

DERBYSHIRE COUNTY COUNCIL

CABINET MEETING

10 September 2013

**Joint Report of the Chief Executive, Director of HR
and Director of Finance**

LIVING WAGE PROPOSALS (Council Services)

1. Purpose of the Report

To set out issues and the steps necessary to enable Cabinet to consider the introduction of the Living Wage within the Council.

2. Information and Analysis

2.1 Background

As Members will be aware, introduction of the Living Wage for employees of Derbyshire County Council is a key commitment for the Council.

The Living Wage (outside London) is a calculation made by the Department for Income Studies at Loughborough University on behalf of the Living Wage Foundation. The Living Wage could be defined as 'the level of income needed to provide an acceptable standard of living in Britain to ensure good health, adequate child development and social inclusion'. It is not clear at this stage whether the Loughborough University calculation is definitive or whether regional or sector considerations can be taken into account.

In the ten years since its launch the Living Wage campaign has become a powerful source for change across the country. A study by Queen Mary University of London found evidence that employers as well as employees have benefited after implementing the Living Wage. The most significant impacts noted were improved recruitment and retention, high worker morale, motivation and productivity in addition to reputational benefits of being an ethical employer.

The Living Wage is currently £7.45 per hour and was last updated on 5 November 2012 from £7.20. It will be updated again in early November 2013.

£7.45 is equivalent to Derbyshire pay point 9 in grade 4, which in 2013/14 is £7.44 per hour (including the nationally agreed 1% pay rise for 2013/14). The arrangements agreed for the implementation will remain in place until April 2015 when the Living Wage rate will be updated.

2.2 Implementation Arrangements

In implementing the Living Wage within the Council it will be necessary to consider:

- Those employees funded by the Council
- Those employees employed in a service traded to schools
- Those employees employed in schools
- Whether it should be paid as an allowance or consolidated into basic pay
- Impact on pay differentials
- The projected costs and proposed funding arrangements
- Determination of implementation date(s)

The implementation of Single Status in Schools has been planned for 1 March 2014, and it would not be appropriate to implement the Living Wage in advance of this in view of the changes to pay arrangements implemented under Single Status.

The Living Wage would be applicable to all eligible Council employees. The introduction of revised contract arrangements for relief employees has been incorporated within the review of the Derbyshire Package which will be the subject of a future report to Cabinet.

A number of issues remain to be considered and resolved prior to the introduction of the Living Wage. An implementation plan that sets out the steps required prior to implementation is attached at Appendix 1.

2.3 Advisory Group

Introduction of the Living Wage affects employees across the Council including those working within traded services and schools. The implementation of the Living Wage, the review of the Derbyshire Package and the introduction of Single Status in Schools have a number of interdependencies. In the present financial climate it is essential that all of the issues are considered in depth and it is proposed that an advisory group should be established to assist in managing the introduction of the Living Wage. This process would then manage the introduction of the Living Wage proposals, as well as their review prior to 2015.

It is proposed that the membership of a Joint Living Wage Advisory Group will include the Leader and Deputy Leader, officers (Chief Executive, Strategic Director of CAYA and Directors of HR, Finance, Legal Services and Property) and trade unions (three representatives to be nominated). Once established the advisory group will agree the detailed terms of reference and will report to Cabinet

2.4 Payment Arrangements

It will be necessary to reconfigure SAP to ensure payments can be made from an agreed date. If implementation were to be agreed from, for example 1 March 2014, any changes would need to be agreed by 1 December 2013 to enable the necessary reconfiguration and testing to be undertaken.

3. HR Considerations

Arrangements will be made for consultation with the recognised trade unions. This will take place alongside the trade unions involvement in the Advisory Group. Consultation with representatives of schools will also be necessary in order to provide details of how the Living Wage proposals will affect them. Meetings are currently being held with schools representatives along with trade union colleagues that will provide a mechanism for discussion.

As introduction of the Living Wage is a major undertaking that affects several thousand employees it would be necessary to complete an Equality Assessment which also considers the impact of Single Status in Schools and the review of the Derbyshire Package. This will ensure that any associated equality issues are considered. The Living Wage Advisory Group would then be made aware of them to determine any appropriate actions.

4. Financial Considerations

Associated costings and funding arrangements will be modelled and refined against the options considered by the Living Wage Group.

5. Legal Considerations

Full consideration will be given to any legal issues as they arise.

6. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

7 Key Decision

No

8 Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report? No

7 Officer Recommendations

That Cabinet:

- 1) notes the consideration being given to the introduction of Living Wage proposals within the Council and the related processes detailed at Appendix 1;
- 2) approves the establishment of the Joint Living Wage Advisory Group;
- 3) agrees to receive a future report from the Advisory Group within the timescales identified which outlines the detailed arrangements proposed for implementation.

**TONI COMPAI
DIRECTOR OF HR**

Derbyshire County Council

Introduction of the Living Wage – Implementation Plan

Cabinet Report - To outline the Living Wage considerations and
establish governance arrangements

10 September 2013

Living Wage Group - To determine the principles and options

October 2013

Consult with trade unions and school representatives on the principles
and options

October and November 2013

Living Wage Foundation announce 2014 Living Wage rate

Early November 2013

Cabinet Report – To approve Living Wage and detailed
implementation arrangements

12 November 2013 or 3 December 2013

Reconfiguration of SAP and testing

1 December 2013

Communication with the employees affected

January/February 2014

Living Wage implemented (alongside/after Single Status in schools)

1 March 2014 or 1 April 2014

Living Wage paid