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<b>PART A:</b>	<b>MATTERS DEALT WITH UNDER DELEGATED POWERS</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>29 AUGUST 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>LIVING WAGE MOTION</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 This report considers the motion presented to Council on the 4 July 2013.

### **2.0 RECOMMENDATION**

2.1 That Members consider the following motion referred from Council on the 4 July 2013 to this Committee:

Ryedale Council has an objective of increasing the average wage level in Ryedale. So as to set an example and show sound leadership this Council resolves to:

- i) "Pay all RDC employees at the living wage or above"; and
- ii) "That preference will be given to external contracts where the applicant pays the living wage or above."

Any cost of the above to be financed in 2013/14 year from the unallocated provision.

### **3.0 REASON FOR RECOMMENDATION**

3.1 This issue is for Members consideration in accordance with the constitution. It is presented as a part A report, should members wish to recommend all or part of the motion to Council for implementation this will become a part B item.

### **4.0 SIGNIFICANT RISKS**

4.1 Implementation of the Living Wage brings a significant risk regarding Equal Pay Claims as it introduces a new factor in determining pay and a two tier system of pay/remuneration.

4.2 Inclusion of preference in contracting for those organisations who pay the living wage may result in increased costs, delays to service delivery and may impact on the ability to use local suppliers.

## 5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 Council Aim 5: To Transform the Council. To deliver future improvements and build capacity.

## REPORT

### 6.0 REPORT DETAILS

- 6.1 At Council on the 4 July 2013 it was moved by Councillor Clark and seconded by Councillor Woodward:

*Ryedale Council has an objective of increasing the average wage level in Ryedale. So as to set an example and show sound leadership this Council resolves to:*

- i) "Pay all RDC employees at the living wage or above"; and  
ii) "That preference will be given to external contracts where the applicant pays the living wage or above."*

*Any cost of the above to be financed in 2013/14 year from the unallocated provision.*

- 6.2 The Chairman referred the motion to the Policy and Resources Committee under Council Procedure Rule 11.4. and this report allows members consideration of the motion.

#### **Background**

- 6.3 The Living Wage Campaign in the UK was launched by London Citizens in 2001 and calls for every worker in the country to earn enough to provide their family with the essentials of life. Following a series of successful campaigns, various interested parties joined together and formed the Living Wage Foundation in 2011. The Foundation is now the lead body and provides accreditation, advice and support to potential and accredited Living Wage Employers.
- 6.4 The Living Wage hourly rate outside of London has been calculated for the Living Wage Foundation by the Centre of Research in Social Policy (CRSP). The calculation is based on Minimum Income Standards for the United Kingdom, the product of research by CRSP funded by the Joseph Rowntree Foundation. The research looks in detail at what households need in order to have a minimum acceptable standard of living. Decisions about what to include in the standard are made by groups comprising members of the public. The Living Wage is therefore rooted in social consensus about what people need to make ends meet. The updating of the Living Wage each year takes account of rises in living costs and any changes in what people define as a 'minimum'. It also takes some account of what is happening to wages in general.
- 6.5 The Living Wage rate (outside of London) is currently £7.45 per hour which equates to an annual full time salary of £14,373. The National Minimum Wage is currently £6.19 and will increase to £6.31 from 1 October 2013.
- 6.6 The lowest pay point in this Authority is currently spinal column point (scp) 4, £6.35 per hour. This scp is to be deleted from 1 October 2013 and will result in the bottom of the pay spine being scp 5, £6.44 per hour. Employees will automatically progress to scp 5 on 1 October 2013 and then to scp 6, £6.53 per hour from 1 April 2014.
- 6.7 There are currently 19 employees (2 male, 17 female) to whom this would apply within the Council, all part time. In full term equivalents, this equates to 3.8. The jobs

which fall within this group of staff are cleaning staff, canteen assistants, toilet cleaners and toilet key holders.

- 6.8 Implementation of the living wage from would cost under £5,000 per year. The exact figure will be provided to the meeting after the calculation has been re-done following the recently agreed 1% pay rise for 2013/14.
- 6.9 The Council can implement the living wage with or without signing up to the living wage foundation. If it chose to implement by signing up to the Living Wage concept the Council would be bound to apply increases over which there would be no influence or control.

#### **Pay all RDC employees at the living wage or above Implications**

- 6.10 There are a number of implications of implementing the Living Wage:
- It could undermine the integrity of the Council's established and agreed job evaluation scheme. The payment of the Living Wage artificially increases the pay beyond that which job evaluation and the pay structure have deemed appropriate. This in turn could lead to claims from other officers to ensure that differentials are maintained. Any changes to the agreed grading structure makes the Council vulnerable to Equal Pay claims.
  - Such a change would require consultation with the recognised trade unions
  - The grading structure may need to be redesigned and thus require renegotiation of collective agreement and lifting all of the grading structure sufficiently high enough to lift the lower grades above the living wage.
  - Applying the living wage to 'all RDC employees' would mean that the Council could not afford to implement the recently approved internal apprentice scheme as planned.
  - If the Council signed up to the Living Wage Foundation ultimately the Council would be handing over some of its pay decisions to a third party over which it would have no input and any future increases in the living wage would have to be met by the Council. Such increases could further erode the differentials within the Council's job evaluation system, especially during times where increases in pay for employees are low.
  - If the Council implemented the living wage without signing up to the Living Wage Foundation, the issue would need to be considered by Council on each occasion an increase in the living wage was made.

#### **That preference will be given to external contracts where the applicant pays the living wage or above**

- 6.11 In procuring goods and services officers are bound by the Constitution, which basically tiers purchases into different categories, with the overall proviso that officers should seek to ensure best value and operate within budgets:
- For purchases under £5k officers should proceed in a manner most expedient to the efficient management of the service.
  - For purchases between £5k and £50k officers should seek 3 written quotes.
  - For purchases over £50k formal tendering with specification is required with various permitted procurement routes.
- 6.12 In 2012/13 the Council made payments to nearly 700 different suppliers.
- 6.13 It would be relatively straightforward in tendering contracts over £50k to give preference, through a weighting in the tender evaluation criteria. Below this there is concern that checking will delay service delivery and may in fact count against local

suppliers. Often such purchases do not have formal evaluation criteria and therefore giving preference to the living wage would be difficult. Therefore should members wish to implement this part of the motion the officer recommendation is that it applies to contracts of over £50k.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

- a) Financial  
Under £5,000 for a full year of implementing the Living Wage from November 2012 to October 2013 (Year 2 and going forward position unknown).
- b) Legal  
There are no significant Legal issues.
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)  
There are significant equalities issues applicable.

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**Background Papers:**  
None