

A Living Wage roadmap

for large employers.



**Vancity**  
Make Good Money.™

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# Overview

## Roadmap for large employers



During your planning and application stage, several aspects of your operations will need to be reviewed and considered. As a certified Living Wage Employer (LWE), Vancity would like to offer the following roadmap to navigate through the LWE process.

There are four sections to this road map:

- Section A describes seven critical steps to take
  1. Gain senior leadership support
  2. Form a living wage employer working group
  3. Review your current employee base
  4. Analyze your supply chain
  5. Set a budget figure
  6. Apply for LWE certification
  7. Keep current with the prevailing living wage rate
- Section B shows the timeline that applied at Vancity
- Section C provides some links to Vancity staff that can help you on your journey
- Section D provides helpful links to the Living Wage Campaign

We are pleased you are considering this journey; you'll find you are in good company!

## Section A: The Process

### Roadmap for large employers



### Step 1: Gain leadership support

#### Recommended Leads:

Living Wage advocate (i.e. Community Investment, Social Enterprise)

#### Details:

Having someone in leadership – the CEO or ED, someone influential on the board, someone else very senior – is key to successfully becoming a Living Wage employer. Someone who can issue orders to “make it so” must do exactly that, and help the business or organization move past challenges as they emerge. In the Campaign’s experience, it is not the cost of becoming a Living Wage employer which is the biggest challenge, but the time involved in dealing with suppliers, inserting Living Wage clauses into long-term contracts, and raising the issue in long-term relationships. Without senior leadership support upfront, you won’t be able to proceed successfully. This sets the stage for successful engagement of other stakeholders within your business or organization.

*Paying a living wage to our employees and service providers will help make families stronger and communities healthier; we want to be part of a community that invests in the long-term prosperity of individuals and the economy. – Tamara Vrooman, Vancity*

## Section A: The Process

### Step 2: Form a working group

#### Recommended Leads:

Living Wage advocate (i.e. Community Investment, Social Enterprise)

#### Details:

After gaining leadership support, the next step is forming a cross-functional LWE working group. This group should include relatively senior staff who can make decisions on policies and procedure within your business or organization. Recommended lines of business or departments that should be included are: human resources, facilities, purchasing/procurement, legal, and communications teams (if you have those functions). If you are already active in the Living Wage Campaign, as a supporter, it should also include the person that holds that relationship, whose role is to remain the advocate for the Living Wage work.

*Clarifying expectations of each business lead was important; we also had to interpret the Campaign's aspirations into our workplace reality – a project plan helped us here.*

You may also want a project manager assigned to manage the working group. Depending on the size and complexity of your organization, there may be other people that should be involved – someone from corporate governance, or from information technology, etc. The working group should be officially “sponsored” by Senior Leadership to work together to assess the business’ or organization’s readiness to apply to the Living Wage and also to muster resources to do the analysis of the employee base and supply chain.

## Section A: The Process

### Step 3: Review current employee base

#### Recommended Leads:

LWE Working Group members (i.e. Human Resources – Compensation & Benefits / Payroll Team)

#### Details:

**Employees:** A Living Wage employer is required to pay the annual Living Wage rate (which is \$19.50 an hour in the Lower Mainland as at June 2020), and is thereafter updated annually) to all its full-time, part-time and casual employees. This rate is a combination of base wage, plus non-mandatory benefits that you might pay (ie, you may offer more than the statutory two weeks holiday per year). Review your compensation and benefit offering and employment policies to determine the lowest salary currently paid, and then calculate additional benefits you offer, using the online Living Wage calculator ([click here](#)).

*We were happy to learn that the vast majority of our staff were already paid a Living Wage. It is crucial to understand how the calculation works; we'd like to help others in this process.*

**Unionized employees:** The Living Wage rate applies to both unionized and non-unionized employees. The Campaign does not ask that you open up an existing contract with your unionized workers, out of step with the bargaining and contract cycle. If you are on good terms with your union, you can add a side agreement, or addendum, saying you'll pay a Living Wage premium for the balance of the contract period, to bring any workers below the current Living Wage up to the current rate. It is important to signal early to your union leadership that you are thinking of joining the Living Wage Campaign, and asking for their input – you are likely to receive a positive response. The Campaign can provide more guidance on working with unions through the application process, and can also connect you with other Living Wage employers.

**Students, interns and others:** The Living Wage doesn't apply to everyone who works for you; there are exemptions for students and interns, and for casual employees who work less than 120 hours per year. The Living Wage Campaign is not seeking to make it impossible for employers to use trainees in these categories. The objective is that everyone is paid a fair wage for fair work, but you can count out students and interns in your Living Wage review.

**Contractors:** Like students and interns, you can distinguish between very casual employees who perform periodic or seasonal work for you, as long as the total hours spent in any given year do not exceed 120 hours.

## Section A: The Process

Congratulations! If you have reviewed your employee base, you may have found that you already pay a Living Wage to all or most of your employees. You can proceed to make an application to the Living Wage Campaign based on this assessment, as long as you include a plan for how to bring any straggling employees up to the current Living Wage rate within a one-year period.

*Coordinating various activities between numerous departments (finance, procurement, people solutions) took time but it was critical to help us define accountabilities.*

This is the end of Part 3, for now. Of course, you will need to make an ongoing commitment to keeping all your employees and direct contractors up-to-date with the prevailing Living Wage rate. You'll have six months each year, after the new Living Wage rate is announced, to move your employees and contractor to that new rate.

## Section A: The Process

### Step 4: Analyze your supply chain

#### Recommended Leads:

LWE Working Group members (i.e. Purchasing/Procurement)

#### Details:

In addition to paying your direct employees and contractors the Living Wage, the Living Wage commitment is to ensure that people for whom you contract for services (i.e through third parties), are also paid a Living Wage. You'll need to do some analysis of your database of suppliers, and then determine which suppliers provide labour support and which provide product support – you only need to deal with labour support suppliers (and perhaps only some of your labour support supplier).

*Experience showed that if our service suppliers paid a higher wage, they'd have lower staff turnover, attract better quality staff, which means better service. And they were right!*

If you are a large and/or complex business or organization, you may have decentralized purchasing to some extent, and you may have a large number of suppliers. You do not need to deal with all of them – the Living Wage Campaign recognizes that there is a point of diminishing return for the Campaign overall by having large employers make 100% of their suppliers Living Wage compliant.

Experience showed that if our service suppliers paid a higher wage, they'd have lower staff turnover, attract better quality staff, which means better service. And they were right!

In the case of Vancity, we made a decision to deal with “strategic” suppliers for labour services with whom we spend in excess of \$250,000 per year, or from whom we buy more than 120 hours of labour; our analysis of our supply chain told us this would deal with 90% of our suppliers. To put this into perspective about the amount of work that needed to be done, we ascertained we had 1200+ suppliers, but less than fifty of them made it into the category of “strategic” suppliers.

Vancity also made some exceptions to address some suppliers that didn't meet the “strategic” qualification (based on dollar spend or hours purchased). In the spirit of the Living Wage Campaign, we helped to improve the working conditions for contracted security, janitorial, temp agency workers, and offsite meetings.

## Section A: The Process

### Step 5: Set a budget figure

#### Recommended Leads:

LWE Working Group Project Lead (Procurement, People Solutions)

#### Details:

One of the first responses that many lines of business will have is: “what will this cost?” and they will worry about budget overages in a current fiscal year. It is very useful to have senior leadership approve a one-time budget for adjustments associated with certification, so that the Working Group can reassure business leads that any cost associated with wage increases will be covered by a separate budget allotment and will not just be carved out of existing operations.

At Vancity, we guesstimated our first year costs to be \$1 million, and the actual costs were less than three-quarters of that amount. On an annual operating budget in the billions, this was a very nominal expense, but having it set aside in a separate budget for business leaders to access cleared this potential hurdle to compliance. Over time, the annual budgeting process should include consideration of the Living Wage and contingency for same built into budgets; in our experience with the Campaign to date, the hourly figure is raised approximately 50 cents per year, so we use that for budget purposes.

*It is important to understand risk and get comfortable with it, so ask questions like, what will we do if suppliers refuse to participate, do we have alternatives, what constitutes best efforts on our part...*

## Section A: The Process

### Step 6: Apply for certification

#### Recommended Leads:

LWE Working Group Project Lead (Community Investment, Leadership Sponsor)

#### Details:

Once you have assessed your employee base and supplier chain, you are ready to apply to the Living Wage Campaign. At Vancity, we unnecessarily delayed our LWE application as we attempted to rectify all the issues in advance of the application. In the end, we learned that it is not imperative for all the issues to be addressed, prior to your application. The Campaign will assist employers along the application process.

The Living Wage Campaign has a very good guide for employers on how to apply, and it includes how to develop your compliance plan. **It can be found here**, and it will help the Working Group develop the application as well as detail future work for continued adherence to the Living Wage.

## Section A: The Process

### Step 7: Keep current

#### Recommended Leads:

LWE Working Group members (Human Resources, Procurement)

#### Details:

The Living Wage Campaign office, in partnership with the Canadian Centre for Policy Alternatives, will review the Living Wage early each year, reviewing the basket of goods for that family of four that constitutes the analysis. These two groups will publish the new Living Wage rate in November, and as an enrolled employer, they will communicate the new wage rate to you. You will have six months to bring your employees and directly contracted staff into line with the new wage rate.

You will continue with the process of introducing Living Wage contracts or amendments into your agreements with contractors from whom you buy labour services. As we did at Vancity, you may be dealing with only a portion of your contractors, but in the spirit of the Campaign, you should be focusing on contractors where the bulk of your spending goes, and perhaps where you can have the most influence on a group of workers in vulnerable categories (ie, janitorial staff).

Keeping current with the prevailing Living Wage rate is an ongoing commitment – a journey, really – and one which we can support each other through, as large employers. The real difference to be made in our communities is when we start to influence the supply chain, so that janitorial services, security outfits and other suppliers in the traditionally low-waged groups start to see the competitive advantage of paying a Living Wage.

*Transparency on Living Wage is huge and knowing our place within the context of suppliers' other relationships is vital. It was important to honour that supplier relationship while influencing their appetite for adoption of the Campaign.*

## Section B: The Vancity journey

### Roadmap for large employers



### Timeline

If we started over, we'd read our map more closely before we began!

- Step 1** – Senior leadership support was secured when Vancity first began supporting the Living Wage Campaign, as a funder, in 2008. However, it took until fall of 2010 for our board to ask staff to implement the Living Wage inside the credit union, and another six months for staff to prepare a plan for what we could commit to, to becoming a Living Wage Employer, in spring of 2011.
- Step 2** – When we applied to become a Living Wage Employer, in the spring of 2011, we did set up a working group but that group struggled for almost a year while we defined accountabilities, developed a project charter and got the right group of staff – with accountability to implement the Living Wage – around the table.
- Step 3** – We had begun reviewing our employee base before we applied to become a LWE, but we had only done some rough figuring of what it would take to get all employees onside. It took us a year, from May 2011 to May 2012, to sort through the particulars related to on-call, casual and temp employees, and to get the right agreements and addendums to contracts in place.
- Step 4** – We had determined that we had 1200+ suppliers to Vancity, but that approximately 90% of our spend was concentrated in less than 50 suppliers. When we applied to the Living Wage Campaign, our commitment was to address the contracts with those 50 suppliers, knowing further work would lead to diminishing returns. It took a full year, after our first enrollment into the Campaign (from May 2012 to May 2013 when we renewed), plus the addition of a full-time staff resource, to manage this work.
- Step 5** – Setting a budget figure was done before we applied in May 2011, so all members of the working group could know that they had senior level financial support to implement new clauses as we negotiated living wage contracts.
- Step 6** – We sent in our application to be registered as a Living Wage employer in April 2011, before the new Living Wage number was announced for that year. We subsequently worked with the Living Wage Campaign to bring set enrollment dates for employers and we made all our workers and contractors current with the contemporary wage.
- Step 7** – Being a Living Wage Employer is an ongoing commitment and journey. We are committed now to meeting the annual Living Wage rate for all employees as soon after the rate is announced as possible (and back paying the new rate to the announcement date), and updating all contracts within six months of the announcement date (which is now fixed as May 1st of each year).

## Section C: Vancity contacts

Roadmap for large employers



**Contact us for help.**

Please reach out to [livingwage@vancity.com](mailto:livingwage@vancity.com) with any questions.

## Section D: Resources



Roadmap for large employers

### Visit Living Wage for Families Campaign website:

- Basic campaign info: [www.livingwageforfamilies.ca](http://www.livingwageforfamilies.ca)
- How to apply to be a Living Wage Employer:  
[www.livingwageforfamilies.ca/wp-content/uploads/2013/10/LW-Guide.pdf](http://www.livingwageforfamilies.ca/wp-content/uploads/2013/10/LW-Guide.pdf)
- The Living Wage calculator:  
[www.livingwageforfamilies.ca/employers/living-wage-calculator](http://www.livingwageforfamilies.ca/employers/living-wage-calculator)