

Agenda Item	8
Report No	HC/12/21

HIGHLAND COUNCIL

Committee: Highland Council

Date: 13 May 2021

Report Title: Living Wage Area Status for Highland

Report By: Executive Chief Officer Infrastructure and Environment

1. Purpose/Executive Summary

1.1 The Council has previously agreed to undertake to achieve “Living Wage” designation status for the Highland Council Area to provide benefit and support for lower paid employees, while improving the reputation of businesses and the region. It was agreed that this be prioritised to enhance the region’s COVID-19 recovery and that a report be brought to Council to identify key actions to take this forward. This report sets out a short summary of the context and the next steps proposed, and progress towards the overall objective will be reported regularly to Council meetings.

2. Recommendations

2.1 Members are asked to agree:-

- i. the proposed next steps set out in this report;
- ii. that engagement is carried out with Living Wage Scotland and Dundee City Council to identify the opportunities and challenges in achieving Living Wage area status, and to engage fully with businesses to ensure buy-in;
- iii. note that a bid for a dedicated project officer may be necessary to fully support this work; and
- iv. that regular progress reports are brought back to Council.

3. Implications

3.1 **Resource** – there are resource implications arising directly from the actions being proposed in terms of engaging with Living Wage Scotland and business groups and carrying out the research necessary. Although experience from elsewhere will be drawn upon, there is likely to be additional dedicated project officer provision to ensure that this can be moved forward. Any resource implications and requirements will be reported as part of future progress reports.

- 3.2 **Legal** – there are no legal implications at this time.
- 3.3 **Community (Equality, Poverty and Rural)** – One of the key benefits of the living wage is to have a direct positive impact on the wages of those on the lowest income. It therefore should positively benefit those in employment but living in poverty.
- 3.4 **Climate Change / Carbon Clever** – There are no direct implications arising as a result from this report.
- 3.5 **Risk** – The Council will in effect be working with employers throughout the region in promoting the opportunities for living wage implementation. There are risks that businesses will not be able to engage, particularly in the short term, given the significant impacts of the COVID pandemic on business growth and profitability.
- 3.6 **Gaelic** – There are no Gaelic implications at this time.

4. Background

- 4.1 The living wage is designed to reflect the cost of living. It is independently calculated annually by the Resolution Foundation and based upon the analysis of the wage that employees need to earn in order to afford a range of goods that are considered required for a decent standard of living. This includes housing, childcare, transport and heating costs. At present it is £9.50 per hour.
- 4.2 It was agreed by Council in January 2021 that the Council undertakes to achieve “Living Wage” designation status for the Highland Council Area to provide benefit and support for lower paid employees, while improving the reputation of businesses and the region. It was agreed that this be prioritised to enhance the region’s COVID-19 recovery and that a report be brought to Council to identify key actions to take this forward.
- 4.3 The Council is already leading the way in respect of the living wage. The Council introduced paying the Scottish Living Wage to employees in October 2012. In December 2018 it achieved Living Wage Accredited Status from the Living Wage Foundation and Poverty Alliance.
- 4.4 Average incomes in Highland are lower than the Scottish average, largely influenced by the dominant tourism and catering industries which are traditionally lower paid. Employees are also less likely to be in receipt of the living wage with 20.8% of employees earning less than the living wage in 2018. The seasonal and part time nature of employment are also contributing factors. In 2019, 38.9% of jobs in Highland were part time in nature, compared to 33.7% across Scotland.
- 4.5 The Living Wage is promoted as being good for business, good for employees and good for society. Paying the living wage is reported to be good for business with employers making savings on staff retention and recruitment, reporting increased morale and motivation and increased productivity. However, there are also there are clear societal benefits of paying the living wage; increasing the wages of the lowest employees will help to reduce the level of in work poverty. In work poverty continues to be a problem throughout society. Between 2017-20, 61% of working adults considered to be in relative poverty (after housing costs) in Scotland, lived in a household where at least one adult was in paid employment.

- 4.6 In Highland, wages in remote and rural areas in particular are below the equivalent of the national living wage. This combines in some areas with an over-reliance on seasonal employment and contributes to 'in-work poverty'. Affordable housing, childcare and transport are significant factors in the cost of living in Highland, and there have been recent increases in fuel poverty in the region. Studies have found that the cost of living in remote and rural communities has been found to be between 10-33% higher than elsewhere in the UK.
- 4.7 Achieving Living Wage designation status for the Highland Council area could therefore have significant benefits for the population.

5. Learning from Elsewhere

- 5.1 In 2019, Dundee City Council launched a bid to become the first 'living wage city' in the UK. Working in partnership with Living Wage Scotland, along with a group of major local employers, including media firm DC Thomson, the Council itself and Dundee and Angus College, they published an action plan to encourage other companies to sign up. The aim was to double the number of people working for living wage employers in Dundee over the following three years.
- 5.2 An important first step in Highland Council taking this initiative forward is to engage closely with Dundee City Council and Living Wage Scotland to gain insight into their experiences, and to determine the level of commitment achieved from the private sector. It is not known at this point whether an area-based approach to Living Wage Accreditation has been undertaken before and this will be a key factor to consider in early discussions. It is also important to set out the process that businesses need to follow to achieve Living Wage Status, and that these are made as simple and straightforward as possible. This is particularly important in the current context, given the impact of the COVID pandemic on business resilience and profitability.
- 5.3 The second action proposed is to engage with major Highland employers to determine the level of commitment to the achievement of a Living Wage area status for Highland. This will be done through formal and informal means, but particularly, initially, through the economic partnership arrangements in place. The first stage in this process is therefore to gauge interest, with the second stage being working to develop an action plan to support businesses becoming living wage employers. The second stage is dependent on there being an appetite for progressing this from businesses across the region. Given the COVID pandemic the timing of this will be crucial.

Designation: Executive Chief Officer Infrastructure and Environment

Date: 12 March 2021

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