

EXETER CITY COUNCIL
SCRUTINY COMMITTEE (ECONOMY)

6 MARCH 2014

COST OF LIVING FORUM – INTERIM REPORT AND REQUEST FOR FUNDING

1. PURPOSE OF REPORT

- 1.1 This Report is submitted to establish whether:-
- 1.2 Council funding would be available to conduct and requisition specific research to further this piece of work, and;
- 1.3 Whether the extent of any available Council funding would be sufficient to cover the full cost of the proposed research.
- 1.4 That a recommendation be placed to the Executive for a decision in this respect.

2. BACKGROUND

- 2.1 Following the appointment of the Scrutiny Programme Officer in July 2013 and the Annual Scrutiny Work Programme meeting, Members of Scrutiny Committee - Economy identified the “Cost of Living” as a priority area for Scrutiny investigation.
- 2.2 The Cost of Living Forum first met on the 24th October 2013 and membership of the Forum consists of Exeter City Councillors, Exeter City Council Officers together with representatives from Exeter University, Citizens Advice Bureau, Job Centre Plus, Federation of Small Businesses, Exeter CVS, South West TUC and Devon County Council.
- 2.3 There have been two subsequent meetings of the main Forum and one in respect of the Housing Sub Group and the Wages Sub Group to date.

3. OBJECTIVES OF THE FORUM

- 3.1 The objectives for the Forum are set out as follows:-
- 3.2 To gather evidence to establish a baseline on wages and the cost of living in the City of Exeter.
- 3.3 To gather and analyse evidence on the impact that low wages and the high relative cost of living has on residents in the City (taking a broad perspective on impacts and to include Health and Wellbeing).
- 3.4 To gather and analyse evidence on particular problems (for example, the impact of students on private sector rents – do we really know what the relationship is?).

- 3.5 To explore (in partnership with a broad range of stakeholders) strategies and solutions to problems identified following the gathering of evidence for this Forum.

4. THE KEY ISSUES TO DATE AND WHAT THE FORUM HAS ACHIEVED SO FAR

- 4.1 The three main Forum meetings to date have provided a large remit for discussions through which numerous salient issues have been identified. Discussions have ranged (in subject matter) from the Living Wage, to business rates, zero hours contracts, premises costs and the definition of poverty.
- 4.2 The Forum has also heard from external guests such as a management representative from the national firm LUSH (who currently pay the Living Wage to their employees in London) and an Exeter City Council employee in receipt of a low wage.
- 4.3 Various information and statistical data has been sourced by Forum Members and discussed at the Forum meetings. However, the accuracy of the data is questionable and not exclusive to Exeter or Exeter residents and this presents an obvious difficulty for the Forum as it cannot, therefore, base informed recommendations on unreliable or inaccurate research data.
- 4.4 For the purposes of this report, it would not be helpful to provide Members with exhaustive copies of minutes taken at the Forum meetings, but to distil the issues to their simplest form. The Forum has identified two main areas which should form the main focus for research and where, it is anticipated, the Council could potentially make an impact following the conclusion of the Forum and its final recommendations.
- 4.5 These priority areas have been identified as **Housing** and **Wages**.
- 4.6 Subsequently, two working “sub groups” were created from the existing Forum Members to consider these particular areas.
- 4.7 The Housing Sub Group identified the following areas for specific research and consideration:-
- *What is the housing need and demand in Exeter and how do they differ?*
 - *How do we measure that and how do we use this measurement?*
 - *Are we meeting need?*
 - *How is housing functioning in Exeter and how can we improve it?*
- 4.8 The Wages Sub Group identified the following areas for specific research and consideration:-
- When the economy starts to recover, and businesses start to do better, what influence will the Council have to make sure that this is passed through to wages?
 - The Forum need more accurate wages data (relevant to Exeter and Exeter residents) that is presented in a more “broken down way”.
 - Do zero hours contracts work for people?
 - What is the real impact of low pay?
 - What is the cost of low pay to the City, economy and local services?

- What are the pro's and con's of the Living Wage?
- Provide employers with evidence as to why it would be good for them to introduce the Living Wage.
- Obtain research evidence to establish household income in comparison with the Living Wage.
- Possibly survey a section of Exeter residents – do they work in Exeter? How many are paid below the Living Wage?
- What are the negative impacts of low pay on businesses, individuals and the public sector?
- Survey businesses to find out their overheads and running costs and their thoughts around wages – particularly paying higher wages and the impact that this may have.
- A joint annual survey on earnings in conjunction with Exeter University and Citizens Advice Bureau? A regular review of the position.

5. THE CURRENT POSITION OF THE FORUM AND EXETER UNIVERSITY'S RESEARCH PROPOSAL

- 5.1 Following on from the Housing and Wages Sub Group meetings and the last main Forum Meeting (on the 31st January 2014), it is clear that detailed and accurate research is required within the specific areas of Housing and Wages, without which, it would be inappropriate for the Forum to make recommendations to its parent Committee as to how the Council could influence such issues in a positive way.
- 5.2 The success of Council policy and decision making, is, by its very nature, reliant upon sound information being provided at the outset in order that a basis for a balanced and informed view may be reached enabling sound policies to be invoked and good decisions to be reached.
- 5.3 With this in mind, the Forum requested that Exeter University (which is represented on the Forum) prepare and present a Research Proposal and Costing for Committee consideration.
- 5.4 A copy of this Research Proposal is attached to this Report.
- 5.5 The main question which Members may wish to ask is:-

“How much research do we need and what do we want to achieve?”

In order to answer this, Members will need to consider what the Cost of Living Forum recommends by way of requirements:-

- ***A clear set of indicators in which the Council can be confident - a “Cost of Living dashboard” which can be used to inform policy making and decisions.***
- ***A baseline of information on indicators.***
- ***A methodology for continuing to collect information so that future trends can be measured.***

6. HOW MUCH WILL THE RESEARCH COST?

- 6.1 The global cost of the research is £12,400.00.
For ease of reference the breakdown on research costing is detailed below:-

	Indicative Cost ¹
Inception meeting	£325
Policy/literature review	£1,500
Data analysis	£1,050
Interim briefing report	£1,500
Interim meeting	£325
Telephone interviews	£2,100
On-line consultation	£950
Consultation event	£1,300
Final report writing	£2,250
Administration and editing	£500
Project management	£350
Total days	£12,400

¹ Total costs reflect the different day rates (seniority) of researchers assigned to each task.

7. ARE EXTERNAL PARTNERS TO THE FORUM PREPARED TO CONTRIBUTE?

- 7.1 External partners to the Forum are being approached by the Scrutiny Programme Officer to enquire as to whether or not they could or would be prepared to contribute to the cost of this research. An update in this respect will be available at the Scrutiny Economy Committee Meeting on the 6 March 2014, by which time there is an expectation that responses will have been received.

8. HOW LONG WILL THE RESEARCH TAKE TO COMPLETE?

- 8.1 Exeter University has indicated that if the research stages were to run consecutively the entire research study would take between 6 to 8 weeks to deliver. It is suggested that a more compressed study where the research stages run simultaneously could be delivered in around 4 weeks. In either scenario, the interim briefing report could be delivered after 3 weeks.
- 8.2 Therefore accurate research evidence could be available within a relatively short period of time given the expertise and assistance of Exeter University.

9. BENEFITS OF RESEARCH

- 9.1 The proposed research would be able to identify whether the following benefits are feasible:-

A positive influence on Council policy decisions in respect of Housing and Economy and in particular:-

- Encouraging other employers to adopt the Living Wage.
- Driving up economic spend within the City if businesses are persuaded to adopt the Living Wage.
- By persuading employers to pay the Living Wage this could potentially decrease the burden on the State and the tax payer.
- To ascertain if improvements are possible in respect of the Council's Housing Policy to increase affordability of housing thereby assisting Exeter residents. (Note: this should be considered in tandem with the current, separate research which is being undertaken on Housing Need).
- Providing good, reliable statistical information which will provide a sound basis for Council decisions in relation to investment.
- The results of the proposed research could be available to feed into and influence the 2014/2015 Scrutiny Work Programme.

10 THE PROPOSAL AND RECOMMENDATION

- 10.1 That the Research Proposal and Costing provided by Exeter University be submitted to the Executive with a request for approval for funding either in whole or part.

Cllr R. Denham
Portfolio Holder for Economy and Culture