

REPORT OF THE LEADER OF THE COUNTY COUNCIL

PAYMENT OF THE LIVING WAGE

Purpose of the Report

1. The purpose of this report is to seek the agreement of Elected Members to the payment of the Living Wage as a minimum rate of pay to the County Council's lowest paid centrally employed staff in order to demonstrate the Council's commitment to preventing in-work poverty and as the largest employer in Nottinghamshire to lead by example. The payment of the Living Wage will form a key part of a new wider employee benefits package.

Background

2. As the largest employer in Nottinghamshire with 22,836 employees overall (as at 1st July 2013), 9,404 of whom are centrally employed, the County Council wishes to contribute to building a more prosperous local community in Nottinghamshire by modelling good employment practice, including in the way that it pays and rewards its existing and future employees. This includes taking active steps as an employer to raise the living standards of our lowest paid employees.
3. The Council also wishes to be an attractive source of potential employment to job seekers across its community and is committed to using its resources to create meaningful and properly remunerated employment opportunities for local people.
4. This will have the effect of improving spending power to stimulate economic growth across the County, creating greater community cohesion by reducing unemployment.
5. It was a key manifesto commitment of the current administration to pay the Living Wage to the Council's directly employed staff.

The Living Wage

6. The Living Wage is an hourly rate of pay, set independently by the national Living Wage Foundation (part of the Citizens UK charity), and updated annually which is calculated according to the basic cost of living in the UK. The aim is to ensure that people in work and their families can

achieve a standard of living which ensures that they can live free from poverty.

7. Employers can opt to adopt the payment of the Living Wage on a voluntary basis and many local authorities in the Country have either already adopted payment of the Living Wage or are actively working towards this. The Living Wage is distinct from the national minimum wage which is set by statute.
8. In order to demonstrate the Council's immediate commitment to the principles of the Living Wage; Nottinghamshire County Council intends to implement the Living Wage as its minimum pay rate for all centrally employed staff, with effect from 1st April 2014, regardless of age or weekly working hours. This includes employees directly employed by the Council working in a range of front line roles such as cleaning, catering, caring for older people and school crossing patrols.
9. The Living Wage will be paid as an allowance on top of existing pay rates which will involve a supplementary payment (the Living Wage Allowance or LWA) to make up pay equivalent to the Living Wage rate for the 2,211 employees affected. That is employees in posts where the spinal column point of the evaluated grade falls below the Living Wage which is currently points 5-10 on the Council's existing pay scale.
10. An employee postcode analysis has evidenced that paying the Living Wage to its lowest paid employees will assist the Council to reduce inequalities as the majority of these employees live in the areas of greatest social deprivation within Nottinghamshire:

	Distribution of NCC employees permanent addresses by district	Distribution of NCC employees affected by the Living Wage by district	NCC employees affected by the Living Wage as a percentage of the whole workforce
Ashfield	11.0%	14.5%	3.7%
Bassetlaw	11.1%	17.3%	4.4%
Broxtowe	7.6%	9.9%	2.5%
Gedling	11.7%	11.0%	2.8%
Mansfield	11.9%	14.2%	3.6%
Newark & Sherwood	12.2%	12.1%	3.0%
Nottingham City	11.4%	7.9%	2.0%

Rushcliffe	11.2%	8.7%	2.2%
Outside Nottinghamshire	12.0%	4.4%	1.1%

(Based on most recent English Indices of Deprivation, 2010, the Governments preferred measure of deprivation which ranks areas of the country according to the relative levels of deprivation. Of the 326 LA's in England the Nottinghamshire districts are ranked: Mansfield 36, Ashfield 54, Bassetlaw 86, Newark & Sherwood 147, Gedling 196, Broxtowe 219 and Rushcliffe 318 where the area ranked 1 is the most deprived and 326 the least deprived).

11. Formal Licence of Accreditation is granted by the Living Wage Foundation to those employers who are committed to an agreed timetable of implementation through the award of the “Living Wage Employer” mark. To be accredited as an official “Living Wage Employer” an organisation must:

- i. Pay all of its direct staff at least the Living Wage rate
- ii. Commit to adjusting this within 6 months of the annual updating and
- iii. Demonstrate progress towards requiring existing and new Contractors and Sub-Contractors to do the same.

12. The Council will immediately fulfil the first two of these requirements at the implementation date and will consider accreditation on a phased basis by taking an active role in strongly encouraging businesses that currently hold major contracts to deliver goods and services to the Council to be good employers and encourage economic growth by ensuring that their employees are, as a minimum, also paid the Living Wage. This will be the subject of further consultation and discussion with current and potential contractors.

13. The Council’s position on this matter is the subject of further discussion at the September meeting of the Schools Forum. The decision as to whether to adopt payment of the Living Wage ultimately sits with the individual Governing Body. It is proposed that schools will be encouraged to consider adopting the Living Wage as a minimum pay rate and that the Council will offer support and advice to those schools opting to do so.

Employee Benefits Package

14. Nottinghamshire County Council has an established range of pay and non-pay benefits available to its direct employees, and those based in maintained Schools, the majority of which have not been reviewed for some time.

15. Re-positioning, re-presenting and adding to these provisions as a refreshed overall Employee Benefits Package will enhance the reputation of the Council as a good employer which supports those with caring responsibilities to remain in work and enables all its employees to achieve a healthy work/life balance. It will also support the motivation

and more effective engagement of employees with the work of the Council thus improving outcomes for citizens.

16. The availability of an extended “menu” of employee benefits will also ensure the Council’s future ability to recruit and retain appropriately skilled and engaged staff in order to continue to provide value for money and quality services to the people of Nottinghamshire.
17. It is proposed that the elements of the new employment package will include the following benefits:

Buy back of additional annual leave

18. In order to further support employees to achieve a healthy work life balance and further support employees with caring responsibilities; active consideration is being given to providing employees of Nottinghamshire County Council with the option to request the “purchase” of additional annual leave each year. This would be for a specific purpose and on agreed dates to allow managers to be able to plan for the absence and would operate as a salary sacrifice scheme.
19. This additional flexible working provision would therefore further support employees in fulfilling their roles and responsibilities at work and in the wider community and provide potential financial benefits to the County Council.

Other support for caring responsibilities

20. As part of its commitment to support employees with caring responsibilities; the County Council is also considering accreditation under the Carers Standard. Accreditation is awarded by the Nottinghamshire based Carers Federation in respect of a wide range of caring responsibilities. This would involve reviewing and refreshing existing provisions and improved promotion of these as part of the wider employment package to existing and potential employees.

Employee Discount Scheme

21. Research is currently being undertaken into the wide range of external providers who can offer local authority staff Countywide access to a discounted package of locally based, activities, goods and services; including entertainment, sport, food, ICT equipment, wellbeing and retail. Employees would be able to access these benefits at no additional cost to the County Council. If the focus of the package is local suppliers then this would further contribute to the growth of the local economy.
22. A further report will be taken to the Personnel Committee detailing these proposals as part of the overall employment package. It is anticipated

that this would be implemented with effect from the beginning of the next full leave year, that is 1st April 2014. The new provisions of the Council's employment package as set out above will be reviewed and added to on an on-going basis to assess take up and ensure their continued relevance and affordability.

Other Options Considered

23. Consideration has been given to alternative Living Wage implementation models:

- **Phased implementation:** this would involve an incremental increase to the points on the Council's agreed pay scale which fall below the Living Wage over a defined period of time, both medium and longer term. Whilst this would lessen the immediate impact of the implementation cost, it would not demonstrate a real and current moral commitment to improving the earnings of the Council's lowest paid employees, or significantly enhance the Council's reputation as a good employer.
- **Reviewing the Council's existing pay scale to build in the Living Wage rate** as an alternative to paying the difference as an allowance. However this would undermine the objective analysis of the relative value of job roles achieved through Single Status which has ensured equal pay across the Council and mean moving away from the national pay spine. This approach was not supported by trades union colleagues and could incur significant liabilities in respect of any potential future equal pay claims.

Reason for Recommendations

24. Becoming a Living Wage employer in practice at the earliest possible opportunity will enable the Council to improve the standard of living and spending power of its lowest paid employees, approximately 2,211 of its directly employed workforce. This will have benefits for the Council in terms of the motivation and retention of these key, front line, employees and supporting the growth of the local economy.

25. The overall Employee Benefits Package is designed to enhance the reputation of the Council as a good employer and ensure its ability to recruit and retain appropriately skilled and engaged staff in order to continue to provide value for money, quality services to the people of Nottinghamshire, now and for the future.

Statutory and Policy Implications

26. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below.

Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

27. The national Living Wage is currently set at £7.45p per hour (outside London) and is subject to annual increase each November. The increase from November 2013 is yet to be announced.
28. Estimated costs are based on the current, known, Living Wage rate and take into account the 1% Local Government pay award which includes the removal of spinal column point 4 of the local government pay scale and is backdated to 1st April 2013.
29. On this basis, the estimated annual cost to the Council of the implementation of the Living Wage for its permanent and temporary centrally employed staff will be in the region of £1.36 million. These costs include contractual hours and employer pension contribution.
30. There would be a direct cost to schools' budgets, which will vary dependent on the type, relative size and staffing establishment of the individual school, for those schools which decide to adopt the Living Wage. This will be the subject of separate discussions with schools.

Equalities Implications

31. The payment of the Living Wage to those in the County Council's workforce will provide equity and fairness by ensuring that all employees can achieve a basic standard of living above the poverty threshold. As the majority of employees currently earning less than the Living Wage live in the three areas of highest economic deprivation in the County this will also have a positive impact on tackling social inequality. The majority of workers in the groups affected by the proposed payment of the Living Wage are predominantly women, part time workers who are often the main earner in their household. The method of implementation set out in this report will preserve the Council's Single Status agreement and protect the equal pay integrity of its pay scales and structure.

Human Resources Implications

32. The proposals set out in this report have been the subject of formal consultation with the recognised trades unions at Central Joint Consultative and Negotiating Panel on 22nd July and 29th August 2013. The trades unions have indicated their specific support for the payment of the Living Wage and a collective agreement has been reached in principle in relation to the proposed payment of the Living Wage to centrally employed staff. The trades unions will continue to be consulted on the detailed implementation leading up to April 2014.

RECOMMENDATIONS

It is recommended that:

1. Elected Members agree to the payment of the Living Wage to centrally employed staff with effect from 1st April 2014 as set out in the body of this report.
2. The position in relation to schools be the subject of further discussion with individual schools and via the Schools Forum with a view to consideration of the adoption of the Living Wage by individual school governing bodies.
3. Further work be undertaken on the wider employee benefits and rewards package, including consultation with the recognised trades unions, for consideration by Personnel Committee at a future meeting.

Councillor Alan Rhodes
Leader of the Council

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Constitutional Comments (GDR 05/09/13)

33. Pursuant to the Council's constitution Part 4, Part A, Terms of Reference, section 2, the Policy Committee has the delegated authority to adopt the recommendations as set out within the report. In respect of school based staff, where schools appoint to new posts, following the implementation of the Living Wage, then schools may only appoint on the applicable pay scales of Nottinghamshire County Council. In respect of existing school based staff, there is no legal obligation upon a school to adopt any proposed changes, although it is noted that the report stipulates that there will be further discussions via the Schools Forum with a view to encouraging the adoption of the Living Wage by individual school governing bodies.

Financial Comments [PDS 09/09/13]

34. As set out in this report, the estimated cost of implementing the Living Wage within Nottinghamshire County Council is £1.36m. Of this, an estimated 78% (£1.1m) relates to Catering, Cleaning and Facilities Management staff. These services operate on a quasi-commercial basis whereby the costs of providing services, are recovered in fees and charges. The costs of the Living Wage have been factored into the Council's financial planning assumptions, and will be incorporated into

the report to Policy Committee on 13 November, where the Consultation on the Council's budget proposals for 14/15 and beyond, will be launched.

Background Papers and Published Documents

Equality Impact Assessment.

Response to proposals from the recognised trades unions.

Electoral Division(s) and Member(s) Affected

All