

LIVING WAGE INITIATIVE

Submitted by: Executive Management Team

Portfolio: Finance and Budget Management

Ward(s) affected: Not Applicable

Purpose of the Report

To obtain approval from Members regarding the Living Wage Initiative with a view to the council becoming a 'Living Wage Employer'.

Recommendation

That arrangements be made for the Living Wage Initiative to be implemented for council employees from 1 April 2013 and for the council to obtain accreditation as a Living Wage Employer.

Reasons

To ensure that all council employees are paid at least the Living Wage (currently £7.45 per hour).

1. Background

- 1.1 The Living Wage campaign was launched by the charity London Citizens in 2001 and has cross-party support. Accreditation provides employers with a licence to the living wage employer mark. The accreditation process is fairly simple and is open to employers already paying the living wage, or those committed to an agreed timetable of implementation.
- 1.2 There is evidence that benefits can include: improved recruitment and retention, higher employee morale, motivation and productivity and reputational benefits of being an ethical employer. Further details are at Appendix A.

2. Issues

- 2.1 Employers commit to ensuring contracted workers who work on their premises for two or more hours per week, for eight or more consecutive weeks in the year, are paid the living wage. This not only includes individuals who are employed directly but also, by reviewing procurement processes, those who work for sub-contractors. However, individuals on recognised apprenticeships are not included.
- 2.2 Based on posts currently filled, 19 permanent employees would be affected and up to a further 27 casual employees.

3. Options Considered

Not applicable.

4. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

- 4.1 The initiative compliments the Sustainable Community Strategy in providing and improving economic wellbeing.

5. **Legal and Statutory Implications**

5.1 There is no legal or statutory requirement for employers to pay the Living Wage. No current council employees receive less than the statutory minimum wage.

6. **Equality Impact Assessment**

6.1 The Living Wage would be applied to all employees whose current hourly wage rate is less than £7.45 per hour. The additional amount payable will need to be shown as a separate 'Living Wage Supplement' so that the integrity of the council's pay and grading structure is not compromised.

7. **Financial and Resource Implications**

7.1 The estimated maximum annual cost of implementation from 1 April 2013 based on current pay rates and including employer's on-cost is around £15k. Provision has been made in the draft budget for 2013/14 for this in conjunction with the current review of Terms and Conditions of Service.

7.2 There is an annual licence fee payable of £400 for the use of the Living Wage Employer mark.

8. **Major Risks**

8.1 It is not anticipated that implementation would result in any equal pay challenges or job evaluation related issues, provided the additional payments are shown distinctly as a separate 'Living Wage Supplement'.

9. **Sustainability and Climate Change Implications**

Not applicable.

10. **Key Decision Information**

Not applicable.

11. **Earlier Cabinet/Committee Resolutions**

None.

12. **List of Appendices**

Appendix A – Living Wage – Posts affected/estimate of additional costs

13. **Background Papers**

None.