

Agenda item: 

**Title of meeting:** Employment Committee

**Date of meeting:** 16<sup>th</sup> June 2015

**Subject:** Living Wage

**Report by:** Director of HR, Legal and Procurement

**Wards affected:** None

**Key decision:** No

**Full Council decision:** No

---

## **1. Purpose of report**

- 1.1 The purpose of this report is to provide the Employment Committee with an update following the implementation of a Living Wage for employees of the council.

## **2. Recommendations**

It is recommended that the Employment Committee:

- i) Notes the progress made to implement the Living Wage, particularly with regards to schools.
- ii) Agrees a report is presented to Employment Committee (following Living Wage week in November 2015), with the purpose of providing further information and recommendations about the Living Wage Allowance

## **3. Background**

- 3.1 The Employment Committee agreed to implement a non-consolidated Living Wage Allowance for all employees\* paid below £7.85 per hour, with effect from 1<sup>st</sup> November 2014. It was agreed that this would be paid as a one-off lump sum payment in March 2015 for the initial launch and thereafter as a monthly non-consolidated payment (a supplement on top of basic pay), subject to annual review. (\*excluding apprentices, casual and agency workers)
- 3.2 Further, it was agreed that the Head of HR, Legal and Procurement would continue to work with the Schools, to strongly encourage them to adopt the Living Wage Allowance.

#### **4. Implementation of Living Wage in Schools**

4.1 At the time of the decision to implement the Living Wage, it was unclear whether schools (who are able to determine such matters for themselves) would choose to implement it too. Since that time, it has been possible to establish that, with effect from 1<sup>st</sup> April, 37 schools have adopted the Living Wage Allowance, 9 schools did not adopt the Living Wage Allowance at this time but 7 have committed to adopting in the future with 2 wanting to undertake further cost analysis before committing to implementation at any specified date.

#### **5. Impact of Implementing the Living Wage Allowance**

##### **5.1 Costs for PCC**

5.1.1 For the period of 1<sup>st</sup> November 2014 - 31<sup>st</sup> March 2015, 234 staff members received the lump sum Living Wage allowance, at a total cost of £46,354 (gross), £52,371 including on costs.

5.1.2 From 1<sup>st</sup> April 2015, 175 staff members continue to receive the Living Wage allowance, paid as a monthly non-consolidated payment. The total cost for April was £6,812 (gross) and £7,709 including on costs. This gives an estimated annual cost of £81,744 (gross) and £92,508 including on costs.

##### **5.2 Costs for Schools**

5.2.1 The total number of school employees receiving the Living Wage Allowance is 583 at a total cost of £13,783 (gross) and £15,114 including on costs. This gives an estimated annual cost of £165,396 (gross) and £181,368 including on costs.

5.2.2 Appendix 1 shows the costs of the Living Wage Allowance broken down into costs per Directorate/School.

5.2.3 Appendix 2 shows the type of job roles receiving the Living Wage Allowance.

##### **5.3 Impacts and Outcomes of Implementing the Living Wage**

5.3.1. At the time of writing, it is too early to measure all quantifiable impacts of implementing the Living Wage for the organisation. However, some of the expected positive outcomes are listed below:

- It is impossible to say whether the Living Wage has had a direct impact on the ability to recruit staff at the levels affected by Living Wage. However, the council does not currently experience any difficulties recruiting staff at that level. Some schools suggested that the erosion of pay differentials may cause retention difficulties in some areas, but once again it is too early to say whether this becomes a reality.
- As increasing numbers of councils sign up to the Living Wage, this council is no longer in the position of being "left behind" with this trend.

- It is too early to ascertain whether the introduction of Living Wage has had an impact on welfare dependency. However, anecdotally, there is some evidence of staff members no longer being entitled to Housing Benefit as a result of the Living Wage.
- The introduction of the Living Wage addressed an issue which Trade Unions had actively campaigned for locally and nationally. However, unions have expressed their desire to see the Living Wage fully consolidated into the council's pay structure rather than being paid as an allowance.
- Increased workplace morale will be measured as part of the next Employee Opinion Survey.

5.3.2 In addition to those listed above, implementation of the Living Wage significantly contributes to the city's Tackling Poverty Strategy which aims to alleviate poverty and break the cycle of deprivation.

5.3.3. Quantifiable data will be collected over the subsequent months.

## **6. Future Actions**

6.1 The Living Wage Foundation reviews the Living Wage rate annually in November. When the new rate is announced, the Employment Committee will be advised of the cost of continuing to pay the Living Wage and invited to consider whether to continue with this policy. It is envisaged that members will be asked to consider the following options:

- (i) Cease to pay the Living Wage
- (ii) Continue to pay the Living Wage as an allowance, at the rate set by the Living Wage Foundation
- (iii) Consolidate the Living Wage into the Council's pay structure
- (iv) Continue to pay the Living Wage, but at a local "Portsmouth Living Wage" rate that may be lower (or higher) than the national level

6.2 Members should note that the LGA are reviewing the current state of national bargaining and considering if it is appropriate to remove the bottom salary scale points to ensure that all staff are paid the Living Wage rate through the NJC national pay agreements. This matter is still being considered and further guidance from the LGA is awaited.

## **7. Equality impact assessment (EIA)**

An Equality Impact Assessment is not required for this report.

## **8. Legal comments**

Extensive legal advice was provided to members at the time of the original decision to implement the Living Wage. This is reproduced at Appendix 3 for members' information.

## **9. Head of finance's comments**

- 9.1 The relevant financial implications are contained within the body of the report and appendices.
- 9.2 As commented in previous reports, the Living Wage Allowance is paid as a supplement/allowance and any increase in costs will need to be funded from existing approved budgets.

.....  
Signed by:

**Appendices:**

- Appendix 1: Cost Analysis by Directorate/School
- Appendix 2: Type of Roles receiving Living Wage
- Appendix 3: Exempt Legal Comments

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: