all	Living wage accreditation is a key mechanism to support delivery of this strategic priority and falls under 'ensuring good work for all'.
Enabling people to keep well and live independently as they grow older	
Turning round the lives of troubled families as part of the Confident and	

Achieving Manchester programme	
One health and care system – right care, right place, right time	
Self-care	

Contact Officers:

Name: Sharmila Kar
Position: Director of Workforce & Organisation Development, MHCC
Telephone: 0161 765 4161
E-mail: sharmilakar@nhs.net

Name: Karin Connell
Position: Work and Skills Lead, Work and Skills Team, MCC
Telephone: 07932 730 514
E-mail: k.connell1@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

N/A

1. Introduction

- 1.1 This report provides an overview of the benefits of living wage accreditation for both individual 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 11th 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 submitted its formal application for accreditation in December 2019 and is waiting for a formal response from the Living Wage Foundation. As MCC included all contracts for which MCC has a legal and financial responsibility, MHCC's application has therefore only incorporated CCG funded contracts. The application has been 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 Board is asked to note and comment upon the significant progress made and suggest further areas for collaboration between partner organisations.

Appendix 1 Minimum Wage rates

Pay Rate	Definition of Cohort	Hourly Pay (2019/20)	Review Approach	Apprentice Rate (2019/20)	2020/21	2021/22	2022/23	23/24	24/25
National Minimum Wage (Statutory)*	Workers aged 21 and over	£7.70	Recommended by the Low Pay Commission within a remit to raise pay as high as possible without damaging employment prospects.	£3.90 *					
	Workers aged 18 to 20	£6.15							
	Workers under the age of 18	£4.35							
National Living Wage (Statutory)**	Workers over 25	£8.21	Recommended by the Low Pay Commission. The Government has set a target for it to reach 60 per cent of median earnings by 2020. The Commission's remit is to make recommendations that reach the target, subject to 'sustained economic growth'. Increases beyond 19/20 are based on the Government's pre-election announcements. N.B. The Chancellor has since modified this position.	N/A	£8.66	£9.11	£9.56	£10.01	£10.51

'Real' Living Wage (Living Wage Foundation) <small>***</small>	All workers (a higher rate is applicable for London)	£9.00	This is an aspirational wage which is announced every November by the Living Wage Foundation. The 'real' Living Wage is a voluntary rate of pay set by the resolution foundation based on the real cost of living; what people need to meet their basic everyday needs. Increases are based on assumptions informed by previous increases.	N/A	£9.30	£9.65	£10	£10.35	£10.70
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* Applicable to apprentices aged 16 to 18 and those aged 19 and over who are in their first year. All other apprentices are entitled to the National Minimum Wage for their age.

**The rate is set each November with organisations allowed 6 months to comply. The current 'real' Living Wage rate of £9.00 was announced in November 2018 and the new rate for 2020 was announced in November 2019.