

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	21 September 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen – A Real Living Wage City
REPORT NUMBER	COM/22/218
DIRECTOR	Gale Beattie
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Jim Johnstone
TERMS OF REFERENCE	3.2

1. PURPOSE OF REPORT

- 1.1 To seek the Committee's approval for the Council to contribute to the development and implementation of an Action Plan to enable Aberdeen to become a Real Living Wage City.

2. RECOMMENDATIONS

That Committee:

- 2.1 Instructs the Chief Officer – City Growth to contribute on behalf of the Council to the development and implementation of an Action Plan setting out how Aberdeen will become recognised as a Real Living Wage City by 2026; and
- 2.2 Agrees that Councillor Allard, as the appointed Convenor of the Council's new Anti-Poverty and Inequality Committee with effect from 14 October 2022, is the Council's spokesperson on anti-poverty and inequality matters, including the Real Living Wage.

3. CURRENT SITUATION

- 3.1 The Real Living Wage is an independently calculated rate based on the cost of living and is paid voluntarily by employers. The rate is currently £9.90 per hour and is calculated annually by the Resolution Foundation according to an analysis of the wage that employees need to earn in order to afford a 'basket of goods' required for a decent standard of living. This basket includes housing, childcare, transport and heating costs.
- 3.2 The Real Living Wage is different to the UK Government's National Living Wage (and supported by the Scottish Government) and applies to all employees aged 18 and over, as illustrated in Table 1 below:

Table 1: Real Living Wage compared to National Living Wage and National Minimum Wage

Real Living Wage (UK)	National Living Wage	National Minimum Wage			
		21 - 22	18 - 20	Under 18	Apprentices
£9.90	£9.50	£9.18	£6.83	£4.81	£4.81

Source: Living Wage Scotland

- 3.3 The improvement project aim in the Local Outcome Improvement Plan (LOIP) is to increase employer sign up to the Real Living Wage by 5% year on year to 2023 to achieve Real Living Wage City Status from Living Wage Scotland by 2026. This project is being led by Scottish Enterprise (SE) within the Aberdeen Prospers group as part of Community Planning Aberdeen.
- 3.4 Despite the Aberdeen City Council area performing relatively well against a number of economic performance indicators, performance has not been as strong in recent years and there remain areas of deprivation. Overall the Scottish Index of Multiple Deprivation (SIMD) ranking of deprivation (all domains) shows Aberdeen’s position has worsened since 2016: the number of data zones in 20% most deprived has increased from 22 to 29 and the proportion of data zones in the 40% most deprived areas of Scotland has increased from 28% to 33.2%.
- 3.5 Furthermore, other data also highlight that:
- 21.5% of children in Aberdeen are currently living in poverty (Population Needs Assessment);
 - 13.4% of employees in Aberdeen earn less than the Real Living Wage (Living Wage Scotland);
 - In 2021, Aberdeen had 11,860 people in in-work poverty (Aberdeen City Council); and
 - Aberdeen is a city of large wage disparities, the annual sectoral income average varies from approximately £86,000 to just over £12,000 (Aberdeen City Council).
- 3.6 Achievement of the LOIP’s objective noted in 3.3 above will assist in addressing these challenges.

Real Living Wage City - Action Plan

- 3.7 Currently, there are 74 Real Living Wage accredited employers in the city comprising a range of public, private and third sector employers, for example, the Council, NHS Grampian, Aberdeen & Grampian Chamber of Commerce, Station House Media Unit (SHMU), North East Scotland College, Northlink Ferries, Net Zero Technology Centre, University of Aberdeen and Wood plc.
- 3.8 This has resulted in over 1,600 people receiving an uplift in their wages as a result of their employers being accredited.

- 3.9 To move forward and reach the LOIP objective, a project team of officers and stakeholders in Aberdeen Prospers and wider stakeholders that may not be represented on Aberdeen Prospers will develop the Action Plan. This plan will set out milestones and targets to measure progress against accreditations and uplifts, alongside a set of actions to:
- improve leadership on the Real Living Wage;
 - increase promotion and awareness;
 - celebrate success, and
 - go further in support of living wage hours in specific office sites or spatial areas. For example, the North East Scotland Green Freeport bid, if successful, commits to the Real Living Wage within the whole zone.
- 3.10 The aim is to complete the Action Plan by the end of 2022 and progress will be reported within Community Planning Aberdeen governance.

4. FINANCIAL IMPLICATIONS

- 4.1 In order to achieve a Real Living Wage accreditation, the Council, representing the city, will be required to join the Making Living Wage Places scheme, which has an annual subscription fee of £400 (plus VAT). This will be funded by the approved budgets for the Council's City Growth cluster.
- 4.2 If there are any financial implications for the Council arising from the final Action Plan, these will be highlighted through the Council's annual budget setting process.

5. LEGAL IMPLICATIONS

- 5.1 There are no legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report

7. RISK

- 7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	No significant risk identified		L	Yes

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Compliance	No significant risk identified		L	Yes
Operational	Failure to secure support from wider stakeholders	Cross service and partner working group established to develop action plan Key policy driver for the Regional Economic Strategy and the NE Scotland Green Freeport	L	Yes
Financial	No significant risk identified		L	Yes
Reputational	Failure to achieve Real Living Wage City status	Cross service and partner working group established to develop and deliver action plan	L	Yes
Environment / Climate	N/A			

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	<p>The proposals in this report support delivery of the Partnership's Policy Statement:</p> <p>Campaign for Aberdeen to be the home of a new Green Freeport and ensure that fair work conditions and Net Zero ambitions are central to any bid; and</p> <p>Work with the city's universities, North East Scotland College and businesses to increase educational and training options and the number of care experienced young people and young people from deprived communities, going onto positive destinations, including further and higher education, vocational training and apprenticeships.</p>
<u>Aberdeen City Local Outcome Improvement Plan</u>	
Prosperous Economy	<p>The proposals in the report support delivery of stretch outcomes:</p> <ol style="list-style-type: none"> 1. No one will suffer due to poverty by 2026

Stretch Outcomes	2. 400 unemployed people supported into Fair Work by 2026
Regional and City Strategies	The proposals align to the objectives of, the emerging Regional Economic Strategy (RES) to address inequality of opportunity to access well paid work

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Other	Not required

10. BACKGROUND PAPERS

N/A

11. APPENDICES

N/A

12. REPORT AUTHOR CONTACT DETAILS

Name	Jim Johnstone
Title	Service Manager – City Development
Email Address	jjohnstone@aberdeencity.gov.uk
Tel	07748930511