

Report of	Meeting	Date
Chief Executive (Introduced by the Executive Member for Resources, Policy and Performance)	Council	8 th January 2013

ADOPTION OF THE LIVING WAGE FOR CHORLEY COUNCIL EMPLOYEES

PURPOSE OF REPORT

- To seek member approval for the adoption of the living wage as a minimum rate of pay for all Chorley Council employees.

RECOMMENDATION(S)

- It is recommended that Chorley Council adopt the living wage as a minimum rate for all Council employees.

EXECUTIVE SUMMARY OF REPORT

- The Living Wage Foundation established and annually updates what it considered to be a "living wage" which is an hourly rate and is currently £7.45 for outside London. The rate is set by the Centre for Research in Social Policy and is based upon what it considers to be the basic cost of living to provide a minimum income standard. This compares with the National Minimum Wage which is currently £6.19 per hour.
- Adopting the living wage would only impact upon employees who are currently paid at scale 1, at SCP 7 (£6.76 per hour) to SCP 10 (7.34 per hour), the maximum of scale 1 is SCP 11 (£7.79 per hour) and therefore would not affect employees on that point.
- Therefore it is recommended that SCP 10 is increased to £7.45 per hour which would currently affect 4 contracted employees at an annual cost of £2,600 and a further 11 casual employees. This excludes apprentices for the reasons detailed within paragraph 7. A copy of the full pay scales is attached as Appendix 1 to this report.

Confidential report Please bold as appropriate	Yes	No
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REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

- It is recommended that the living wage is adopted for Chorley Council employees for the following reasons:
 - There are strong ethical reason to do so in terms of being an organisation which tackles low pay.
 - Studies by the Greater London Authority (GLA) and Queen Mary University of London, have indicated that employers who have implemented the living wage have benefitted in areas of recruitment and retention, morale, motivation and productivity.
 - The cost implications for Chorley Council are relatively low given the small number of employees which it actually affects.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. The inclusion of apprentices to receive a minimum of the living wage hourly rate would more than double the cost of employing the apprentices who are provided with a two year training opportunity leading to recognised qualifications, together with work experience. We currently have 16 apprentice opportunities at Chorley Council and therefore any increase in the apprentice rate of £125 per week and £150 per week for years 1 and 2 respectively would adversely impact upon the number of opportunities that we would be able to provide.
8. To be a fully accredited Living Wage Employer and eligible to use to logo employers must ensure that all employees, including individuals who work on a regular basis at their premises for a subcontractor, such as cleaners or security staff, receive as a minimum the living wage. This would therefore include any organisations regularly working or contracted to provide a service on behalf of Chorley Council and it is not considered possible to satisfy this requirement at the current time.

CORPORATE PRIORITIES

9. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	X
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	

BACKGROUND

10. The Living Wage Foundation was established around 10 years ago and annually updates what it considered to be a “living wage” which is an hourly rate and is currently £7.45 for outside London. The rate is set by the Centre for Research in Social Policy and is based upon what it considers to be the basic cost of living to provide a minimum income standard. This compares with the National Minimum Wage which is currently £6.19 per hour.
11. Adopting the living wage would only impact upon employees who are currently paid at scale 1, at SCP 7 (£6.76 per hour) to SCP 10 (7.34 per hour), the maximum of scale 1 is SCP 11 (£7.79 per hour) and therefore would not affect employees on that point.
12. Therefore it is recommended that SCP 10 is increased to £7.45 per hour which would currently affect 4 contracted employees at an annual cost of £2,600 and a further 11 casual employees. This excludes apprentices for the reasons detailed within paragraph 7.
13. It is difficult to ascertain the increase in costs with regard to the casual employees as this is very much dependent upon how often they are required to work, given that there is no mutuality of obligation and therefore no contractual hours on which the higher rate of pay would apply and on which any increase could be based. However, looking at the 2013/14 budgets for both Astley Hall Attendants and the Lancastrian Attendants, would increase the annual costs for casuals by around £500 and £130 for Astley Attendants and the Lancastrian attendants respectively
14. By increasing the hourly rate of SCP 10 from £7.34 to the living wage rate of £7.45 per hour rather than deleting the SCP altogether and therefore paying anyone who is on scale 1 at SCP 11 which is £7.95 per hour and which is over and above the living wage, it ensures that there remains 2 salary points at which employees can be appointed to on scale 1, both of which comply with the living wage.
15. We are currently exploring the possibility of promoting Chorley Council as a living wage employer for its employees given that full accreditation is only possible where all of our sub-contractors also adhere to the living wage criteria.
16. There are currently around 100 employers who are accredited as Living Wage Employers, and whilst accreditation is completely voluntary it does provide for the benefits detailed within paragraph 6 above.

17. Regardless of accreditation it also ensures that all employees of Chorley Council do receive a minimum hourly rate of pay for which it is considered can provide for a minimum income standard relative to the number of hours worked whilst employed by Chorley Council.

IMPLICATIONS FOR JOB EVALUATION

18. There are potential implications for Job Evaluation in that the living wage has increased from the rate in 2011 which was £7.20 per hour to the current rate established in November 2012 of £7.45. This is a greater increase than the Local Government salary scales over the last 2 years and therefore the living wage could overtake the maximum hourly rate of scale 1, though this is unlikely to happen before 2015. Should it happen however, it would be necessary to pay all employees at a minimum of scale 2 and subsequently adjust the scoring bands for job evaluation accordingly. Again this would only impact on relatively few employees given the minimal number of employees currently paid in accordance with scale 1. There are currently 20 employees who are paid at scale 1, all of whom apart from a student officer, undertake part time hours.
19. As detailed within paragraph 5 the costs associated with implementing the living wage are relatively small given the few number of employees who are paid in accordance with scale 1 including those casual employees and therefore who would be affected. It should also be noted that there have not been any increase in the Local Government Pay Scales since April 2009, which effectively means there has been a pay freeze for the last three. Whilst this will have impacted upon all Council employees it may have been felt more by those who are on the lowest grade, for whom the adoption of the living wage is intended to benefit.

IMPLICATIONS OF REPORT

20. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	X	Customer Services	
Human Resources	X	Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

21. The details in the report set out that the introduction of the living wage will add up to £3,200 to the Council's wage bill for 2012/13, the costs will be contained within current cash limits and then added to further years budgets.

COMMENTS OF THE HEAD OF HR AND OD

22. The proposed deletion of scale points 7, 8 and 9 and the increase of scale point 10 to £7.45 per hour to the Council's current pay scales is supported so that the Council can become a Living Wage employer. Further promotion of the living wage agenda is required with our partners and subcontractors to enable the Council to be an accredited 'Living Wage' employer with the Living Wage Foundation.

COMMENTS OF THE MONITORING OFFICER

23. There is no legal restriction on adopting the Living Wage. The impact on increases should be assessed as they occur particularly in the event of a continued pay freeze in the public

sector to ensure that the pay structure implemented by Job Evaluation is not adversely impacted.

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Graeme Walmsley	5186	20/12/12	HR

Background Papers			
Document	Date	File	Place of Inspection
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Report Author	Ext	Date	Doc ID
Graeme Walmsley	5186	19/12/12	T:ERes