## POLICT FINANCE ADMINISTRATION COMMITTEE

# **4 DECEMBER 2012**

## **REPORT OF HEAD OF COMMUNICATIONS**

## **LIVING WAGE**

## 1.0 **PURPOSE OF REPORT**

1.1	This report outlines a proposal for Melton Borough Council to adopt the Living Wage for its employees which at current rates would result in the establishments of a minimum wage of £7.45 per hour with effect from 1 December 2012.					
2.0	RECOMMENDATIONS					
	It is recommended that:-					
2.1	That the lowest paid employees in Melton Borough Council receive a minimum level of pay in line with the Living Wage as part of its commitment to tackle poverty and worklesness in Melton Mowbray backdated to 1 <sup>st</sup> December 2012					
2.21	That the costs of implementing the Living Wage for Melton Borough Council employees be met as set out in section 5.					
2.3	To refer the decision to The Head of Communications, in consultation with Joint Staff Working Group, to consider the implications and necessary revisions to related HR polices and terms and conditions.					
3.0	KEY ISSUES					
3.1	The Living Wage is an hourly rate set independently and updated annually. It is calculated according to the basic cost of living in the UK by the Centre for Research in Social Policy.					
3.2	Implementation of the Living Wage is purely voluntary by employers and considered to be beneficial to the employer, the individual and society.					
3.3	Since its establishment in 2000 the Living Wage has been adopted by a number of local authorities in addition to private sector firms. The Council is committed to tackling poverty and worklessness in Melton Mowbray and implementation of the Living Wage makes an important contribution to achieving this goal.					
3.4	The current established rate for those living outside of London is £7.45. The minimum hourly rate paid by Melton Borough Council is currently £6.30 per hour. The Living Wage is reviewed annually every November. It is proposed that the Living Wage is implemented with effect from 1 December 2012 for direct employees and revised annually in November.					
3.5	If the Council were to adopt the Living Wage 12 employees would benefit. Those affected are predominantly women working in roles such as cleaners and public convenience attendants.					
4.0	POLICY AND CORPORATE IMPLICATIONS					
4.1	The implementation of the Living Wage will require minor amendments to terms and conditions and the introduction of a new Living Wage scale point. It is recommended that					

	the Head of Communications con Working Group.	siders these matters in	consultation with Joint Staff							
4.2	It is proposed that the current Apprenticeship Scheme and the pay rate applicable to the scheme remain unchanged and are not affected by the implementation of the Living Wage									
5.0	FINANCIAL AND OTHER RESOURCE IMPLICATIONS									
5.1	The total number of employees currently being paid less than £7.45 per hours is 12.									
5.2	The additional costs of raising each individual's hourly rate to £7.45 is set out in the table below. These costs include pay, National Insurance and superannuation.									
		Part Year impact 01/12/12 – 31/03/12	Full- Year Impact 01/04/13 – 31/03/14 (at current rate of £7.45)							
	Central Services	£ 2254.64	£ 6763.93							
	Housing Revenue Account	£ 1066.15	£ 3198.45							
5.3	It is proposed that these costs are met from within existing budgets and that the costs be incorporated into the budgets for 2013/14.									
6.0	LEGAL IMPLICATIONS									
6.1	To ensure that any potential Equal Pay risks are mitigated it is essential that the principals of the Living Wage are applied consistently across the Council to all council managed employees and workers.									
7.0	COMMUNITY SAFETY									
7.1	Implementation of the Living Wage will support the Councils commitment to reducing poverty and worklessness in Melton Mowbray.									
8.0	EQUALITIES									
8.1	In order for the Council to continue ensuring equality in pay it is essential that the current grading structure and Job Evaluation Scheme in maintained.									
8.2	There is a potential that the application of the Living Wage to the Council's current pay and grading structure, could have the effect of lifting those on the Living Wage onto pay rates higher than the post has been evaluated at. Additionally there may be circumstances when the Living Wage is increased in a year and the Council is not awarding a pay increase to any employees of the Council in that year.									
	In either event, on the balance of probabilities it is likely that the Council will be likely to be able to justify the differential treatment compared to other employees, on the basis that the application of the Living Wage is a proportionate means of achieving a legitimate aim.									
8.3	An initial Equality analysis has been undertaken to indentify whether there is any disparate impact arising from this proposal. This has identified that the proposal benefits the lowest paid employees within the Council who are predominantly female and part time.									

9.0	RISKS									
	Probabili	ty								
		<b>\</b>								
		Very High A					Risk No.	Description		
		High B					1	Additional funds are not availab		
		Significant					2	The Living Wage increases and terms remain unchanged	. N.	
		C			<u> </u>		3	Equal Pay claim		
		Low D		2			4			
		Very Low E	3	1			5			
		Almost Impossible F								
			IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic				
		i	Impact			<b></b>				
10.0	CLIMATE CHANGE									
10.1	No implications identified									
11.0	CONSULTATIONS									
11.1	Manage		ı, Head	of Comn	nunicatio	n, Head		with the Leader, Corporate ral Services and Unions and		
12.0	WARDS AFFECTED									
12.1	ALL									

Contact Officer A Tebbutt

Date: 03 December 2012

Appendices:

Background Papers:

Reference: