



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority

LIVING WAGE

Report of the Chief Fire Officer

Agenda Item No:

Date: 28 June 2013

Purpose of Report:

That the Authority support the principle of applying a Living Wage rate as the base starting salary for employees of Nottinghamshire Fire and Rescue Service.

CONTACT OFFICER

Name : Frank Swann
Chief Fire Officer

Tel : 0115 967 0880

Email : frank.swann@notts-fire.gov.uk

Media Enquiries Contact : (0115) 967 0880

1. BACKGROUND

- 1.1 The payment of a National Minimum Wage (NMW) rate per hour has been applied since its implementation in 1999. As of October 2013 this will be £6.31 for those aged 21 and over, £5.03 for those aged 18-21 and £3.72 for those aged under 18. A separate apprentice rate of £2.68 applies to those under 19.
- 1.2 The lowest starting salary within the current non-uniform grading scale in Nottinghamshire Fire and Rescue Service is above the NMW at £6.62 per hour. The minimum pay rate for a fire fighter trainee role is £9.76 per hour.
- 1.3 In recent years a number of public and private sector organisations have voluntarily adopted the application of a "Living Wage". This is based on a level of income necessary to meet basic needs such as housing, food, utilities, transport, recreation etc. Adoption of the Living Wage can be viewed as a statement of corporate social responsibility.
- 1.4 The concept of a Living Wage enjoys cross party support, with backing from the Prime Minister and Leader of the opposition. Employers who pay the Living Wage can gain accreditation as a Living Wage Employer.

2. REPORT

- 2.1 The Human Resources Committee, at its meeting on 19 April 2013, considered a report that recommended the application of the Living Wage rate to substantive appointments within the Service. The Committee noted the report, but recognised that this would require full Authority approval to be adopted.
- 2.2 The Living Wage is currently established as £7.52 per hour outside of London, and is calculated annually by the Centre for Research in Social Policy at Loughborough University. Increases are based upon the basic cost of living and therefore are liable to be increased annually, even when national cost of living increases remain frozen or limited by pay restraint in the public sector.
- 2.3 The Service already applies an hourly rate in excess of the National Minimum Wage within its pay structures. The application of a Living Wage would raise the minimum hourly rate currently payable by 90 pence per hour. Currently this would only apply to employees on the lowest non-uniformed grade (Grade 1).
- 2.4 It is not proposed that the Living Wage rate be applied to non-established posts, such as those short-term schemes which provide workplace support for young people, either through work experience, placement or apprenticeship schemes, as may have a detrimental effect on their affordability. In such cases, individual pay rates will be applied in line with the conditions of such schemes.

- 2.5 The impact of applying the Living Wage rate would impact upon new employees, who would be appointed on the current maximum of Grade 1 (£14,733 per annum for a 37 hour working week).
- 2.6 In a worse case scenario, if all existing Grade 1 employees left and were replaced by new starters at the maximum pay point this would result in an additional cost of £7,176 in the first year, a maximum of £20,254 over four years.
- 2.7 The above figures are based upon current salary levels, and the impact of any future national pay award would reduce this additional cost over time as the difference between the actual pay point and Living Wage rate narrows, unless the Living Wage increases by more than the pay award percentage.
- 2.8 If the current public pay restraint policy continues to be based upon less than the cost of living, there is a risk that the differential between the Living Wage Rate and the lowest salary point of Grade 2 of £8.15 per hour, will be eroded over time. It is therefore proposed that, in this instance, employees on the lowest point of Grade 2 move to the nearest salary point which is above the Living Wage rate. As there are currently only 2 employees who are not already on the maximum point of Grade 2, this would have little immediate impact.
- 2.9 If the Living Wage rate is adopted, it would be applied as a salary enhancement rather than incorporated into current salary grades to provide an opportunity to review the rates if future pay policy changes.

3. FINANCIAL IMPLICATIONS

- 3.1 There would be no immediate financial impact of applying the Living Wage as the 4 posts affected (on Grade 1) have been budgeted for at the top of grade for 2013/14.
- 3.2 However if a new employee were appointed on the current maximum of Grade 1, this would result in the following additional cost for the first 4 years of employment i.e. the time it would take for an employee to move from the lowest to the highest point of Grade 1 by incremental progression:
- Year 1 - £2466
Year 2 - £1956
Year 3 - £1449
Year 4 - £1088
- 3.2 In a worst case scenario, if all existing Grade 1 employee left and were replaced by new starters this would result in an additional cost of £7,176 per annum in the first year, a maximum of £20,254 over four years.

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

- 4.1 The adoption of a commitment to apply a Living Wage rate would result in changes to the existing Pay Policy, which is reported annually on behalf of the Fire Authority.
- 4.2 As the application of the Living Wage is undertaken on a voluntary basis, the payment of an enhanced rate would not be contractually or legally binding.

5. EQUALITIES IMPLICATIONS

An equality impact assessment has been undertaken and this shows that there are no adverse impacts in applying the policy.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

The main risks relate to the erosion of the gap between the Living Wage rate and the Grade 2 minimum salary level as a result of potential national pay restraint over a period of time. However this could be mitigated by applying the policy set out in Paragraph 2.7.

9. RECOMMENDATIONS

That Members support the implementation of the Living Wage rate as the minimum starting salary for substantive appointments with effect from 1st July 2013, in line with the provisions set out within the report.

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Frank Swann
CHIEF FIRE OFFICER