

# Understanding and implementing the real Living Wage



Produced with the support of  
the Living Wage Foundation  
and SSE Renewables

## Why does it matter?

Achieving net zero requires changes of substantial scale and nature, which will impact on employees, consumers, communities and wider society in different ways.

Ensuring a fair and just transition means guaranteeing good working standards for the people delivering it, with 'green jobs' that provide fair and decent work, value the voices of employees, drive transformation through inclusion and diversity, and attract and grow talent.

Green jobs aren't 'good jobs' by default – they need to be designed that way, and being paid a fair wage is a foundational pillar of this. That's where the concept of a Living Wage comes in.

As set out by the **International Labour Organisation** (ILO), a living wage is defined as 'a level of pay that gives workers and their families a decent standard of living', and it seeks to ensure workers have wages which enable them to thrive, not just survive. Importantly, the ILO acknowledges that a one-size-fits-all approach to living wages is not appropriate, and they should reflect local or regional differences within countries.

Building on this, the following guidance document is a source of practical information for RenewableUK members and companies throughout the UK's renewable energy sector, outlining how they can adopt the real Living Wage as part of a wider just transition underpinned by decent work. It has been compiled with the support of the UK's Living Wage Foundation and SSE plc, which has been an accredited Living Wage Employer since 2013.



## What is the real Living Wage?

The real Living Wage is an hourly rate of pay, independently calculated each year based on a basket of household goods and services reflecting the real cost of living. It currently includes a UK rate of £12.60 per hour and a separate London rate of £13.85 per hour, in line with the increased costs of living in the capital.

The real Living Wage is voluntarily paid and thus distinct from both the minimum wage (for those of school leaving age) and the National Living Wage (for those aged 21 and over), which are set by the Government and legally enforced.

Real Living Wage rates are **independently calculated** by the Resolution Foundation and overseen by the Living Wage Commission. They are higher than minimum and National Living Wages due to being based on the actual cost of living.

## Who does it apply to?

For accredited Living Wage employers, the real Living Wage is applicable to all directly employed staff over the age of 18, regardless of the number of hours they work. It also applies to third party contractors and sub-contractors who work regularly on the premises of a business, or on premises necessary to the work a business carries out, for two or more hours a week, for eight or more consecutive weeks of the year.



The rates are announced in October each year, with employers then having until the 1 May the following year to implement them. The rates for 2024-25 were announced on 23 October.

## Why pay it?

In the UK, 4.5 million workers are paid below the real Living Wage, meaning they are being paid less than what is needed for a decent standard of living.

Whilst it is not a legal requirement, over 15,000 UK businesses choose to go further than the Government minimum and voluntarily pay the real Living Wage, including RenewableUK. To date, more than 460,000 employees across the country have received a pay rise as a result of the real Living Wage campaign.

Paying the real Living Wage has **demonstrable positive effects** on staff wellbeing and morale, leading to increased productivity, reduced absenteeism, better recruitment and staff retention, and an increased public awareness of an organisation's or industry's ethical credentials.

In fact, more than 80% of employers believe that the real Living Wage has enhanced the quality of the work of their staff, while reporting that absenteeism has fallen by approximately 25%. It can also have a positive impact on responsible business strategies, as well as enhancing social mobility and reducing pay gaps.

In addition to being the right thing to do, SSE has found that championing the real Living Wage has helped to position it as a progressive employer of choice and fostered employee engagement, whilst also supporting its human rights due diligence commitments and standards, and strengthening accountability in its own business and wider supply chain.

**A fair and just transition means guaranteeing good working standards for the people who are delivering net zero. SSE was an early adopter of paying the real Living Wage, gaining accreditation more than a decade ago. This means our direct employees and those that work regularly on our behalf in the UK receive at least the real Living Wage as set by the Living Wage Foundation — whether that's in our offices, on our sites, or on vessels. With our central role in the energy transition, the renewables sector has a responsibility to ensure fair employment practices for the benefit of workers, businesses and wider society – and that starts with paying the real Living Wage."**

**Stephen Wheeler,**  
Managing Director, SSE Renewables

## How does a business sign up?

To become accredited as a real **Living Wage Employer**, a business must pay all directly employed staff at least the real Living Wage and have an agreed plan in place for third party contracted staff, such as contracted catering, cleaning, security, or ground staff, to move towards payment of the real living wage. It can then complete an **online application form**, which will be processed by the Living Wage Foundation.

The accreditation is a signed licence between the Living Wage Foundation and the employer, and the timescale for its approval will vary according to the size of your organisation. The cost also varies, but can be as little as £71 per year for those with fewer than ten employees.

Accredited employers receive guidance on paying the real Living Wage, including best practice on implementing rate increases and working with third party organisations and their wider supply chains, as well as being **publicly listed** as a real Living Wage Employer.

## What if I have existing contracts with staff?

If your organisation needs to wait for existing contracts to end, meaning it is not possible to implement the real Living Wage immediately, this can be built into your licence agreement with the Living Wage Foundation. A process of 'phased implementation' over three years, which allows the real Living Wage to be rolled out across third party contracts over time as they come up for renewal, will be set out with target dates to make the required changes.

For the purposes of accreditation, self-employed workers are treated the same as sub-contracted workers. This also applies to workers and contractors who do not have a fixed place of work but are part of the core workforce. Apprentices are not required to be paid the real Living Wage, although many employers have chosen to extend it to them, and organisations are encouraged to ensure pay rises occur over the course of the apprenticeship.



# What are the steps to achieve this in practice?

1

**Pay at least the real Living Wage to all your directly employed staff**

SSE plc became an accredited Living Wage Employer in 2013 and implemented its real Living Wage Clause in 2014 across all new service and works contracts in the UK, before extending it to cover non-direct employees in 2017.

Regular compliance reporting was key to this, incorporated into the monthly payroll run, to ensure employee salaries were monitored and amended where necessary to the appropriate level.

Compliance reporting included indicators where employees were located within the London Area and the higher London real Living Wage rate applied.

HR teams were kept abreast of the appropriate salary levels (for example, HR Administration teams, Resourcing, Reward and Benefits teams) to ensure job offers were accurate and the real Living Wage was considered in bulk salary reviews.

Cross-business engagement was also crucial, as SSE sought to ensure that relevant areas of its business were engaged with and brought along, ranging from procurement and legal, to sustainability teams.

2

**Have a plan in place to pay all of your third-party contractors a real Living Wage within three years**

Early supply chain engagement and working with suppliers was critical to SSE's successful roll-out. This involved a variety of tools and measures.

Meetings and engagements with suppliers were utilised to discuss the real Living Wage and its importance, both through dedicated sessions and within wider meetings.

The organisational **code of conduct** was updated to set out Living Wage requirements and expectations.

SSE worked with suppliers through consultations on the parameters of the application of the Living Wage and corresponding requirements within contracts, notably the development of its real Living Wage clause, which is updated annually.

Patience was important, as work was undertaken with suppliers on a phased basis to help gradually build up internal processes.

It was necessary to be clear that the scope extended to sub-contractors, as this can be one of the more challenging areas for the direct supplier to implement due to involving engagement with their own suppliers.

3

**Complete the Living Wage Foundation application form online**



## Anything else to know?

Your real Living Wage journey will evolve with your business – which is a good thing!

Over the last decade, SSE's journey has evolved to encompass updating its contractual clauses to make a 2015 real Living Wage commitment to its operations in Ireland, as well as expanding its Living Wage clause to cover UK territorial waters and account for offshore workers. The journey has also involved ongoing engagement with its joint venture partners so that its operational offshore wind fleet continue to be accredited as Living Wage Employers.

In taking similar steps to the above, it's important to note that documents such as a company's human rights policy, or its supply chain code of conduct will have to be updated. A contractual clause will also need to be drafted, which should take auditing rights into account.

If you're struggling with where to get started for your three-year implementation plan, it may help to adopt a risk-based approach in line with international human rights standards such as the [UN Guiding Principles on Business and Human Rights](#), prioritising contractors and sub-contractors first where the risk of paying below the minimum wage is highest.

You should also remember to consider how you will monitor ongoing adherence to the real Living Wage, which could be through utilising contractual audit rights, or engaging with contractors directly.

Find out more by visiting [www.livingwage.org.uk](http://www.livingwage.org.uk)



RenewableUK  
6 Langley Street  
London  
WC2H 9JA  
United Kingdom

+44 (0)20 7901 3000  
[info@renewableuk.com](mailto:info@renewableuk.com)

We exist to help our members transform energy. Join us on the journey by contacting [membership@renewableuk.com](mailto:membership@renewableuk.com)

