



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Human Resources Committee

LIVING WAGE

Report of the Chief Fire Officer

Agenda Item No:

Date: 19 April 2013

Purpose of Report:

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

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1. BACKGROUND

- 1.1 The payment of a National Minimum Wage (NMW) rate per hour has been applied since 1999. This currently stands at £6.19 for those aged 21 and over, £4.98 for those aged 18-21 and £3.68 for those aged under 18. A separate Apprentice rate for those under 19 of £2.65 per hour was introduced in 2010.
- 1.2 The lowest starting salary within the current non-uniform grading scale 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 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.
- 2.2 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. It is therefore likely that the adoption of a pay policy underpinned by adherence to the Living Wage will increase the pay-bill to some degree.
- 2.3 The Service already applies an hourly rate in excess of the NMW within its pay structures. The application of a Living Wage would raise the minimum hourly rate currently payable by 82 pence per hour. Currently this would only apply to employees on the lowest non-uniformed grade (Grade 1).
- 2.4 There are currently 4 posts (2.91 FTE) established at Grade 1, and 1 fixed term role. Of these, 2 are currently paid at the maximum of the grade and already earn in excess of the Living Wage rate. One post is currently vacant.
- 2.5 Temporary and agency workers (after 12 weeks) employed by the Service receive the same hourly rate as permanent employees and therefore will also be largely unaffected by any uplift in hourly rate.
- 2.6 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.

- 2.7 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). 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:
- £2,466 year 1
 - £1,956 year 2
 - £1,449 year 3
 - £1,088 year 4
- 2.8 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.
- 2.9 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.
- 2.10 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 (out of 10) who are not already on the maximum point of Grade 2, this would have very little impact.
- 2.11 If the Living Wage rate is adopted, it is further recommended that the application of a Living Wage rate is paid as a salary enhancement rather than incorporated into current salary grades. This would provide an opportunity to review the rates if future pay policy changes.

3. FINANCIAL IMPLICATIONS

The financial calculations are set out within the body of the report. The additional costs set out above result from comparing what a new employee would have been paid when appointed on the bottom of Grade 1 and progressing through the spinal points each year with what they would be paid if appointed at the top of Grade 1 from the outset. There is no budgetary impact because all 4 posts on Grade 1 have been budgeted for at the top of Grade 1 in 2013/14 because at the time the budget was

prepared there were no vacant posts and all of the employees concerned were due to be paid at the top of the grade from 1 April 2013.

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 the 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 2.10.

9. RECOMMENDATIONS

Members are asked to consider whether to support the application of a Living Wage rate to all established roles within the Nottinghamshire Fire & Rescue Service, and to recommend this policy for agreement by the Fire Authority.

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

None.

Frank Swann
CHIEF FIRE OFFICER