

## PERTH AND KINROSS COUNCIL

Strategic Policy &amp; Resources Committee – 20 April 2016

## LIVING WAGE ACCREDITATION

Report by Depute Chief Executive, HCC (Corporate &amp; Community Development Services)

**PURPOSE OF REPORT**

This report confirms that Perth and Kinross Council became a Living Wage Accredited Employer on 1 April 2016.

**1. BACKGROUND**

- 1.1 On 1 April 2016, Perth & Kinross Council was accredited as a Living Wage Employer by the Poverty Alliance who act on behalf of the Living Wage Foundation.
- 1.2 This achievement comes following the Council agreement at its meeting on [07 October 2015](#) that Perth & Kinross Council should apply to join the Living Wage Accreditation Scheme.
- 1.3 At that time, the requirements for accreditation were;
  - All directly employed staff must be paid the Living Wage when accreditation is awarded.
  - There must be a plan in place for contractors, who regularly deliver a service on our premises, property or land, to pay the Living Wage within a reasonable timescale.
  - Once accredited, employers are expected to pay the Living Wage within six months from the date the new rate is published in November each year.
  - There is an annual fee of £400 plus VAT.
- 1.4 Subsequently the Living Wage Foundation introduced an additional requirement for the Living Wage to be paid to social care staff who are contracted to provide work on behalf of Councils. This requirement applies to externally contracted social care staff.
- 1.5 The Living Wage is intended to provide a level of pay that adequately allows workers to provide for themselves and their families. It is currently £8.25 per hour, is calculated independently by the Centre for Research in Social Policy at Loughborough University according to the basic cost of living in the UK and takes into account the following factors:

- Minimum costs for each household type, excluding rent, council tax and childcare.
- Average council rent for families with children.
- Full-time childcare costs, averaged across regions.
- There is sufficient income after taxes, benefits and tax credits to cover the expenses specified above.

1.6 The Living Wage is voluntary and differs from the £7.20 per hour Statutory National Living Wage introduced by the UK Government on 1 April 2016. All employers must now pay staff aged 25 and over at least this hourly rate. The age-related National Minimum Wage for staff under age 25 still applies.

1.7 Dumfries and Galloway, Falkirk, Inverclyde, Stirling and West Lothian Councils are also Living Wage Accredited employers.

## **2 WHAT ACCREDITATION MEANS**

2.1 All directly employed staff are paid at least the Living Wage and there is a plan in place for relevant contractors' staff to be paid at least the Living Wage.

### Directly Employed Staff

2.2 Perth & Kinross Council has ensured that no member of staff has been paid less than the Living Wage since 2012 and this was a major milestone towards achieving accreditation. By staff we mean all permanent or fixed term employees or supply workers. Volunteers, interns and apprentices are excluded.

2.3 From 1 April 2016 the Scottish Local Government Living Wage rate agreed through the national collective bargaining arrangements is £8.33 per hour, i.e. 1% above the voluntary Living Wage of £8.25 per hour. Therefore all Perth & Kinross Council employees are now paid at least £8.33 per hour.

### Contractors

2.4 An assessment of all contractors identified three contractors with rates of pay below the current Living Wage.

2.5 The Council's phased implementation plan submitted to the Poverty Alliance details milestone dates between 1 July 2016 and 1 December 2017 at the latest for these contractors to take steps to pay the Living Wage. This forms part of the Council's Living Wage Licence Agreement. It should be noted that the Council cannot legally require our contractors to pay a particular rate of pay. However, council officers will use contract review dates or new procurement exercises to explore opportunities for all subcontracted staff to be paid at least the Living Wage.

### Social Care Staff

- 2.6 The additional requirement introduced for social care staff who are contracted to provide work on behalf of Councils is now met through the commitment Perth & Kinross Council made as part of the Local Government financial settlement for 2016/17.

### Who Benefits

- 2.7 It is estimated up to 880 people in a range of full time and part time jobs and supply working arrangements will benefit from the Living Wage when it is fully implemented under the Council's Licence Agreement.

### Promoting the Living Wage

- 2.8 We will use the Living Wage Trade Mark on all official communication to promote the Living Wage, including in emails, on the Council's website, on letter headed paper and on our Purchase Ledger system.
- 2.9 The Council's revised Procurement Strategy which refers to the Statutory Guidance on the Selection of Tenderers and Award of Contracts will ensure that fair work practices, including payment of the Living Wage, are considered in our contracting arrangements.

## **3 CONCLUSION AND RECOMMENDATIONS**

- 3.1 Living Wage Accreditation is a significant indicator of an employer's commitment to fair work practices and one of the clearest ways Perth & Kinross Council demonstrates that it takes a positive approach to its workforce. Payment of the Living Wage is an important factor in helping to eliminate in-work poverty which will benefit individuals and families in our community.
- 3.2 It is recommended that the Strategic Policy and Resources Committee notes that Perth & Kinross Council is now a Living Wage accredited employer and continues to promote payment of the Living Wage.

### **Author**

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### **Approved**

<b>Name</b>	<b>Designation</b>	<b>Date</b>
John Walker	Depute Chief Executive, HCC (Corporate & Community Development Services)	11 April 2016

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
<b>Resource Implications</b>	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	None
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	None
<b>Consultation</b>	
Internal	None
External	None
<b>Communication</b>	
Communications Plan	None

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 By becoming a Living Wage Accredited Employer the Council is promoting a prosperous, inclusive and sustainable economy.

#### Corporate Plan

- 1.2 By becoming a Living Wage Accredited Employer the Council is promoting a prosperous, inclusive and sustainable economy.

### 2. Resource Implications

#### Financial

- 2.1 The Head of Finance has been consulted and has indicated his agreement.
- 2.2 There is an annual fee of £400 plus VAT to maintain Living Wage Employer accreditation.
- 2.3 There are no financial implications in the current financial year for directly employed staff. However there is a risk that future pay settlements for local government employees will be influenced by increases in the Living Wage

resulting in additional costs to the Council. Such increases will impact on pay differentials within the Council's pay and grading structure.

- 2.4 There is a risk that wage inflation linked to the Living Wage will be reflected in contract prices for contracted and commissioned services. This will form part of the procurement process.

### 3. Assessments

#### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties. The Equality Impact Assessment undertaken in relation to this report can be viewed clicking [here](#).

- 3.2 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) and have been assessed as **relevant**. The following positive outcomes are expected following implementation:

- 3.3 Payment of the Living Wage to directly employed staff, sub contracted staff and social care staff will have a positive impact on the following protected characteristics:-

#### 3.4 Age

Rates of pay for some contracted and commissioned services workers may increase, i.e.

- Workers aged 25 and over who may otherwise only be paid the new Statutory National Living Wage of £7.20 per hour from 01.04.2016.
- Workers aged under age 25 who may otherwise only be paid the age related national minimum wage.

#### 3.5 Gender

This will have a positive impact on social care staff currently paid below the Living Wage the majority of whom are female.