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REPORT, DOCUMENT

Fair Work for Wales - Thought Leadership - Fair Reward

Fair Reward

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The Living Wage was born from a simple idea – that all working families need and deserve a wage that covers the cost of living and meets every day needs. This sounds as if it would be a given, however, **22% of jobs in Wales pay below the Real Living Wage**, meaning that these people do not receive fair reward for their work.

Here at Cynnal Cymru, the Real Living Wage accreditation partner for Wales, we work with businesses to help them get accredited as Real Living Wage employers. We do this as part of our 'fair and just society' area of work, as well as the Welsh Government's Fair Work scheme, and there are currently around **500 Real Living Wage** employers in Wales, covering over 120,000 employees.

Some employers already pay the Real Living Wage and want to be recognised for it and others get in touch wondering how to start their journey towards paying it. The Real Living Wage movement in Wales has already seen **nearly 20,000 employees get an 'uplift'** to the Real Living Wage.

In the last year alone, the number of accredited businesses in Wales has increased from 400 to 500. With the support of the Welsh Government, we are expanding our capacity to build on this success and get more pay rises for those most in need of them, and businesses utilising the Fair Reward pillar of the Fair Work agenda can help.

I recently joined the Cynnal Cymru team as Senior Programme and Policy Lead: Fair Work and Economy. I previously worked as Economic Policy Lead at the Institute of Welsh Affairs. During my time there I conducted **research into our economic systems in Wales**, including how the UK economy is delivering for low and middle income earners. To be frank, it is increasingly not delivering the quality of life we have become accustomed to.

The UK is falling behind similar countries. **Research by the Resolution Foundation** found that average UK incomes since the 1960s grew by about 40% every 15 years.

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But in the past 15 years, they have grown by only 12%. And this does look like a fairly unique problem for the UK. From 2007 to 2018, incomes fell by 2% in the UK, but grew by 27% in Germany and 34% in France.

Typical incomes are now 10% lower in the UK than in France. But even this doesn't tell the full story. Incomes at the top in the UK are 17% higher than in France. But incomes at the bottom are 20% lower than in France, because of the UK's high levels of inequality. So when the opportunity came to join a great team at Cynnal Cymru that has had big successes in recent years tackling low pay in Wales, I jumped at it.

But what is the Real Living Wage, and what can it do to combat these problems?

The 'National Living Wage' is set by the government and applies to people aged 23 and over. It is not linked to the cost of living, but there is a target for it to hit 66% of average earnings by 2024.

The Real Living Wage applies to everyone over 18 and is set instead by an independent calculation, according to the cost of living, based on a basket of goods and services. Uplifting pay to the Real Living Wage can make a huge difference to people's lives. It allows people to spend more time with their children, to worry less about being able to afford the basics and increases people's enjoyment of life.

The Living Wage Foundation's website has many case studies that are filled with evidence about the difference it has made in improving quality of life for people across the UK. For example, a cleaner who now benefits from the Real Living Wage said they were no longer as tired due to being able to work fewer hours and still have some funds left over at the end of the month. A care worker also said that it allows them to have more of a social life, more family time and that they now feel more valued at work. These are just some of the stories that the Living Wage has created and there are now thousands of these stories across Wales.

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We all know that it is good for business too, with 93% of accredited businesses saying that they have benefitted from the accreditation. 86% say it has improved the reputation of their business and 75% say it has increased motivation and retention rates for employees, so it is a win-win for people and for businesses.

As we can see from the data, utilising Fair Reward in businesses has a positive impact on all those involved, and it is easy to start the process and gain the Real Living Wage accreditation. If businesses are looking into becoming a Real Living Wage employer then they can visit the **Living Wage Wales website** for more information and get in touch with Cynnal Cymru for a chat about the accreditation.

We can show you how simple it can be to become accredited and help you with any questions you might have. It's easy to do and always worth exploring.

The emergence of the Fair Work agenda in Wales has been a welcome development. Seeing the Real Living Wage campaign being taken on by the Welsh Government and other partners as part of this 'Fair Work' agenda, through the Fair Reward pillar, has meant more investment in expanding the Living Wage in Wales. It is also an important reminder that paying the Real Living Wage is not the end of improving as an employer. Things like collective representation through the employee voice or trade union recognition are also really important. The Fair Work agenda simultaneously supports the expansion of the Real Living Wage across Wales and provides a roadmap to all the other things employers can do to support the people in their business.

As we all know, there are real challenges at the moment over the cost of living across the UK. That's a difficult context to operate in, but it also means that being a Real Living Wage employer is more important than ever. It also means that people are aware of the challenges surrounding cost of living, and that a mark showing you are doing your bit is a real reputational boost for businesses.

I think the future of the Living Wage in Wales is one of expansion where we can reach even more businesses and become more tied into the wider Welsh

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Government agenda of Fair Work.

Contact

Contact us to speak 1-2-1 with a specialist adviser about how your business can realise its Fair Work ambitions and take steps towards becoming a more equal, diverse, and inclusive employer.

Call Business Wales on **03000 6 03000** or visit **Fair Work | Business Wales Skills Gateway (gov.wales)** for further information, free advice and support.

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