

PERTH AND KINROSS COUNCIL

Finance & Resources Committee

22 November 2023

FAIR WORK FIRST STATEMENT

Report by Corporate Human Resources Manager (Report No. 23/319)

1. PURPOSE

- 1.1 To provide an update on the Scottish Government requirements relating to Fair Work First criteria, their use in public sector grants, contracts and other funding and the content of the required public statement.

To highlight the actions which Perth & Kinross Council require to take to ensure the new requirements of the Fair Work First criteria are met.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee:
- 2.2 Approve the use of the Modern Apprentice Scheme Earmarked Reserve in 2024/25 to support the implementation of the payment of the Real Living Wage to Apprentices and Trainees with effect from 1 April 2024.
- 2.3 Note the position on flexible working provision, as required by the Fair Work First criteria.
- 2.4 Indicate support for discussions to continue with Trade Unions to finalise the attached draft statement evidencing how Perth & Kinross Council currently meets and continues to develop the Fair Work First criteria.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background/Main Issues
- Section 5: Proposals
- Section 6: Conclusion
- Appendices

4. BACKGROUND / MAIN ISSUES

- 4.1 Fair Work First is the Scottish Government's flagship policy for driving high quality/fair work and workforce diversity across the labour market in Scotland by applying fair work criteria to grants/other funding and public contracts being awarded by and across the public sector, where it is relevant to do so.

- 4.2 Perth & Kinross Council has used the Fair Work Framework since it was developed in 2016 when the then Chief Executive was a member of the Fair Work Convention set up to drive forward the Fair Work agenda by Scottish Government. Council report [16/217](#) (May 2016) provided an update on the Fair Work Framework at that time. Council agreed the proposal to ensure that our employment practices meet the principles of fair work with a view to improving our understanding of fair work and our people practices, where appropriate.
- 4.3 The Fair Work First criteria have recently been updated to include requirements to:
- offer flexible and family friendly working practices for all workers from day one of employment (see paragraphs 4.6.2 and 5.7); and,
 - oppose the use of fire and rehire practices (incorporated within the draft statement in Appendix 1)
- 4.4 In addition, from July 2023, the Scottish Government requirements for organisations seeking and awarding public sector grants, contracts and other funding have been updated to include a commitment to:
- paying the Real Living Wage to all employees aged 16 and over (see paragraphs 4.6.1 and 5.2),
 - providing appropriate channels for effective voice (incorporated within the draft statement in Appendix 1)
 - advancing the revised Fair Work criteria and to publish a statement reflecting this on their own website, supported by recognised trade unions.
- 4.5 Engagement locally with our trade unions on developing a Fair Work First Statement commenced in September. One union has explained their position i.e. that they are approaching this on a national basis, however they have no concerns about the Fair Work First commitments as they relate to the Council as an employer including the evidence provided about fire and rehire practices and effective voice. As a result, discussion has focused on the situation regarding procurement and grant funding processes and, whilst we believe that progress has been made, discussions are on-going.
- 4.6 The evidence included in the statement has also been agreed with officers involved in the Policy and Governance Group on 20 September 2023 and Executive Leadership Team on 10 October 2023. The statement is attached as Appendix 1.
- 4.7 In order to make a commitment to advancing the updated Fair Work First criteria, the Council needs to take the following steps:
- 4.7.1 Pay at least the Real Living Wage to all employees aged 16 and over.

Perth & Kinross Council (PKC) already pay the Real Living Wage to 16- and 17-year-olds who are not in apprenticeship or trainee positions. The required

improvement is payment of at least the Real Living Wage to all apprentices and trainees.

PKC is an accredited Living Wage employer; however, this accreditation includes an exemption for those under 18 and apprentices and trainees who must receive as a minimum the legislatively prescribed hourly rates.

The new Real Living Wage rate of £12 per hour was announced on 24 October 2023 with a requirement to implement by 1 May 2024.

Apprentice and trainee positions are either fully funded by Services, through the central corporate fund, or using both and are paid at the legislatively prescribed hourly rate. Included within a range of measures to protect services to our communities, the recurring corporate fund budget for apprentices and trainees was reduced in the current year, with a further reduction in 2024/25 and removing it entirely from April 2025. In the interim, this budget continues to fund or partially fund apprentices and trainees across the Council. There is currently a sum of £340,000 in the **Modern Apprentice Scheme Earmarked Reserve**.

4.7.2 Offer flexible working practices for all employees from day one of employment.

Perth & Kinross Council already offers some flexible working practices and policies from day one of employment, for example flexi time and hybrid working (where these are appropriate to the role). Therefore, there is already evidence to support this new criterion. Work is ongoing to further develop the availability of flexible working practices from day one of employment in line with forthcoming changes in legislation. These provisions will be incorporated within the new Flexible Working Framework. An overarching Flexible Working Policy Statement, around which the Framework will be developed, will be presented to the Committee in early 2024.

5. PROPOSALS

5.1 The Committee is asked to consider the following proposals:

- 5.2 **Pay at least the Real Living Wage to all apprentices and trainees.** This will comply with the requirement to pay the Real Living Wage to all employees age 16+ and recognises that trainees are equally affected by cost-of-living increases. The improved pay rate will also make our apprenticeship roles more attractive in an increasingly competitive labour market. In addition, this will be a positive step towards recognising the contribution our young people make to the people of Perth and Kinross as they gain new skills, experience, and develop into our workforce of the future. The draft statement indicates our intention to regularly review salaries and implement the Real Living Wage for apprentices and trainees with effect from 1 April 2024, and annually each April in line with any increases in the Real Living Wage.

- 5.3 The additional cost of topping up to the Real Living Wage for all existing and planned apprentices, (centrally supported and fully Service funded) for the 2024/25 is estimated to be approximately £330,000 including oncosts, and will be met from the Modern Apprentice Scheme Earmarked Reserve. This reflects the additional costs of the existing apprentice and trainee salary bill and assumes the same number of apprenticeship opportunities are offered for the year 2024/25. It is based on the revised Real Living Wage figure of £12 per hour for 2024/25. The Real Living Wage is updated annually by the Poverty Alliance and PKC would increase the Real Living Wage for apprentices with effect from 1 April 2025, and annually thereafter.
- 5.4 The reduction in the Corporate Fund will result in fewer apprentice and trainee posts being centrally supported in 2024/25 and its removal in 2025/26 will end this centralised support. There are currently 31 apprentices and trainees at various stages of progression through their training programme. The budget reserve will continue to be used to maximise apprentice and trainee opportunities.
- 5.5 In recognition of the importance of having a pipeline of young people being trained for roles within the Council workforce and the changing budget situation, a refreshed approach to apprentice and trainee roles will be developed and presented as one of the pillars of the new Corporate Workforce Strategy/People and Culture Strategy which will be presented to Committee in June 2024.
- 5.6 Committee are asked to agree to fund the proposal to pay the Real Living Wage to apprentices and trainees from the Modern Apprentice Scheme Earmarked Reserve in 2024/25, with the responsibility for funding apprentices and trainees moving entirely to Services with effect from April 2025.
- 5.7 **Offer flexible working practices for all employees from day one of employment.** The Council already offers some flexible working provisions to employees from day one of employment. The Committee is asked to note the position regarding on-going work to further develop its flexible working practices for employees for consideration in early 2024.
- 5.8 **Publication of a Fair Work First Statement**
- 5.9 Committee is asked to indicate its support for the format and evidence currently included in the statement and its publication on the website in draft form while discussions continue with Trade Unions to finalise the content relating to procurement and grant funding arrangements. We are aware that this is a similar position to the stage reached by other Councils.
- 5.10 The ongoing national pay negotiation for part of the local government workforce is influencing the current stance taken by some trade unions in relation to their support for agreeing Fair Work First Statements with local councils. This Council has continued to embrace the fair work agenda since its inception and mainstreamed it within our employment practices; officers are committed to continuing discussions with trade union officials to seek local

resolution pending conclusion of the national pay negotiation. Publishing a draft statement at this time will enable the Council to continue giving and receiving public sector grants, contracts, and other funding.

6. CONCLUSION

- 6.1 The development of the Fair Work Framework to Fair Work First provides an opportunity for Perth & Kinross Council to reaffirm its commitment to our employees and their trade unions via the existing principles and the enhanced provision. To do this, will require the adoption of the proposals detailed in this paper.
- 6.2 In addition, by expressing this commitment in a published statement the requirements of the Fair Work First criteria will be met and will support processes relating to grant funding applications. Criteria are also referenced in our Procurement contracts and Grant Award Processes, to encourage third party providers to adopt positive fair work practices. This will help drive high quality/fair work and workforce diversity across the labour market in Perth and Kinross.

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APPENDICES

Appendix 1 – Fair Work First Statement

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Community Plan/Single Outcome Agreement

1.1 This report supports the following priorities within the Community Plan 2022-27.

- (i) Skills, learning and development
- (ii) Employability

Corporate Plan

1.2 This report supports the following objective within the draft new Corporate Plan: -

- (i) Children and young people grow up safe, respected, well-educated, and confident in their ability to realise their full potential;

2. Resource Implications

Financial

2.1.1 The Head of Finance has been consulted and has, through the Finance Team, provided the information used within section 5.1.2 of the report.

Cost of implementation of Real Living Wage to Apprentices/Trainees
£330,000 to be met from the Corporate Fund Reserve (£340,000 at 31/3/23)
Workforce

2.2 There are no workforce number implications.

Asset Management (land, property, IT)

2.3 There are no land and property implications.

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](#).

The proposal has been assessed as **relevant** and the following positive outcomes expected following implementation:

- Improved financial position of those employed as apprentices or trainees

Strategic Environmental Assessment

3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

The proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:

- in the way best calculated to delivery of the Act's emissions reduction targets;
- in the way best calculated to deliver any statutory adaptation programmes; and
- in a way that it considers most sustainable.

The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

Legal and Governance

- 3.4 The proposals reflect the actions required to meet the Fair Work First criteria as set out by the Scottish Government and will contribute to the Council's ability to meet the requirements associated with public grant funding applications and award.

Risk

- 3.5 There are no risks identified

4. Consultation

Internal

- 4.1 There has been consultation with Services, Finance, the Policy and Governance Group, Executive Leadership Team and local trade union representatives who have agreed with the principles of publishing a Fair Work First statement and the related payment of Real Living Wage to apprentices and trainees.

External

- 4.2 There has been no external consultation required.

5. Communication

- 5.1 A programme of communication will be delivered internally to Services, recruiting managers and existing apprentice and trainee supervisors.