

Item no.	
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## Salford Health and Wellbeing Board

Title of report	<b>Creating a real Living Wage City</b>
Date	10 November, 2020
Contact Officer	Chris Dabbs (Greater Manchester Chamber of Commerce)

### 1. Executive Summary

<p>Why is this report being brought to the Board? - Relevance of this report to the priorities of the Joint Health and Wellbeing Strategy, the Joint Strategic Needs Assessment or integrated working</p>	<p>In the <i>Salford Locality Plan 2020-2025</i>, the partners on the Health and Wellbeing Board state:</p> <ul style="list-style-type: none"> <li>• “We will enhance the role of Salford’s ‘anchor institutions’ that could significantly affect health and well-being in the city.”</li> <li>• “We will pursue further opportunities for good work (including opportunities for those further away from the job market), fair remuneration and the real Living Wage.”</li> <li>• “Salford ... aims to become a Living Wage health and wellbeing system, including all Health and Wellbeing Board members being accredited Living Wage employers by 2021.”</li> <li>• “For our workforce, we will: maintain our status as England’s first Living Wage City with plans to double the number of living wage employers by 2022.”</li> <li>• For Places, Communities and Neighbourhoods, one indicator is: progress towards Living Wage health and wellbeing economy.</li> </ul>
<p>Health and Wellbeing Board’s duties or responsibilities in this area</p>	<ul style="list-style-type: none"> <li>• Improve health and well-being across the city and remove health inequalities.</li> <li>• Social Justice and tackling inequality - everyone should get a fair chance to succeed in Salford.</li> <li>• Prevention and early intervention throughout life - we will stop problems occurring in the first place wherever we can. (Board terms of reference).</li> </ul>
<p>Key questions for the Health and Wellbeing Board to address - what action is needed from the Board and its members?</p>	<p>Actions recommended:</p> <ol style="list-style-type: none"> <li>1. To note the new UK Living Wage rate announced on 9 November, 2020, for implementation within six months.</li> <li>2. To welcome Salford becoming the first place in England to get formal recognition for its ambition to</li> </ol>

	<p>become a Living Wage City, under the Living Wage Places scheme run by the Living Wage Foundation, and to support the continuing work of the Salford Living Wage City Action Group.</p> <ol style="list-style-type: none"> <li>3. To recommit to progressing towards Salford becoming a Living Wage health and well-being economy, with all Health and Wellbeing Board members being accredited Living Wage employers by 2021.</li> <li>4. To welcome the commitment of the Northern Care Alliance NHS Group to become a Living Wage employer, and to support it to do so.</li> <li>5. To support continuing action being taken by Salford Clinical Commissioning Group to spread the real Living Wage in primary care.</li> <li>6. To note and welcome the pay rise for all social care workers in Salford from 1 October, 2020, and to support further efforts by Salford City Council and Salford Clinical Commissioning Group to bring all social care workers in Salford onto the real Living Wage.</li> <li>7. To encourage all Salford Health and Wellbeing Board members to become Members of the Greater Manchester Good Employment Charter.</li> <li>8. To join with the Northern Care Alliance NHS Group to lobby for the national negotiated NHS pay deal to be linked to the real Living Wage, for a sustainable solution for all NHS workers.</li> <li>9. To consider seeking legal advice as to the potential for making it a mandatory requirement on contractors, as part of a public procurement process or public contract, to pay their employees the real Living Wage, once the transition period for the UK to leave the European Union single market and customs union ends on 1 January, 2021.</li> <li>10. To request the Salford Social Value Alliance to continue to monitor progress with the real Living Wage in Salford, and report to the Health and Wellbeing Board on progress in autumn 2021.</li> </ol>
<p>What requirement is there for internal or external communication around this issue?</p>	<p>Publish the Health and Wellbeing Board's progress on the real Living Wage and publicise the actions it has agreed.</p>

## 2. Introduction

### 2.1 Fair Society, Healthy Lives

*Fair Society, Healthy Lives* (The Marmot Review, 2010) recognises that:

1. Reducing health inequalities is a matter of fairness and social justice.
2. There is a social gradient in health – the lower a person’s social position, the worse his or her health. Action should focus on reducing the gradient in health.
3. Health inequalities result from social inequalities. Action on health inequalities requires action across all the social determinants of health.
4. To reduce the steepness of the social gradient in health, actions must be universal, but with a scale and intensity that is proportionate to the level of disadvantage.
5. Action taken to reduce health inequalities will benefit society in many ways. It will have economic benefits in reducing losses from illness associated with health inequalities.
6. Reducing health inequalities will require action on six policy objectives, including: to ensure a healthy standard of living for all. As a priority, this requires a minimum income for healthy living for people of all ages.

### 2.2 Economic inequality

#### Poverty and inequality in Greater Manchester<sup>1</sup>

The Greater Manchester Poverty Monitor shows that, in Greater Manchester:

- 620,000 people are living in poverty
- 200,000 children live in households with an income below the poverty line
- 157,000 households are experiencing fuel poverty
- around 250,000 people are claiming help towards housing costs
- 20% of all jobs in Greater Manchester are paid less than the real Living Wage

There are also signs that already high levels of poverty in the city-region are likely to be getting worse during the COVID-19 pandemic:

- the number of people claiming unemployment-related benefits in Greater Manchester rose by 93% between March and August 2020
- there has been a sharp increase in the number of people claiming Universal Credit in each of the city-region’s ten boroughs.

The Greater Manchester Poverty Monitor also shows large inequalities within Greater Manchester and within individual boroughs, both in respect of levels of poverty and outcomes. In Salford, some key findings include:

- 11.2% of residents experience fuel poverty
- the ward with highest rate of child poverty is Ordsall (59.3%)
- the ward with the lowest rate of child poverty is Worsley and Boothstown (13.4%)
- the area with the highest rate of food insecurity is Higher Broughton (30.22%)
- the area with the lowest rate of food insecurity is Salford Central and University (11.78%)
- average hourly pay is £13.03 (8<sup>th</sup> in Greater Manchester)

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<sup>1</sup> Greater Manchester Poverty Action (October 2020), Greater Manchester Poverty Monitor 2020 - <https://www.gmpovertyaction.org/poverty-monitor-2020/>

## Pay in Greater Manchester<sup>2</sup>

Overall, pay levels and salary growth in Greater Manchester lag behind UK averages. Workers in the city-region earn on average around 10% per hour less than the UK median. Salary growth between 2013 and 2018 in Greater Manchester was 7.8%, compared to 9.4% across the country. The real value of the annual median wage in Greater Manchester in 2017 was around £1,500 less than in 2008.

19% of jobs in Greater Manchester were paid less than two-thirds of the national median wage in 2017; a higher proportion than in better performing UK urban areas (London, 10%, and Bristol city region, 16%), but lower than in most comparator city regions (20-24%). The proportion of jobs offering low pay<sup>3</sup> fell in eight Greater Manchester districts between 2012 and 2017 and did not increase in the other two. The proportion of local jobs that were low paid in 2017 was highest in Rochdale (26% in 2017) and lowest in Manchester and Salford (14%).

The majority of Greater Manchester's low earners work in just three sectors: retail and wholesale (27%); hospitality, tourism and sport (21%); and health and social care (15%).

The majority (58% in 2017) of low-paid workers in Greater Manchester are women; a lower proportion than the UK average and comparator UK city-regions. The proportion of single parents in Greater Manchester who were low paid in 2016-2018 (33%), however, was higher than the UK average and those of comparator city-regions. It was also higher than among adults in other types of Greater Manchester household. A higher proportion of black workers (33%) in the city region was low-paid than their Asian (27%) and white (21%) counterparts in 2016-2018, although the number of people in the latter group (215,000) far exceeded those for Asian (20,000) and black (15,000) workers.

31% of Greater Manchester workers with qualifications at GCSE level or below were low paid, similar to the national average (30%). The proportion of graduates in Greater Manchester who were low-paid in the same period (10%), however, was marginally higher than in most comparator city-regions.

Research by the Resolution Foundation on progression out of low pay found that one-third of people who were on low wages in 2012 were still on low wages four years later. This proportion varied from city-region to city-region with Greater Manchester in the middle of the pack. Those who were low-paid in London in 2012 were least likely to still be in low pay in 2016 (29%), while the risk of still being low paid was highest in Newcastle (43%).

### **2.3 Living Wage**

The real Living Wage is an hourly rate set independently and updated annually. It is calculated by the Resolution Foundation and overseen by the Living Wage Commission, based on the best available evidence about living standards in London

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<sup>2</sup> Greater Manchester Independent Prosperity Review (February 2019): 43.

<sup>3</sup> Low pay is defined as: hourly earnings (excluding overtime and other payments) less than the median hourly wage for all employees.

and the UK. This is based on detailed research of what households need in order to have a minimum acceptable standard of living.

The real Living Wage is set annually by the Living Wage Foundation and is £9.30 per hour in the UK (outside London) from 11 November, 2019. The new real Living Wage rate will be announced on 9 November, 2020, for implementation within six months. Employers choose to pay the real Living Wage on a voluntary basis and can become accredited by the Living Wage Foundation.

Distinct from the real Living Wage, the 'national living wage' for all workers aged over 25 was introduced by the Government in April 2016. This is effectively a premium on top of the National Minimum Wage rate, while the current National Minimum Wage for those under the age of 25 still applies.

The rates from 1 April, 2020, are:

- £8.72 per hour - 25 years old and over
- £8.20 per hour - 21-24 years old
- £6.45 per hour - 18-20 years old
- £4.55 per hour - 16-17 years old
- £4.15 per hour - apprentices under 19, or 19 or over who are in the first year of apprenticeship

The Low Pay Commission has a remit to review annually the 'national living wage', as well as the minimum wage, and to recommend any increases. The rate changes every April. The Government had asked the Commission to ensure that the 'national living wage' reaches 60% of median earnings by 2020.

For the purposes of this report, the 'real Living Wage' means the Living Wage as calculated for and overseen by the Living Wage Foundation.

## **2.4 Real Living Wage in Salford**

Intelligence Analysis at Salford City Council (June 2019) found that:

It is estimated that the number of jobs in Salford offering below the real Living Wage is growing by approximately 2,000 per year, but this is not wholly representative of residential employment as many residents are employed within other local authority areas (such as Trafford Park). For the UK as a whole, it is estimated that of nearly 300,000 additional employees every year, 265,000 (88%) are earning below the real Living Wage (a growth in this proportion of +0.6% per year). The local model suggests that, while the number of Salford residents paid below the real Living Wage growing at a similar rate to the national average (+0.6% per year), there is also a similar increase in Salford residents earning above the real Living Wage. However, because there are a lot more earning above the real Living Wage in total, this results in the overall proportion of people earning below the real Living Wage increasing:

Proportion by year and average yearly growth						
	Salford			U.K.		
	2015	2018	growth	2015	2018	growth
below real Living Wage	39.2%	40.9%	+0.59% (+3.3k)	28.9%	30.7%	+0.60% (+265k)
above real Living Wage	60.8%	59.1%	-0.59% (+3.0k)	71.1%	69.3%	-0.60% (+33k)

This suggests an average yearly growth in employment paid above the real Living Wage of around 3,000 people per year. The majority of this can be linked to a similar rate of population growth in and around Ordsall. This is largely based on young professionals (many having recently attended a local university) renting newly developed apartments. Some are initially employed on rates below the real Living Wage, while others are self-employed, often operating in the 'gig economy'. In both cases, the rate of wage growth is fairly quick, and there is a high degree of turnover. Population growth in Ordsall is so large that it is also home to the largest increase in numbers of people paid below the real Living Wage, with one-third estimated to be living in Ordsall and Langworthy, despite the overall proportion reducing:

Proportion earning below the real Living Wage by year and average yearly growth by neighbourhood			
	2015	2019	growth
Claremont and Weaste	34.1%	35.7%	+1.5% (+0.2k)
East Salford	45.0%	48.3%	+2.5% (+0.0k)
Eccles, Barton and Winton	39.6%	41.7%	+1.8% (+0.4k)
Irlam and Cadishead	37.2%	39.9%	+2.4% (+0.3k)
Little Hulton and Walkden	43.2%	44.8%	+1.3% (+0.6k)
Ordsall and Langworthy	45.3%	44.9%	-0.3% (+1.3k)
Swinton and Pendlebury	37.4%	40.3%	+2.6% (+0.2k)
Worsley and Boothstown	22.6%	22.1%	-0.8% (+0.1k)

Elsewhere in the city, where population growth is not at the same level, there are several factors at play which can affect estimated proportions paid below the real Living Wage. In East Salford, there has been an above average increase in the proportion, although this is linked to a highly transient population and decreasing numbers of working age and/or economically active residents, so numbers have remained similar. In Worsley and Boothstown, the proportion has decreased despite a small increase in numbers, largely because there has been a bigger increase in those earning above the real Living Wage. Elsewhere, particularly in the outer suburbs, numbers and proportions are increasing. There is the same theme throughout the country, with much of the increase linked to a decline in suburban unemployment, and older workers taking low paid jobs in order to supplement, or bridge gaps to, pension payments.

## 2.5 Salford's commitments to the real Living Wage

Within Greater Manchester, Salford has taken the lead on the real Living Wage, with the then City Mayor signalling in 2013 the intention for Salford to end poverty pay and to become a real Living Wage City. This commitment has been continued by the current City Mayor, who previously chaired Salford's Living Wage Partners Group.

Salford is already committed to “continue to champion for the wider adoption of the [real] Living Wage ... as a minimum, with the ambition for Salford to become a ‘Living Wage City’.” A stated key measure of success is to “increase the number of Salford employers paying the Living Wage (as determined by the Living Wage Foundation).”<sup>4</sup>

Salford is also seeking to actively tackle poverty. “Our vision is for a fairer and more inclusive Salford where everyone is able to reach their full potential and live prosperous and fulfilling lives free from poverty and inequality.” Its strategy for tackling poverty aims to focus action by focusing collective action across three themes:<sup>5</sup>

1. Supporting people who are struggling in poverty now.
2. Preventing people from falling into poverty in the first place.
3. Influencing the Government and other national organisations to get a better deal for Salford people.

Under the second theme of preventing people from falling into poverty, Salford has stated that “Through our Employment Standards Charter, we are committed to do all we can to encourage businesses and organisations based in Salford to pay the real UK Living Wage ... as a minimum (regardless of age), with a clear ambition for Salford to become a truly ‘Living Wage City’.”<sup>6</sup>

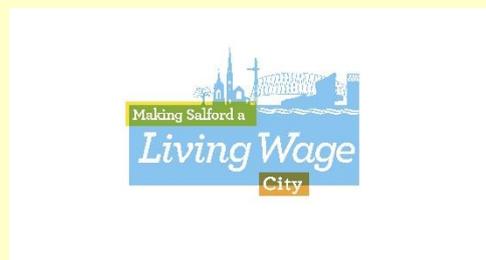
As part of its 10% Better campaign, the Salford Social Value Alliance<sup>7</sup> has committed to:

- 10% more employers paying the real Living Wage
- using as an indicator of the proportion of employee jobs paid less than the real Living Wage in Salford

In line with the 10% Better campaign, it has previously been agreed that that the two key performance indicators for the real Living Wage in Salford should be:

- the number of Salford residents paid at least the real Living Wage [against an aim of increasing this by 10% between 2017 to 2021 – an extra 1,570 people]
- the number of accredited employers based in Salford paying the real Living Wage [against an aim of increasing this by 10% between 2017 to 2021 – an extra 2 employers accredited]

Salford was the first place in England to get formal recognition for its ambition to become a Living Wage City. The Living Wage Foundation recognised Salford under its Living Wage Places scheme on 11 November, 2019. The aim is to work together to tackle low pay within localities by expanding Living Wage employer accreditation.



The Greater Manchester Good Employment Charter is a voluntary membership and assessment scheme, led by Greater Manchester Combined Authority, which has been created to help deliver good jobs with opportunities for people to progress and develop, along with a thriving and productive economy. Membership of the Charter

<sup>4</sup> Salford Employment and Skills Strategy 2017–20

<sup>5</sup> No One Left Behind: tackling poverty in Salford. A joint strategy (2017)

<sup>6</sup> No One Left Behind: tackling poverty in Salford. A joint strategy (2017)

<sup>7</sup> <https://www.salfordsocialvalue.org.uk/>

requires employers to demonstrate a commitment to excellent practice in seven key employment characteristics. One characteristic is that Charter members are expected to provide evidence to demonstrate payment of the real Living Wage to employees and details of plans to pay their contractors a real Living Wage (as set out by the Living Wage Foundation).

### **3. Key issues for the Board to consider**

#### **3.1 Health Inequalities and the real Living Wage**

*Health Inequalities and the Living Wage* (health equity briefing 6, UCL Institute of Health Equity, September 2014), commissioned by Public Health England, found that the evidence shows that insufficient income is associated with worse outcomes across virtually all domains of health, including long-term health and life expectancy. It is associated with a greater risk of limiting illness and poor mental health including maternal depression. Children who live in poverty are more likely to be born early and small, suffer chronic diseases such as asthma, and face greater risk of mortality in early and later life.

The negative health effects of living on a low income can be caused by material factors (the inability to afford the items necessary for a healthy life) and/or psychosocial factors (such as 'status anxiety').

The Institute for Health Equity concluded that adopting the real Living Wage has been shown to improve psychological health and well-being among employees and increase life expectancy. It is also associated with significant improvements in self-rated health, depression, alcohol consumption, activity-limiting illnesses and a fall in mortality.

As major employers, statutory agencies can lead by example by paying at least the real Living Wage to all directly employed staff and, where appropriate, to all sub-contracted staff. As major purchasers, statutory agencies can also help to implement the real Living Wage through procurement from their suppliers, including through innovative application of the Public Services (Social Value) Act 2012.

#### **3.2 Living Wage: Stating the Case**

Research by the Greater Manchester Chamber of Commerce to review the available evidence surrounding the business case for paying the real Living Wage (*The Living Wage: Stating the Case*, November 2016) found that:

- Across all the available evidence, three main areas in which paying higher wages can have a significant beneficial impact are evident: productivity; ease of recruitment; and staff retention.
- The evidence is almost entirely supportive of the idea that paying higher wages can improve production and quality, although the long-term nature of the benefits make them harder to quantify against the immediate cost increase. Wider beneficial economic spill-over effects have been observed following pay increases in select cases.
- Organisations in traditionally low-paid, low-skilled and high staff-turnover sectors such as retail, health and social care, bars and restaurants, etc., will likely face relatively larger wage bill increases and have less scope to absorb such increases than sectors such as IT, banking, finance and construction.

- Sector also determines how prices are likely absorbed. Some sectors have scope to increase prices, whilst others may have to remove inefficiencies or reduce the number of staff or hours worked.
- Paying the real Living Wage means an increased wage bill for those organisations with low-paid workers, and due to the vast differences between business models the real Living Wage may not be practical for many organisations, so no blanket statement of endorsement can be made.
- If, after careful consideration, a particular organisation has adequate scope for paying higher wages, the evidence overwhelmingly suggests it is beneficial to do so.

### **3.3 Salford Health and Wellbeing Board position – 2019**

At its meeting on 12 November, 2019, Salford Health and Wellbeing Board agreed:

1. To welcome and support the action being taken by Salford Clinical Commissioning Group to spread the real Living Wage in primary care.
2. To note and welcome the accreditation as Living Wage employers of several Salford-based providers of social care.
3. To note that all but two members of Salford Health and Wellbeing Board are accredited Living Wage Employers.
4. To fulfil the Board's agreement in March 2017 work towards Salford becoming a real Living Wage health and well-being system, by encouraging and supporting those members that are not yet accredited Living Wage employers to:
  - pay all staff (both directly employed and sub-contracted) the real Living Wage
  - become accredited Living Wage Employers with the Living Wage Foundation by 2021 at the latest
5. To note the formation of the Salford Living Wage City Action Group, and to endorse Salford's application for Living Wage City status from the Living Wage Foundation under its Making Living Wage Places scheme.
6. To include specific commitments on the real Living Wage in the refreshed *Locality Plan* that is being developed, including with regard to the Greater Manchester Good Employment Charter and the Salford Living Wage City action plan.
7. To request the Salford Social Value Alliance to continue to monitor progress with the real Living Wage in Salford, and report to the Health and Wellbeing Board on progress in autumn 2020.

### **3.4 Locality Plan for Salford**

The *Salford Locality Plan 2020-2025* has two core outcomes:

1. People will live longer and those years will be lived in good health (Increased healthy life expectancy for all).
2. The gap in life expectancy between the most and least deprived communities in the city will be reduced (inequalities index).

Among the more detailed outcomes are:

- Starting Well: I am a young person who will achieve their potential in life, with great learning and employment opportunities.
- Starting Well: I am as good a parent as I can be.
- Living Well: I lead a happy, fulfilling and purposeful life, and I am able to manage the challenges that life gives me.

- Ageing Well: I am an older person who is looking after my health and delaying the need for care.
- Strong and resilient communities: I have opportunities to contribute, and benefit from, a strong economy with quality local jobs.

At all stages of the life course, therefore, local people would benefit from the application of the real Living Wage.

Building on work by the Salford Health and Wellbeing Board since 2015, the *Salford Locality Plan 2020-2025* states that:

- “The city’s approach to economic development and growing a more inclusive economy is designed to ensure that more of our residents can benefit from the economic, social and cultural opportunities in the city.”
- “We will enhance the role of Salford’s ‘anchor institutions’ that could significantly affect health and well-being in the city.”
- “We will pursue further opportunities for good work (including opportunities for those further away from the job market), fair remuneration and the real Living Wage.”
- “Salford ... aims to become a Living Wage health and wellbeing system, including all Health and Wellbeing Board members being accredited Living Wage employers by 2021.”
- “For our workforce, we will: maintain our status as England’s first Living Wage City with plans to double the number of living wage employers by 2022.”
- For Places, Communities and Neighbourhoods, one indicator is: progress towards Living Wage health and wellbeing economy.

### **3.5 Inclusive Economy Strategy for Salford**

Work is ongoing on the development of an Inclusive Economy Strategy for Salford. It is anticipated that this Strategy will emphasise the role that key ‘anchor’ institutions can take to build and retain wealth locally through the promotion of the real Living Wage, progressive commissioning and procurement processes, and building on the wider aspirations of Salford’s *Charter for Employment Standards*.

### **3.6 Progress on implementing the real Living Wage**

Since the previous report to the Health and Wellbeing Board in November 2019, the former Living Wage Task and Finish Group has been superseded by the Salford Living Wage City Action Group which, following Salford becoming the first place in England to get formal recognition for its ambition to become a Living Wage City, has been meeting since December 2019.

Salford becoming a real Living Wage health and well-being system by 2021.

Following a change in the constitution of the Health and Wellbeing Board, there have been 12 member organisations since 1 April, 2017 (as well as the Greater Manchester Health and Social Care Partnership). The current positions reported for each of them are:

Accredited Living Wage Employers



- Greater Manchester Chamber of Commerce
- Greater Manchester Fire and Rescue Service (as part of Greater Manchester Combined Authority)
- Greater Manchester Mental Health NHS Foundation Trust
- Greater Manchester Police
- Healthwatch Salford
- Salford City Council
- Salford Clinical Commissioning Group
- Salford CVS
- Salford Primary Care Together
- University of Salford

This means that a majority of ten (83.3%) of Salford Health and Wellbeing Board members are accredited Living Wage Employers. This compares to only four (44.4%) of the Board's then nine member organisations being accredited Living Wage Employers in 2016.

Furthermore, while Salford Strategic Housing Partnership itself is not an employer, some (but far from all) social housing providers are accredited Living Wage Employers: ForHousing (and ForWorks (Liberty R&M)); Great Places Housing Group; Irwell Valley Homes; Onward Homes; Salix Homes (which was the first accredited Living Wage Employer in Greater Manchester, in June 2012); Symphony Housing Group; Windsor Albion Co-operative; and Your Housing Group.

The current position of the other Board member is:

**Salford Royal NHS Foundation Trust  
(part of the Northern Care Alliance NHS Group)**

On 27 January, 2020, the NCA Group Board adopted an 'anchor mission' for social value creation. It also acknowledged the aspiration to become a Living Wage employer; with the Chief People Officer confirming that Greater Manchester human resources leads had agreed to develop a stepped change process with regards to implementation.

In October 2020, the NCA stated that:

"The NCA Board has committed to become a Living Wage employer. However, we are tied into national terms and conditions through 'Agenda for Change'. The current nationally negotiated pay scale has taken some staff below the hourly Living Wage rate.

A new pay deal is anticipated for 2021, and we are lobbying for the national negotiated pay to be linked to the Living Wage for a sustainable solution not just for NCA staff, but all NHS workers. And we ask partners to join this lobby.

If this is not resolved by the 2021 pay deal, ... our Chief of People is working with colleagues behind the scenes to create a GM solution to avoid pitching one organisation against another.

We are also committed to bringing services back into the NHS which had previously been tendered out to ensure that all of the NHS terms and conditions

including sick pay, annual leave, occupational health and wellbeing services can be accessed. We have recently brought security staff back in house across our north east sector sites.”

The Board may also wish to note the position with regard to other larger provider organisations in Salford:

- Aspire for intelligent Care and Support - accredited Living Wage Employer; winner of the Beyond the Living Wage Champion Award in the national Living Wage Champion Awards 2019, in recognition of its leadership role in tackling in-work poverty and improving the well-being of employees, going above and beyond the Living Wage rate.
- Oaklands Hospital (owned by Ramsay Health Care UK) - not accredited.
- Salford Community Leisure - accredited Living Wage Employer.

Only one in ten GP practices have previously paid all their staff the real Living Wage. In order to access additional funding, they need to meet the Salford Standard, a set of requirements for commissioning additional services from GPs. Salford Clinical Commissioning Group said to GPs that, from April 2019, demonstrating action towards paying the real Living Wage will be one of those requirements. Five GP practices – Chapel Group Medical Centre in Irlam, Cherry Medical Practice in Little Hulton, Gill Medical Centre in Walkden, Ordsall Health Surgery in Ordsall, Poplars Medical Centre in Swinton – are now accredited Living Wage employers.

There are also at least ten smaller providers operating in Salford that are accredited Living Wage Employers: 42<sup>nd</sup> Street; Gaddum Centre; LGBT Foundation; Mind in Salford; Mustard Tree; Pathways CIC; Start Inspiring Minds; Survivors Manchester; Unlimited Potential; and Visit From The Stork.

### Social care<sup>8</sup>

There remains a challenge around pay within social care.

Adult social care is an important and growing sector, offering the opportunity for innovation and integration of services to improve the quality of jobs and pay while also improving the service for residents. There are 64,000 frontline care workers in Greater Manchester. 80% (around 50,000) are employed in the independent sector across these specialisms: residential and nursing homes, with nearly 18,000 beds that operate at 90-100% of capacity; domiciliary care, supporting over 26,000 residents; and learning disability services for over 7,400 people.

Employment in Greater Manchester grew in line with the UK average up to the recession (growing at 2.1% per year between 1998 and 2008), but it has seen much slower growth post-recession (0.2% in Greater Manchester compared to 1.0% in the UK between 2010 and 2016).

Adult social care is a low-pay sector. Evidence suggests that this problem may be more acute in Greater Manchester than elsewhere. Greater Manchester has low commissioning rates as compared to both the rest of north-west England and to England as a whole, particularly in relation to domiciliary care (at £450 per week for residential/nursing care and £164 per week for domiciliary care). It is not clear why

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<sup>8</sup> Greater Manchester Independent Prosperity Review (February 2019): 44.

Greater Manchester pays less than other localities, but it is likely to include the urban setting, lower property costs, and the large buying power of commissioners.

Other terms and conditions in the sector are equally challenging. Only 50% of care workers hold a Level 2 qualification. There are also high turnover rates, especially for new starters and those new into adult social care (usually around one third of new starters).

In March 2020, the City Mayor announced a pay rise to £9.00 per hour from 1 October, 2020, for all care workers in Salford as the City Council and the Clinical Commissioning Group continue to work towards care workers receiving the real Living Wage. In addition, both organisations have been seeking to identify resources in order to pay the real Living Wage of £9.30 per hour to those care workers on the supported tenancies learning disability contracts from 1 October, 2020, as a step towards bringing all care workers onto the real Living Wage.

#### Promoting the business case for the real Living Wage to all employers in Salford.

At 29 September, 2020, there were 46 organisations based in Salford – in the public, private and social sectors – that are Living Wage Employers accredited with the Living Wage Foundation, with a significant additional number going through accreditation and/or already paying the real Living Wage to their employees.

In addition to the agencies mentioned in the section above, there is already a range of other organisations based in Salford from all sectors that are accredited Living Wage Employers, including: Anchor Removals; Broughton Trust; Carbon Creative; Caritas Diocese of Salford; Church Action on Poverty; Citizens Advice Salford; Coffee4Craig; Fletchers Engineering; Geoffrey Miller Solicitors; Kenny Waste Management; Manchester Bike Hire; Medaille Trust; Mettler-Toledo Safeline; Moorepay; No Drama; North West Skills Academy; Peel Outlets Management; Psn Painting Services; Salford Unemployed & Community Resource Centre; Society Inc; SRO Solutions; Thermatic Maintenance; Vita Skills; and Zymurgorium.

There are at least another 22 accredited Living Wage employers with branches or operations in Salford. These include large businesses (such as including Barclays Bank, Lloyds Bank, Nationwide Building Society and Santander UK), Greater Manchester Chamber of Commerce, and several Greater Manchester-level statutory bodies.

The cross-sector Salford Social Value Alliance aims to use social value to make a 10% improvement across 11 social, economic and environmental outcomes for the benefit of Salford and its people. With regard to the real Living Wage, the 10% Better campaign aim is that, by 2021, there will be 10% more employers paying the real Living Wage (at least 1,570 more Salford people paid the real Living Wage).

Salford was the first place in England to get formal recognition for its ambition to become a Living Wage City. The Living Wage Foundation recognised Salford under its Living Wage Places scheme on 11 November, 2019. The aim is to work together to tackle low pay within localities by expanding Living Wage employer accreditation.



Building on Salford's 10% Better campaign, the main targets in order to make Salford a Living Wage City are to:

- increase the number of accredited Living Wage employers whose main base is within the City of Salford from 38 in 2019 to 76 by the end of 2022
- lift above the real Living Wage people employed or contracted by accredited Living Wage employers whose main base is within the City of Salford from 1,744 in 2019 to 2,800 by the end of 2022
- increase the proportion of jobs in Salford employed by accredited Living Wage employers whose main base is within the City of Salford from 7.0% (9,433) in 2019 to 15.0% (19,800) by the end of 2022
- increase the proportion of Salford residents paid the real Living Wage or above from 59.1% in 2019 to 65.0% by the end of 2022

This work is being driven by the Salford Living Wage City Action Group, which includes both accredited Living Wage employers and community champions from local businesses and the public, voluntary, community and social enterprise sectors. It will work with 30 anchor employers in 2020-2022 as well as the health and social care, retail and hospitality sectors to encourage more employers to pay the real Living Wage.

#### Real Living Wage within procurement of services, works and goods.

For statutory bodies, the Public Services (Social Value) Act 2012 applies when a statutory body procures the provision of services, or the provision of services together with the purchase of hire of goods or carrying out of works, that is subject to the Public Contracts Regulations 2015. The Act requires the procuring body to consider, at the pre-procurement stage, how procurement could improve the social, economic and environmental well-being of the relevant area, and also to consider how in conducting the process of procurement, the commissioner might act with a view to securing that improvement.

Both Salford City Council and Salford Clinical Commissioning Group are seeking to incorporate the real Living Wage into commissioning, under the Public Services (Social Value Act) 2012. It has been agreed to explore the development of collective guidance and shared experience of incorporating the real Living Wage within procurement of services, works and goods, including the use of contractual levers. This will include a review of legal advice, in the light of experience of statutory bodies elsewhere in England.

For statutory bodies, the European Commission had confirmed that any mandatory requirement on contractors, as part of a public procurement process or public contract, to pay their employees a Living Wage set at a rate higher than any minimum wage set by or in accordance with law (that is, the UK's National Minimum Wage or 'national living wage') is unlikely to be compatible with EU law. This situation may well change once the transition period for the UK to leave the EU single market and customs union ends on 1 January, 2021.

It remains possible, however, to encourage contractors to pay the real Living Wage, where relevant to the delivery of a contract. It could, for example, be stated as a standard.

Initial information and advice has been obtained from the Living Wage Foundation about effective practice in incorporating the real Living Wage within procurement of services, works and goods. This includes exemplar practice from the commercial sector.

#### Promotion of the real Living Wage through the Greater Manchester Health and Social Care Partnership.

There was initial high level scoping at Greater Manchester level, with more to be done with NHS employers and other associated bodies. From mid-2018, consideration has been given to how to make progress on the real Living Wage in health and social care across Greater Manchester, from the perspective of health and social care integration. A meeting on 25 June, 2019, explored this further, with potential priorities identified as prioritising NHS trusts, and engaging with the Strategic Workforce Board at Greater Manchester Health and Social Care Partnership.

The Northern Care Alliance NHS Group has stated that, if the nationally negotiated NHS pay deal is not linked to the real Living Wage, it will seek to create a Greater Manchester solution.

#### Monitoring and reporting on progress with the real Living Wage in Salford.

As part of its 10% Better campaign, Salford Social Value Alliance continues to monitor progress with the real Living Wage in Salford.

Intelligence Analysis at Salford City Council has explained that, to monitor city-wide progress on the real Living Wage, a file from Experian is received once a year that codes every household in Salford to one of 66 UK types based on several factors, including a range of directly observed financial data. To create a model, these household codes are used in conjunction with other data such as age (the biggest factor in wage rates), as well as the suite of average income and affordability figures.

Intelligence Analysis had indicated that they will update the model on a yearly basis, but that it may be best to project the expected yearly change for future years and then monitor the observed change after a few years, as they will be able to demonstrate actual change in small areas more accurately.

#### 4. Recommendations for action

In line with the *Locality Plan for Salford*, the Health and Wellbeing Board agrees:

1. To note the new UK Living Wage rate announced on 9 November, 2020, for implementation within six months.
2. To welcome Salford becoming the first place in England to get formal recognition for its ambition to become a Living Wage City, under the Living Wage Places scheme run by the Living Wage Foundation, and to support the continuing work of the Salford Living Wage City Action Group.
3. To recommit to progressing towards Salford becoming a Living Wage health and well-being economy, with all Health and Wellbeing Board members being accredited Living Wage employers by 2021.
4. To welcome the commitment of the Northern Care Alliance NHS Group to become a Living Wage employer, and to support it to do so.
5. To support continuing action being taken by Salford Clinical Commissioning Group to spread the real Living Wage in primary care.
6. To note and welcome the pay rise for all social care workers in Salford from 1 October, 2020, and to support further efforts by Salford City Council and Salford Clinical Commissioning Group to bring all social care workers in Salford onto the real Living Wage.
7. To encourage all Salford Health and Wellbeing Board members to become Members of the Greater Manchester Good Employment Charter.
8. To join with the Northern Care Alliance NHS Group to lobby for the national negotiated NHS pay deal to be linked to the real Living Wage, for a sustainable solution for all NHS workers.
9. To consider seeking legal advice as to the potential for making it a mandatory requirement on contractors, as part of a public procurement process or public contract, to pay their employees the real Living Wage, once the transition period for the UK to leave the European Union single market and customs union ends on 1 January, 2021.
10. To request the Salford Social Value Alliance to continue to monitor progress with the real Living Wage in Salford, and report to the Health and Wellbeing Board on progress in autumn 2021.

Note: For clarity, within these recommendations, the 'real Living Wage' means the Living Wage as calculated for and overseen by the Living Wage Foundation.

## 5. Contextual information

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THIS REPORT CONTENT HAS ALSO BEEN CONSIDERED BY:

- Salford Social Value Alliance
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#### EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

There has not been a community impact assessment completed locally.

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#### ASSESSMENT OF RISK:

There are costs to employers of implementation of the Living Wage, primarily associated with increased wage bills, though these will vary by sector and employer. It does, however, lower staff turnover and absenteeism, increase productivity, improve organisational reputation and raise staff motivation and morale, with associated cost savings for employers.

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**LEGAL IMPLICATIONS:** Legal advice will need to be sought in order to consider the potential for making it a mandatory requirement on contractors, as part of a public procurement process or public contract, to pay their employees the real Living Wage, once the transition period for the UK to leave the European Union single market and customs union ends on 1 January, 2021.

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#### FINANCIAL IMPLICATIONS:

There are costs to employers of implementation of the Living Wage, primarily associated with increased wage bills, though these will vary by sector and employer. It does, however, lower staff turnover and absenteeism, increase productivity, improve organisational reputation and raise staff motivation and morale, with associated cost savings for employers.

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#### PROCUREMENT IMPLICATIONS:

There are implications in incorporating the Living Wage within procurement, wherever legal, including through application of the Public Services (Social Value) Act 2012. Legal advice has been obtained by Salford City Council on these.

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#### HR IMPLICATIONS:

Adopting the Living Wage for all employees should lower staff turnover and absenteeism, increase productivity, improve organisational reputation and raise staff motivation and morale.

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