

Report to: Joint Consultative and Safety Committee

Subject: Living Wage; commencement of consultation for implementation

Date: 9 January 2014

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1. Purpose of the report

To introduce to the Joint Consultative and Safety Committee (JCSC), proposals for implementation of the Living Wage with effect from 1 April 2014 and to commence formal consultation on these proposals with the recognised trade unions. The proposal to implement the Living Wage is very much a member-led initiative and consequently these detailed proposals for consultation have been formulated by the Appointments and Conditions of Service Committee. Furthermore, the proposals are endorsed by the Council's Senior Leadership Team (SLT).

As the proposals do include material changes to terms and conditions of particular groups of employees, a full consultation process is recommended commencing 9 January and concluding at the programmed JCSC meeting of 25 February 2014 (47 days in total). At the close of this consultation period the JCSC will meet again to accept any comments made by the trade unions and to make any recommendations that they see as appropriate to the Appointments and Conditions of Service Committee in order to help inform any decisions made by that committee in respect to final implementation of the proposals together with any associated terms and conditions of employment.

2. Background

The week commencing 4 November 2013 was "Living Wage Week".

The "Living Wage" is set annually by the Living Wage Foundation and represents the hourly rate of pay that is deemed to provide workers with a wage that can meet the basic costs of living.

During this week a number of national and local announcements were made. Of particular relevance was the national announcement that the Living Wage outside London would rise by 20 pence from £7.45 to £7.65 per hour and, locally, the Leader of our Council announced his intention to introduce the Living Wage as part of the 2014/15 budget process.

In considering the introduction of the living wage, there are a number of factors to take into account that are covered in the following report. Clearly this local commitment has relevance from social, political, and economic perspectives and the detail of its implementation to recognise all of these needs is complex. Included in the implementation proposed here are associated issues that relate to local pay banding together with terms and conditions of employment.

3. Proposed implementation

The following proposals are made by the Appointments and Service Committee for the implementation of the Living Wage at Gedling Borough Council. All proposals are supported by Senior Leadership Team and can be met within budget plans for 2014/15.

3.1 The rate to be paid

ACSC proposal: To pay at the new rate of £7.65 as this will be the national Living Wage rate at the proposed date of implementation, 1 April 2014.

3.2 Placing the Living Wage rate into our pay structure

ACSC proposal: The Living Wage of £7.65 is not a recognised pay point within the national pay spine applied by the council, however the following implementation method is proposed. This proposal does not have any disproportionate negative equality impact relating to “protected characteristics” as defined in the Equality Act. This is particularly relevant to gender. Appendix 1 shows a completed Equality Impact Statement based on the proposal made by the ACSC.

The proposal is to enrich all jobs to ensure that they achieve at least pay Band 2 and create a new local pay point (spinal column point 10a) equivalent to the Living Wage at £7.65 per hour. In order not to have excessively long pay grades (which can be disproportionately detrimental impact in respect to equality), it is also proposed to make minor alteration to the grade break points to leave only three Spinal Column Points (SCPs) in Band 2, as is the case in every other grade above it.

In effect, this proposal should have limited or no effect on the job evaluation relating to current grades with the main benefit being that all jobs (as a matter of local policy) are enriched to achieve at least pay Band 2 which will contain the Living Wage new pay point. While the primary purpose of introducing the living wage is to address the issue of low pay, this approach of “something for something” could be regarded as striking the right balance given the financial circumstances of the Council. Jobs would be enriched to add more interest and a higher rate of pay and the organisation can expect a more flexible and skilled workforce.

This option is shown below for illustrative purposes and using £7.65 as the Living Wage rate:

Current pay structure

Band 1	SCP	£/hour
	4	deleted
	5	6.4454
	6	6.5382
Band 2	7	6.6942
	8	6.9046
	9	7.1140
	10	7.2633
Band 3	11	7.7127
	12	7.8729
	13	8.0849

Proposed pay structure

Band 1	SCP	£/hour
	5	6.4454
	6	6.5382
	7	6.6942
	8	6.9046
Band 2	9	7.1140
	10	7.2633
	10a (local)	7.6500
Band 3	11	7.7127
	12	7.8729
	13	8.0849

By retaining all pay bands and pay points, the integrity of the job evaluation scheme and pay line is maintained and there is future flexibility to use these lower points, perhaps for example, for directly-employed apprentices or interns.

A further ACSC proposal to ensure that all employees are paid at the 2013/14 Living Wage is that the following two pay statements are supported for formal adoption:

- “In introducing these changes to enrich all existing jobs to ensure that they are paid within pay Band 2, the council will not require an affected employee to “apply for their own job” but instead will simply re-grade employees into Band 2. If additional training is required to help the employee to meet the demands of the changed role, this will be provided over time and the employee will be properly supported to achieve this.”
- “It is the policy of the council when evaluating jobs (not training jobs such as apprentices or internships) to enrich those jobs to ensure that they fall within pay Band 2 as a minimum pay grade and that furthermore, when the job is graded within this pay band, any and all employees and workers will be paid at spinal column point 10a”.

This particular method of implementing the concept of the Living Wage into our pay structures is seen as particularly attractive as it provides cost control, some degree of defence against equality claims in respect to job evaluation and also introduces the idea of responsibility to the tax-payer in that we are paying a higher rate of pay, but expecting some return from this.

3.3 Casual work

ACSC Proposal: The payment of casual work at a rate below Living Wage is possible within the pay structures proposed but to do this “muddies the water” in respect to the intention to be a Living Wage employer at 1 April 2014. It is therefore the view of the ACSC that all casual work should also be paid at a minimum rate of SCP 10a and that the policy statements outlined above, are both adopted from 1 April 2014 and applied equally to casual work.

3.4 Application of the national (NJC) pay award (from 1 April 2014)

ACSC Proposal: The cycle of pay uplift differs between the Living Wage Foundation (uplift in November each year) and the National Joint Council (NJC) annual pay award (April each year). In order to deal with the difficult position created by these asynchronous pay cycles, it is the view of the ACSC that the NJC pay award for 2014/15 should be applied to a new local pay point 10a that might be created to reflect the Living Wage rate at £7.65. It is also the proposal, that any national award made in subsequent years (2015/16 and thereafter) should be applied to all current pay points including a local point 10a.

3.5 Future application of Living Wage awards

ACSC proposal: The Living Wage is recalculated each year in November. In recent years, the increase in rate has far outstripped pay awards made to local government workers. To continue to apply the Living Wage rate as annually reviewed will have a number of effects locally including:

- Additional and uncontrolled cost to the organisation at a time of financial stringency and potential job losses.
- Increased difficulty from an equal pay perspective in applying an elevated Living Wage into our existing pay scales. Should the current pattern of Living Wage/ NJC pay awards continue, it is likely that the Living Wage pay point would need to be placed into pay Band 3. If this were to be the case then the current recommended model of “job enrichment” would have to be further extended which may become difficult in that existing employees may find it much more difficult to be able to meet all of the demands of a higher graded job. If the Living Wage was to be adopted each year going forwards, the “job enrichment” model is not recommended and another model to deal with the pay grading issues would need to be adopted.
- The idea of the Living Wage rate is still somewhat in its infancy, however, there is clear interest in this issue in a number of quarters including national government. It is likely that there may be significant developments nationally (both through central government and local government pay bargaining) that may affect how the Living Wage is applied and because of this uncertainty it may not be prudent to commit at this stage to application of the Living Wage on an automatic basis each year.

Essentially, the option is to either commit now to application of the Living Wage each year (with an associated review of how this might be achieved financially and from a pay policy perspective) or to apply the Living Wage rate from 1 April 2014 but then to review periodically, but not annually, thereafter and on balance, because of the issues identified above, the ACSC proposal is that the Living Wage be applied from 1 April 2014 (at £7.65 per hour plus any pay uplift agreed as part of the annual NJC settlement) and that this rate is then reconsidered periodically, but without commitment to frequency at this stage.

3.6 Living Wage and working practices

ACSC Proposal: Due to financial challenges facing the organisation, changes to working practices are being considered in all service areas. Some changes to working practices that will be necessary as part of service review occur in teams where, if the “job enrichment” model is supported, there is particular relevance. In particular, in Waste Services the refuse rounds are effectively balanced to achieve service delivery within a normal 37 hour week. The refuse loaders, through historic agreement, are paid two hours’ additional “contractual overtime” equating to three hours’ pay. This additional time is not needed for service delivery now and can no longer be sustained. All refuse loaders are currently paid within Band 1 and as such would benefit from any measures taken to apply the Living Wage.

The ACSC has considered this difficult issue and proposes the following implementation in respect to changes to working practices:

- To implement the “job enrichment” programme as outlined in the earlier parts of this paper
- To implement the removal to contractual overtime arrangements concurrently with implementation of Living Wage arrangements for refuse loaders.
- That working practices are reviewed in all other areas where contractual overtime arrangements apply and where possible and at an appropriate time, move the working week to a standard 37-hour basis.

The benefit of co-ordinating the exercise for refuse workers is that changes to pay and conditions of service happen at a single point in time and from the 1 April, these employees would be approximately £700 per year better off (after tax) whilst working a shorter week.

4. Financial Comments

The introduction of the Living Wage will not come without additional cost, however, with the proposals recommended above it is the intention that with re-modelled jobs, rather than just adding cost to the pay bill, there will be more pay given for undertaking work of a higher value. There will an arrangement of “something for something”.

If local spinal column point 10a is set at £7.65 per hour, the estimated cost of moving all affected contracted employees to this point is £146,000. In addition, the estimated cost of moving casual workers is £26,600 making a total cost of £172,600.

Savings arising from the proposed changes to refuse loaders' working conditions (removal of contracted overtime) are estimated at £32,000 per annum.

In summary, if both of the above proposals are supported and if the Living Wage is fully applied to all jobs the estimated net cost to the council will be £140,600.

If the annual NJC pay award for 2014/15 is applied to the new local pay point 10a as recommended, this will modify the above costs and savings, depending on the size of any such award.

5. Equality Impact of proposals

Appendix 1 shows the Equality Impact Assessment of the proposals made within this report.

There are 71 contracted employees currently within pay Band 1 (a total of 131 including casual workers) and 62 contracted employees in pay Band 2 (209 in total including casual workers).

Of the contracted employees in pay Band 1, 45% are female, and in pay Band 2 this figure is 69 %.

In essence, the proposals will mean the addition of a pay point at the top of Band 2 with the slight realignment of pay points within Band 2 to ensure that the pay grade is not too long (and is in accord with other pay bands) which means that the bottom pay point of Band 2 is two spinal column points greater. If adopted, the pay statement proposed will mean that all employees in pay Band 2 are placed at the top pay point within the grade to ensure that the pay policy of the Council relating to Living Wage is met.

Applying these measures will mean that all employees (other than training posts) are moved out of Band 1. This will have a positive effect for all employees albeit there is a slightly more beneficial effect to the male workforce. The positive changes experienced by the employees already in Band 2 will apply more favourably to female employees in terms of proportion.

The changes proposed do not differentiate between full and part-time work patterns.

If the proposals are adopted, there will be 133 contracted employees in the new Band 2 (based on current figures), 56% of whom will be female. The rise in pay in this new Band (and the placing of Band 1 employees into the new Band 2) does not carry adverse impact to our female workforce.

Potential differential impact on other protected criteria as defined in the Equality Act is also examined in the impact assessment shown in Appendix 1 but none is identified.

As part of the proposals, there are also changes to working conditions outlined that will affect Refuse Loaders, a job that is held exclusively by men. These changes to overtime arrangements are required to meet budgetary demands. If these changes are made at the same time as introduction of the Living Wage, affected employees will still remain substantially better off, both financially and in respect to working a

shorter working week. Removal of all such overtime arrangements will be the subject of consultation in due course. Although identified for implementation at the same time as this Living Wage proposal as an expedient measure, this part of the proposal is not linked specifically to the application of the Living Wage from an equality impact perspective.

The job evaluation principles are not compromised by this approach as employees are moved into Band 2 by the addition of correctly-evaluated tasks that will enrich the work of all employees currently employed within Band 1.

6. Summary of proposals for consultation

The Appointments and Conditions of Service Committee proposes the following principles for consultation through the Joint Consultative and Safety Committee.

- 5.1 To pay a Living Wage from 1 April 2014 at the rate of £7.65.
- 5.2 To create a local pay point, 10a set at £7.65 with effect from 1 April 2014.
- 5.3 To amend the local pay scales as identified in section 3.2.
- 5.4 To adopt the model of “job enrichment” for all current Band 1 posts to move them to within the new Band 2.
- 5.5 To adopt the policy statement (section 3.2) to place contracted employees at local pay point 10a as a minimum.
- 5.6 To adopt the policy statement (section 3.2) to move existing employees easily into the new re-graded jobs.
- 5.7 To make payment to casual workers at a minimum rate of local pay point 10a.
- 5.8 To set the local pay point 10a at £7.65 with effect from 1 April 2014 and to apply to this pay point, any pay award derived from NJC pay bargaining for the year 2014/15 and thereafter.
- 5.9 To adopt the Living Wage at £7.65 from 1 April 2014 and to periodically review this arrangement and how it applies to pay locally.
- 5.10 To make appropriate changes to working practices as outlined in section 3.6 concurrently with the introduction of the Living Wage.

7. Recommendation

The Committee is asked to:

- i. Note the content of the report and the proposals made.
- ii. Receive initial comments from union representatives.
- iii. Invite trade union representatives to consider the proposals and to forward comment or suggestion to the Corporate Director that will be reported back to, and considered by this JCSC towards the end of the formal consultation period.

Appendix 1



EQUALITY IMPACT NEEDS ASSESSMENT

Policy/Service/Procedure to be assessed	Introduction of Living Wage	
Assessment completed by:	David Archer	
Aims/objectives of the Policy/Service/Procedure To introduce the Living Wage at Gedling Borough Council at 1 April 2014 through the enrichment of all Band 1 jobs to ensure that all employees carry out work of at least Band 2 value and the introduction of a new local pay point within Band 2 equating to the Living Wage rate at 1 April 2014.		
Key Performance Indicator	Current Performance	Target
Who are the customers and stakeholders of this service? Employees in general and specifically those currently employed within pay Bands 1 and 2.		
Detail below what information you already have about the impact this change to service delivery has on people as defined in the following list of protected criteria (including results from consultation, complaints, census etc):		
Age	A large proportion of jobs in Bands 1 and 2 are leisure centre based, specifically Leisure Attendants. Refuse Loader jobs also account for a large proportion of Band 1 posts. Due to their nature, these jobs are often occupied by younger employees.	
Disability	No employees within Bands 1 or 2 have declared a disability	
Gender Reassignment	No information available.	
Pregnancy and maternity	There are no cases of maternity in these pay bands.	

Marriage and civil partnership	No effective data held.
Race	Of the 25 employees who declare their background as not being "White; UK", 6 people currently work in Band 1 or 2 jobs (approximately 25%). This figure is proportionate in that Band 1 and 2 posts (133 contracted employees) accounts for about 25% of the total headcount of 540.
Religion or belief	No effective data held
Gender	<p>Current Band 1: 71 contracted employees (total of 131 including casual workers). 45% female</p> <p>Current Band 2: 62 contracted employees (total of 209 including casual workers) 69% female</p> <p>Moving all employees to a new Band 2 would mean 133 contracted employees being paid within the band, 56% of whom would be female.</p>
Sexual orientation	No effective data held

How will this change to service impact on people as defined in the following list of protected criteria:		
	Positive impact	Negative impact
Age	Slight positive effect for younger employees.	None
Disability	None	None
Gender Reassignment	Unknown (no impact anticipated)	Unknown (no impact anticipated)
Pregnancy and maternity	None	None
Marriage and civil partnership	Unknown (no impact anticipated)	Unknown (no impact anticipated)
Race	No disproportionate impact	No disproportionate impact
Religion or belief	Unknown (no impact anticipated)	Unknown (no impact anticipated)
Gender	Slightly higher proportion of female employees will enjoy positive impact on pay.	<p>None; all employees will be financially better off</p> <p>(Changes to overtime working arrangements for Refuse Loaders will affect only men as there are no female job holders)</p>
Sexual orientation	Unknown (no impact anticipated)	Unknown (no impact anticipated)

What changes could be made to the policy/service/procedure to address any negative impacts?

The timing of the introduction to changes to the overtime working arrangements for Refuse Loaders (removal of need to undertake contractual overtime) to coincide with implementation of the Living Wage in April 2014 will ensure that this occupational group still remains financially better off as well as enjoying a shorter working week.

What monitoring will be carried out to ensure this policy/service/procedure meets diverse needs

The proposal is that the Living Wage rate is reviewed periodically in future years.

What actions will be included in your service plan arising from this assessment?

Action	Outcome	Date	Who
Implementation of Living Wage in accordance with agreed policy	Gedling Council will pay the Living Wage at 1 April 2014	01.04.14	D Archer

Are you satisfied that all aspects of this proposed change to service delivery have been thoroughly assessed for all the protected criteria and that no further investigation is required? Yes

If no then a fuller impact assessment is required.

Signed.....DJ Archer.....(manager)

Signed.....DJ Archer.....Corporate Equality Representative)