

COMPLIANCE OF CONTRACTED SERVICE PROVIDERS WITH LIVING WAGE REQUIREMENTS

Annual Report

Recommendation

1. That the May 14, 2025, Financial and Corporate Services report FCS02573, be received for information.
2. That Attachments 1 and 2 of the May 14, 2025, Financial and Corporate Services report FCS02573 remain private pursuant to sections 16 (disclosure harmful to the business interests of a third party) and 27 (privileged information) of the *Freedom of Information and Protection of Privacy Act*.

Requested Action		Information only	
ConnectEdmonton’s Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work to achieve our strategic goals.		N/A	
City Plan Values	N/A		
City Plan Big City Move(s)	N/A	Relationship to Council’s Strategic Priorities	Conditions for service success
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none">• C612B - Living Wage for City of Edmonton Employees• C556C - Sustainable Procurement		
Related Council Discussions	<ul style="list-style-type: none">• November 27, 2024, Financial and Corporate Services report FCS02488, Sustainable Procurement Policy - Subcontractor Compliance• June 19, 2024, Financial and Corporate Services report FCS02346, Living Wage and Sustainable Procurement Updates• May 3, 2024, Financial and Corporate Services report FCS02345, Annual Delegation of Authority - 2023		

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- January 18, 2021, Financial and Corporate Services report FCS00089, Social Procurement (A. Paquette)
- November 5, 2019, Financial and Corporate Services report CR_7643, Updated Living Wage Policy
- April 25, 2019, Financial and Corporate Services report CR_6488, Living Wage Policy - Considerations of Expanding to Include Employees of Contracted Services
- December 2, 2019, Financial and Corporate Services report CR_6485, Social Procurement Policy
- November 27, 2018, Employee Services report CR_6487, Living Wage Policy

Previous Council/Committee Action

At the July 3, 2024, City Council meeting, the following motion was passed:

That Administration provide an annual report on the compliance of contracted services providers with the City's living wage requirements for contracted services, as outlined in Council Policy C556C - Sustainable Procurement, including the identification of instances of non-compliance and proposed actions to remedy non-compliance within an appropriate time frame.

Executive Summary

- Council Policy C556C, Sustainable Procurement, ensures the City of Edmonton's procurement practices are open, fair and transparent, and contribute to building and maintaining a healthy, prosperous and climate-resilient community. As part of the policy, all procurements for contracted services include a requirement to pay a living wage to all employees performing work in City facilities.
- This is the first annual report on the compliance of contracted service providers with living wage requirements.
- In 2024, the City identified 12 contracts with six suppliers/service providers not paying the full living wage. As of today, one service provider has increased staff rates to meet the living wage requirements. For the remaining 11 contracts, the City is currently working with the suppliers regarding living wage requirements.
- The contracts expire between January 2027 up to early 2029 and Administration is working with the business areas to ensure procurement activities are initiated in late 2025/early 2026 in compliance with the living wage requirements for the contracted services.
- The City has worked to improve supplier adherence to living wage requirements through enhanced processes, including the Supplier Performance Management (SPM) program.
- In addition to managing non-compliance, the City has developed a standardized process for verifying living wage compliance, which includes the total rate calculation method and validation methods.

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Council Policy C556C, Sustainable Procurement, leverages the City's purchases to create positive economic, environmental and social impacts. As part of this policy, all procurements for contracted services must include a requirement that all employees performing work in City facilities are paid a living wage.

Living Wage Background

A living wage, as defined in Council Policy C612B, Living Wage for City of Edmonton Employees, is the hourly wage a worker needs to earn to cover their basic expenses and have a modest standard of living, once government transfers have been added and taxes have been subtracted. Unlike minimum wage, which is determined by each province, living wage is tailored for individual municipalities, accurately reflects the local cost of living and is updated annually. To be considered as paying a living wage, benefits, perks and paid time off (above the legislated minimum) are factored in when determining the base rate paid to employees.

The living wage calculation is conducted annually to ensure it aligns with fluctuations in the basic cost of living, influenced by the local economy and enhancements in public policy support, such as subsidies for public transit, childcare and healthcare. The Edmonton Social Planning Council posts the Calculated Living Wage rate every November. The current 2024 living wage rate for the Edmonton region is \$20.85 per hour, a decrease of \$1.40 from the previous year.

Living Wage Implemented at the City

In November 2018, Policy C612B - Living Wage for City of Edmonton Employees was approved, and updated in November 2019 to include employees of contracted services.

In 2024, City Council approved adding the requirement for contracted service providers to pay a living wage into Council Policy C556C - Sustainable Procurement and removing it from Council Policy C612B. The requirement for suppliers to pay employees working in City facilities a living wage is also addressed in the Supplier Code of Conduct, which requires suppliers to meet performance standards relating to social responsibility, environmental, ethical and management standards.

Adherence of Contracted Service Providers to the City's Living Wage Requirements

In 2024, the City identified 12 contracts where suppliers were not meeting the living wage requirements due to fluctuations in living wage rate. One supplier has since increased pay rates to meet current living wage requirements; information around the contracted service and actions taken to ensure compliance with the living wage policy can be reviewed in private Attachment 1.

The City is currently working with the suppliers on the 11 remaining contracts to ensure adherence to the living wage requirements. Procurement plans have been developed with the business areas, with select Requests for Proposals expected in late 2025/early 2026. In addition, the City is currently working with the suppliers regarding living wage requirements on the existing contracts. This phased method ensures continuous service through the procurement process and

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allows the City to obtain the best value. More information on the individual contracts and associated procurement plans can be reviewed in private Attachment 2.

Remedies and Next Steps

The City will continue to work collaboratively with suppliers to ensure they are meeting or exceeding the current living wage rate. This will include:

- Supplier Engagement and Awareness
 - Administration will continue to work with suppliers to clarify expectations around living wage compliance. This will include guidance on how to interpret and implement living wage standards beyond the base hourly rate, incorporating factors such as annual hours paid and employer-paid benefits.
- Internal Training
 - City employees involved in the procurement and management of the contracts will be provided with additional resources and support on how to evaluate and monitor living wage compliance.
- Ongoing Monitoring and Dialogue
 - For contracts where the prevailing market rate is near or below a living wage, suppliers will be required to provide written attestations confirming that they are paying their employees working in City facilities a living wage prior to being awarded contracts and at annual intervals for the duration of the contract.
 - The Supplier Performance Management program has been augmented to include Sustainable Procurement metrics. A contractor's supplier performance rating may be applied to future procurement opportunities, giving better performing contractors an edge over poorer performing contractors in the bid evaluation process. Unsatisfactory performance may also result in a contractor being placed on probation or suspension.
 - Suppliers with non-compliance issues will be given an opportunity to rectify issues, with escalation protocols in place if necessary, and the City may perform audits as necessary to ensure compliance.

Community Insight

Administration did not conduct public engagement specific to this report. Suppliers continue to express concerns around the cost implications and indicate that additional labour costs would be passed onto the City of Edmonton. This position has not changed since the implementation of Council Policy C612B. There have also been discussions concerning the equity of pay for staff who work in City facilities versus other facilities.

GBA+

Council Policy C556C - Sustainable Procurement is a key component of the City's strategy to create a more inclusive, safe and welcoming Edmonton. It also incorporates various social benefit criteria, including GBA+ considerations. Council Policy C556C is focused on four purchase

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outcomes to support community social value: employment, skills and training, social value supply chain and community development. Council Policy C556C also uses a variety of social benefit criteria that include many GBA+ considerations. Suppliers are asked if their ownership falls within one or more of 10 categories, including social enterprise, social purpose organization, Indigenous-owned business, women-owned business, business owned by members of a visible minority, business owned by persons with disabilities, veteran-owned business, business owned by 2SLGBTQIA+, youth-owned business, immigrant or refugee-owned business.

Environment and Climate Review

This report was reviewed for environmental and climate risks. Based on the review, no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

Attachments

1. PRIVATE - Service Contract Update
2. PRIVATE - Contracted Service Providers with Living Wage Requirements Updates