



Classification	Item No.
Open / Closed	

Meeting:	Bury Health and Wellbeing Board
Meeting date:	26 th January 2023
Title of report:	Wider Determinants of Population Health: Implementation of the Real Living Wage
Report by:	Cllr. Tahir Rafiq, Cabinet Member for HR & Corporate Affairs
Decision Type:	Discussion
Ward(s) to which report relates	All

Executive Summary:

In September 2021 Bury Council's Cabinet agreed to move towards the organisation's accreditation as a Real Living Wage employer by making arrangements to pay the Real Living Wage to all directly employed staff from April 2022 and move towards payment at this rate for staff employed by commissioned providers over a three-year period. The Council's work here was recognised by the Living Wage Foundation with the Council awarded formal Real Living Wage accreditation in November 2021. Furthermore, this accreditation was fundamental in the Council's recognition as a Member of the Greater Manchester Good Employment Charter in February 2022.

This commitment represented a significant financial investment for the Council, of a projected £5.5m over a five years period as of September 2021. The Council's October Medium Term Financial Strategy refresh added a further £3.2m to this cost owing to the unprecedented growth in the Real Living Wage this year.

In making the case for payment of the Real Living Wage, Members noted that this would directly increase the pay of an estimated 4,000 of Bury's lowest paid workers, most significantly within the commissioned care setting. This approach was championed because of both its strategic importance in supporting the stability of this crucial sector, particularly in the context of Covid-19, but also in recognition of the evidenced link between 'good work' and 'good health'.

This report provides an update on implementation of the Real Living Wage and highlights broader evidence in relation to the link between good work and good health.

Recommendation(s)

That Members note this report and the ongoing work to champion payment of the Living Wage across the wider Bury economy.

Key considerations:

1. Background

The Real Living Wage (RLW) is a voluntarily wage paid by over 11,000 UK businesses who believe their staff deserve a wage which meets every day needs. The rate is calculated annually by the Resolution Foundation and overseen by the Living Wage Commission, based on the best available evidence about living standards in the UK.

The RLW rate (outside of London) was last updated in September 2022 to £10.90 (regardless of age), with employers having until May 2023 to bring rates of pay in-line with this rate. The previous rate (£9.90) represented the lowest pay point for Council staff from April 2022 until the agreement of the national NJC pay award in November of last year increased this rate to £10.50. This rate will rise to £10.90 in April to align with the Living Wage, subject to approval of the Council's Pay Policy Statement. By comparison, the Government's Living Wage is currently £9.50 and applies only to those aged over 25 and over.

Accredited employers must work towards payment of the Living Wage rate to staff employed by contractors working for the organisation. For contractors, the accreditation process considers plans to apply the payment over a three-year period which are regularly reviewed by the Living Wage Foundation and must be delivered against if accreditation is to be maintained. In Bury, outside of Adult Social Care, all new and refreshed in-scope contracts include a requirement to pay in-scope staff at the Living Wage rate, with the contract renewal process meaning compliance should be reached within the three-year period. For those contracts outside of the direct scope of RLW accreditation (for example contracts for goods as opposed to services) the Council strongly commends payment and considers this as part of its Social Value assessment.

In Adult Social Care a more sophisticated approach has been taken with all providers offered the opportunity to increase payment rates marginally over a three-year period, to April 2023, via a contractual variation. Through this mechanism current hourly payment rates for those providers accepting the increased rate is £9.70 and will raise to £10.90 from April 2023.

2. The link between 'Good Work' and 'Good Health'

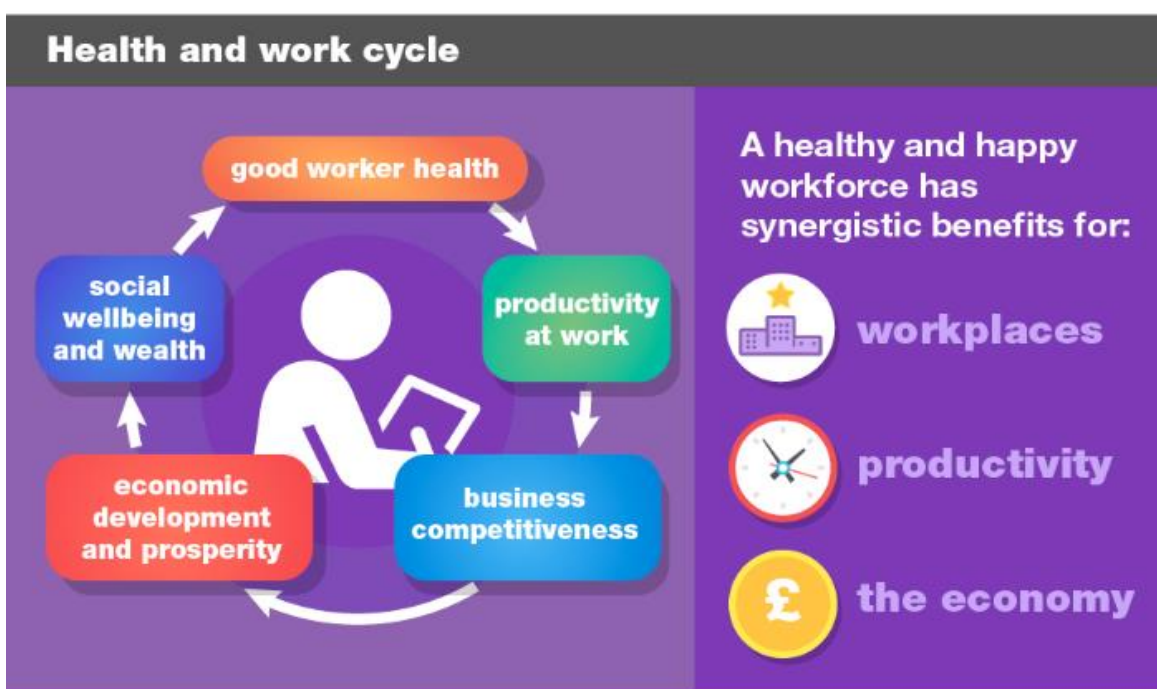
The Government's 2019 '[Healthy Matters](#)' publication makes clear the association between good work and good health:

'Being in good work is better for your health than being out of work. 'Good work' is defined as having a safe and secure job with good working hours and conditions, supportive management and opportunities for training and development.

There is clear evidence that good work improves health and wellbeing across people's lives and protects against social exclusion. Conversely, unemployment is bad for health and wellbeing, as it is associated with an increased risk of mortality and morbidity.

For many individuals, in particular those with long-term conditions such as mental health problems, musculoskeletal (MSK) conditions and disabilities, health issues can be a barrier to gaining and retaining employment.

Combined costs from worklessness and sickness absence amount to around £100 billion annually, so there is also a strong economic case for action. Addressing and removing health-related barriers requires collaborative work between partners from across the private, public and third sectors at both national and local level.'



More explicitly, a number of studies have demonstrated the clear association link between household income and health outcomes:

Bartley et al., used British Household Panel Survey data to show that households in the lowest third of incomes had a higher risk of experiencing a limiting illness compared with those in the highest third of incomes.

Income is a key factor contributing to poverty, and the risk of household poverty is about ten times higher among low earners than among workers paid above the standard low pay threshold. Poverty is associated with poor mental health, including a greater risk of mental disorders, sleep deprivation, and depression in new mothers.

Children who live in poverty are more likely to be born early and small, and suffer chronic illnesses such as asthma, and they face a greater risk of mortality in early and later life, reflecting the long-lasting impacts across generations.

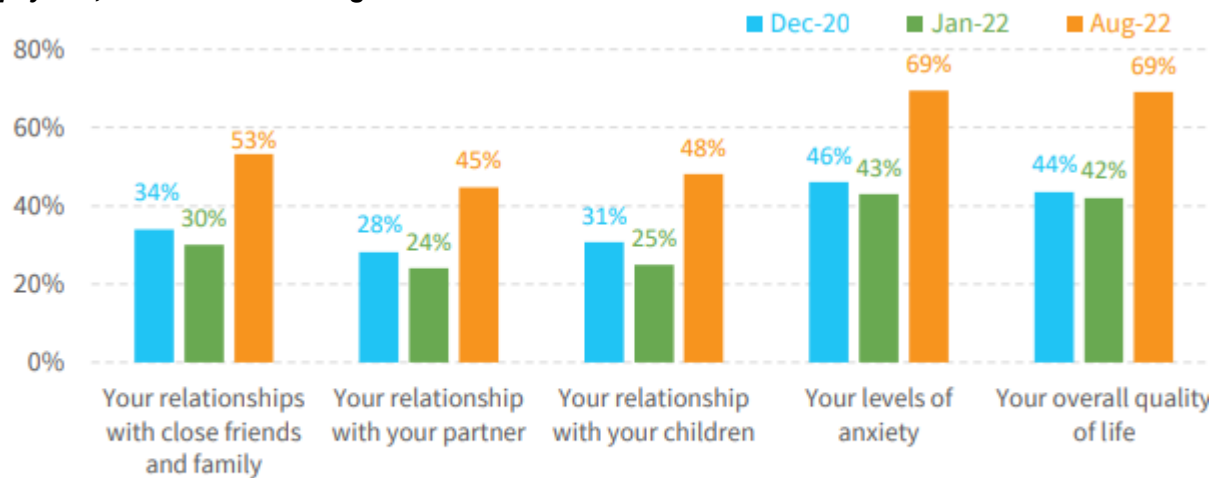
The negative health impacts of living on a low income can be caused by material or psychosocial factors, or a combination:

- Material deprivation: the inability to afford items necessary for a healthy life, such as nutritious food, fuel to heat homes or adequate housing, can lead to health problems.
- Psychosocial factors: there are a number of psychosocial factors that can cause stress and ill-health for those living with insufficient income and financial difficulties.

Insufficient income reduces the autonomy an individual can experience and the control they have over their life which research suggests increases the risk of cardiovascular and self-reported poor health.¹

A study² commissioned by the Living Wage Foundation found that below real living wage paid workers are more likely to say the level of pay they receive has a negative impact on their lives.

Proportion of below Living Wage workers experiencing negative life situations as a result of low pay. UK, December 2020-August 2022



Source: Living Wage Foundation analysis of Survation surveys. Data for December 2020 comes from 2,128 respondents aged 18+, who live in the UK and earn under the real Living Wage. Data for January 2022 comes from 1,702 respondents aged 18+, who live in the UK and earn under the real Living Wage. Data for August 2022 comes from 2,054 respondents aged 18+ who live in the UK and earn under the real Living Wage. All samples were asked: To what extent does the payment you receive for your work impact the following, if at all?

A report from Health Scotland found that paying a living wage would prevent 2.40% of all premature deaths and prevent 1.95% of all hospital stays³.

¹ https://fingertips.phe.org.uk/documents/Living_wage_health_inequalities.pdf

² <https://www.livingwage.org.uk/life-low-pay-during-cost-living-crisis>

³ <https://www.healthscotland.scot/media/2524/triple-i-technical-report-apr2019-english.pdf>

3. The Direct Impact of Living Wage Accreditation

In September 2021 the Council estimated that payment of the Real Living Wage would increase the income of in the region of 4,000 Bury residents. The table below sets out the actual impact of accreditation as of December 2022:

Adult Social Care Providers	2,700 (+ a further 1,000 pay increases to retain pay differentials)
Employed Staff <i>(including within local authority maintained schools)</i>	800 (+ a further 400 pay increases to retain pay differentials)
Other commissioned provider staff	40
Total	circa. 3,540 raising to 4,940 when increases to retain pay differentials are included.

In summary, the Council's work here has, in reality, directly contributed to increases in pay to in the region of 5,000 people working in Bury.

In Adult Social Care this represents payment, currently, by 100% of homecare providers, 93% of Supported Living providers and 59% of Care Home providers. The lower rate of payment in Care Homes is not unusual and relates to the mixed origins of care home residents, including self-funders and those from other local authorities. – As more Greater Manchester authorities attain accreditation and in the context of the changing legislative framework in relation to funding here it is likely that this number will increase over the coming years.

Beyond direct payment, the Council has used its position as an accredited Real Living Wage organisation to promote payment by other Bury employers alongside the wider criteria of good employment as a member of the Greater Manchester Good Employment Charter.

This has included a significant campaign across media channels during Living Wage week in November last year, with a number of Bury employers becoming accredited Living Wage organisations following the example set by the Council. Communications have also stressed paying the Real Living Wage as part of the council's Anti-Poverty and Cost of Living Strategy.

There are currently 16 local employers that have signed up to the RLW and are now looking to sign up to the Good Employment Charter. Companies such as BEP Surface Technologies and Molygran are long standing representatives of the Charter and pledge to continue to pay the RLW. More recently, organisations including The Fed, Persona Care and Support and Play it Green have gained Living Wage accreditation, with a number citing the Council's leadership here as a factor in their decision. – Whilst it would

be challenging to quote an exact figure, it is clear that the Council's influence here has impacted wage rates for well beyond the 5,000 staff directly impacted.

Conclusion

The Council's payment of the Real Living Wage is making a strong positive contribution to the Bury economy by directly increasing the income of nearly 5,000 Bury employees and influencing the decision of other local employers to follow suit. Furthermore, as the evidence above demonstrates this increase in employee income will be directly contributing to the health and wellbeing of the Bury workforce. It is, perhaps, too early to show any direct local impacts through, for example, reduced sickness absence rates or increased stability in the social care sector or lowest paid areas of the Council workforce. Demonstrating causation here would also be challenging given the current period of unprecedented change and economic uncertainty. The evidenced link here is, however, strong.

Over the coming months the Council will continue to promote the Living Wage alongside the wider attributes of Good Employment through both its actions and own practices and will work to identify the positive impact of this work on the life chances of our communities.

Community impact/links with Community Strategy

Equality Impact and considerations:

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Equality Analysis	<i>Please provide a written explanation of the outcome(s) of either conducting an initial or full EA.</i>
A full equality analysis was conducted of the Council's Living Wage proposals in September 2021.	

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Background papers:

Report to Cabinet, 1 September 2021 : *Real Living Wage Implementation*

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
RLW	Real Living Wage