

REPORT TO	DATE OF MEETING
CABINET	12 FEBRUARY 2014

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
SUPPLEMENT TO LOWER GRADED POSTS	LEADER	S NUGENT	7

SUMMARY AND LINK TO CORPORATE PRIORITIES

At the Cabinet meeting held on 8 January 2014 a report was requested, to consider as part of the budget-setting process the implications of adopting the Living Wage.

If adopted, this initiative links into the corporate objective of continuing to develop a high quality, motivated and flexible workforce.

RECOMMENDATION

Cabinet agrees to recommend to the Council meeting on 5 March 2014, that a supplement for lower graded posts is adopted, by the Council, with effect from 1 April 2014.

DETAILS AND REASONING

The Living Wage is an hourly rate set independently and updated annually and is promoted and supported by the Living Wage Foundation. The hourly rate is set annually each November and is currently £7.65 per hour, (outside of London). Organisations have the option to either fully implement the Living Wage, which entails actively promoting it to their contractors and making it a requirement within their procurement and commissioning processes. Or, an organisation can implement it for their employees only.

The Local Government Association reported in November 2013, that 77 local authorities have introduced the Living Wage.

In order to recognise that the Council has employees that are paid above the national minimum wage of £6.31 per hour, but below the Living Wage of £7.65 per hour, it is proposed to introduce a supplement to lower-graded posts. This supplement will have an hourly rate of £7.65 (as per the Living Wage) and will be the reference point now and in future years, for recalculation purposes. This means that as the hourly rate of £7.65 [pro-rata for part-time employees] is reviewed and uplifted annually, the supplement for lower-graded posts will also be re-calculated.

The effective date of implementing any re-calculation of the supplement will be annually on the 1st April, following the review of the £7.65 (as used by the Living Wage) in the previous November. This will allow the Council to annually plan any budgetary issues in advance.

As referred to in the Pay Policy for 2014/2015 approved by the Council on 22 January 2014, all Council employees, with the exception of some senior officer posts are paid on the nationally agreed spinal column points.

The table below details the hourly rates of the lower-grade posts, benchmarked against £7.65 per hour.

	Hourly Rate	Supplement Linked to £7.65
Grade 1	£	£
Point 5	6.44	+1.21
Point 6	6.54	+1.11
Point 7	6.69	+0.96
Grade 2		
Point 9	7.11	+0.54
Point 10	7.26	+0.39
Point 11	7.71	N/A
Point 12	7.87	N/A
Point 13	8.08	N/A
Point 14	8.23	N/A
Point 15	8.40	N/A
Point 16	8.60	N/A

Notes: The grading structure does not have a Point 8.
The National Minimum Wage for a 21year old person is £6.31

The proposal therefore would be to add to each of the spinal column points 5 to 10 the supplement in the table. Employees would then receive their nationally agreed salary together with a supplement bringing them up to £7.65 per hour.

For those employees within Grade 1, they will receive the supplement on an on-going basis, as all the spinal column points are below £7.65 per hour.

For the employees within Grade 2 after they pass the £7.65 per hour threshold, they will no longer receive the supplement.

All posts within the Council have been job evaluated, which entails an assessment of the duties and responsibilities of the post against a set of criteria with points being awarded based upon the duties, responsibilities and demands of the post. The grading structure (the Pay Model) was then devised to allocate points to each of the grades. The more points awarded, as assessed against the criteria, the higher the grade.

The introduction of a supplement will therefore not impact up on the agreed grading structure, which will remain unaltered.

There are currently 19 employees paid below £7.65 and they are typically in posts such as Cleaner and Team Operative – Neighbourhood Services.

If the implementation of the supplement impacted adversely upon an employee’s personal financial circumstances, then the employee could opt out of receiving the supplement.

Consultations have commenced with UNISON, who are in support of this proposal, with further details of the consultation process being reported to the Council meeting on 5 March 2014.

If adopted the Pay Policy for 2014/15 will be updated accordingly.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	The cost to the Council, of introducing the supplement to lower-graded posts is on average £10,000 per annum. This cost has been calculated based on the salaries of existing employees and could vary based upon turnover of employees in the future. It has been accounted for as part of the budget report for 2014/15 which is a separate item on this agenda.		
LEGAL	The correct procedures will be followed regarding the implementation of this proposal		
RISK	There are no recognised risks		
OTHER (see below)	Consultations with UNISON have commenced with UNISON An Equality Impact Assessment has been completed		
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

LGA Report – Living Wage – November 2013.