

Subject:	Living Wage		
Date of Meeting:	20 September 2011		
Report of:	Strategic Director, Resources		
Contact Officer:	Name:	Charlotte Thomas	Tel: 29-1290
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report recommends implementing a new minimum basic wage for council employees as part of an overall strategy to move to a 'Living Wage' for Brighton & Hove. The report sets out the financial implications of setting a new minimum grading threshold and the consultation that has taken place on this proposal.

2. RECOMMENDATIONS:

- 2.1 That the Council's minimum hourly rate be changed to £7.19 with effect from 1st September 2011 by deleting scale points 7 to 9 of our current grading structure.
- 2.2 That that the minimum rate of £7.19 per hour be applied to the Council's casual workers with effect from 1st September 2011.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The 'Living Wage' campaign is about seeking to ensure that pay levels are sufficient to provide for a minimum acceptable quality of life. A report by the Joseph Rowntree Foundation estimated that in 2010 the average national living wage rate was £7.60. The 2011/12 'Living Wage' for London is £8.30 per hour.
- 3.2 A 'Living Wage' Commission is being set up to oversee the establishment of a 'Living Wage' for the City and discussions are being held with other employers in the City to seek their commitment to joining with the Council in adopting a 'Living Wage' and how this can be done. As an employer the potential benefits are around reputation, recruitment and retention, increased productivity and reduced sickness absence.
- 3.3 As a first step to introducing a 'Living Wage' it is recommended that the Council sets a minimum wage for its employees of £7.19 per hour with effect from 1st September 2011. In effect this would mean that the bottom three spinal column points of scale (grade) 1/2 would be deleted creating a revised grade with four spinal column points and a salary range of £13,874 - £15,444. There is no impact on salary differentials between groups of employees as the changes are confined within our existing lowest grade.

- 3.4 It is recommended that this new minimum rate is also applied to the council's casual workers with effect from 1st September 2011.
- 3.5 Staff in Voluntary Aided Schools are not Council employees but these schools have always adopted the Council's grading structure and equality of pay within and between Voluntary Aided Schools and Community Schools is a concept that is important to the schools.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 GMB and Unison have been consulted about this report and are supportive.
- 4.2 Headteachers, including those at Voluntary Aided Schools, were notified in writing at the beginning of July of the proposal to amend the minimum hourly rate to £7.19 per hour and a meeting was arranged for 13th July 2011 if any Headteacher wished to raise concerns. No-one attended the meeting and no concerns have been raised.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The financial impact of the Living wage on Schools is estimated as follows:

2011/12 cost is estimated to be £38,000

2012/13 cost is estimated to be £24,000

The cost to individual schools is small with the maximum ongoing cost for a school expected to be approx £3,700. The average ongoing cost in 2012/13 is £1,170 per secondary school and £233 per primary school. Schools are expected to fund the increase from inflationary provisions within the Dedicated Schools Grant and the Minimum Funding Guarantee.

- 5.2 The impact of the proposed Living Wage on General Fund Council Services is estimated as follows:

2011/12 cost is estimated to be £64,000

2012/13 cost is estimated to be £37,000

- 5.3 The General Fund revenue budget contains sufficient pay contingency to meet these costs from the removal of anticipated pay awards as set out in the Revenue Budget report to Full Council on 3 March 2011.

- 5.4 Costs to the Housing Revenue Account are minimal and expected to be less than £1,000 per annum.

- 5.5 In both cases above, the costs in 2012/13 are lower than the first year due to the anticipated impact of incremental progression. Effectively, many staff will progress by one incremental point on the pay scale on 1st April 2011 whether or not a Living Wage is introduced. Therefore, the difference between their hourly

rate and the Living Wage is reduced which in turn reduces the cost of implementation.

Finance Officer consulted: Nigel Manvell

Date: 09/09/11

Legal Implications:

- 5.4 The Council has the legal power to set a pay framework for its workforce that it considers appropriate. Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the functions of the Council regarding the appointment and dismissal and terms and conditions of staff is a non-executive function. Under the Council's constitution, the Governance Committee, in its capacity as the General Purposes committee, has the power to deal with employment terms and conditions (including pay) which is why this is coming before the Committee.

Lawyer Consulted: Abraham Ghebre-Ghiorghis

Date: 09/09/11

Equalities Implications:

- 5.5 The recommendation contained in this report will have a positive impact on our lowest paid employees. Of those employees who will receive an increase in pay with effect from 1st October 2011, 69% are women.

Sustainability Implications:

- 5.6 The recommendation contained in this report will have a positive impact on our lowest paid employees.

Crime & Disorder Implications:

- 5.7 None.

Risk and Opportunity Management Implications:

- 5.8 None

Public Health Implications:

- 5.9 Increasing wages of the lowest paid will should have a positive impact on their health and well-being

Corporate / Citywide Implications:

- 5.10 The Council is demonstrating its commitment to introducing a 'Living Wage' and hopefully this will encourage other employers to adopt the Commission's findings when they are known.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 None considered as this will be taken forward in the future via the Living Wage Commission.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 This proposal is an interim step pending the establishment of the Living Wage Commission for Brighton & Hove which will establish through detailed research the appropriate level for a living wage for this city.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents In Members' Rooms

None

Background Documents

None