

Frequently Asked Questions



1. Who sets the Living Wage?

The Resolution Foundation overseen by the Living Wage Commission. They first identify the cost of a 'core basket' of goods and services, including everyday items such as food and clothing, the cost of which varies little across the country. To do this they use the Minimum Income Standard research carried out by the Centre for Research in Social Policy. Then they identify the costs that are more likely to vary between London and the rest of the UK, specifically housing, council tax, travel and childcare. They look at how these costs impact on different sizes of households. Each year the Resolution Foundation produces a report showing how it has arrived at the rates. This is published on the Living Wage Foundation Website www.livingwage.org.uk.

2. When do the rates change and how do we find out about them?

The rates are announced first week of November each year during Living Wage Week.

3. By how much can we expect the rates to rise each year?

In 2016 the rate increase outside London was 2.5%.

4. Is the Living Wage Foundation aiming for a particular rate per hour (eg £10)?

No, the rates are always calculated as outlined in the answer to question 1.

5. When do we have to pay the new rates?

As soon as possible but by the end of April the following year.

5.a. What if we cannot do that?

The Living Wage Foundation says that if you budget for an increase of up to 4% this should enable you to make the payment in time.

6. Who is included in an application?

The exact definition is those who work 2 or more hours a day, in any day of the week, for 8 or more consecutive weeks of the year. Accredited Employers pay them the full rate. The Living Wage does not apply to contractors that supply your organisation with products e.g. stationary suppliers.

7. Do we include Friends in Residence?

No as they are not employees for the purposes of this application.

8. Are Wardens who are not paid but get free accommodation in exchange for contracted hours or duties included in an application?

No as they are not employees for the purpose of this application.

9. What can we offset against payment for free accommodation; payment of utility bills; payment of council tax or free food?

No benefits can be offset. The Living Wage Foundation is a small charity and does not have the staff to verify the information provided.

10. What if an employee is claiming benefits?

Employees in receipt of benefits may have their benefits reduced as their wages rise. In the vast majority of cases the benefits will "taper" off. So the employee will not be worse off, just better off by only a small amount. There are no known cases of employees being worse off as a result of receiving the Living Wage for benefits and allowances where there is a 'taper' in place.

11. What about self-employed people who we use to do gardening or painting?

For the purposes of Living Wage accreditation self-employed workers are treated the same as sub-contracted workers. This means that if they work on your premises for more than two hours for eight consecutive weeks they must be paid the Living Wage.

12. How do I work out if I am giving the equivalent to the Living Wage rate in free accommodation, council tax and utility bill payments?

As the Living Wage Foundation does not allow offsetting of these benefits it will only apply if you are not wishing to seek accreditation. In that case you will need to work out the commercial value of the accommodation and the value of the other benefits and divide them by the hours worked.

13. How do we deal with the knock on effect of paying the Living Wage and keeping a reasonable pay ratio?

You may wish to raise the pay of all staff on the pay spine to keep the differentials in place.