

SCHOOLS FORUM - 21 March 2013

Title:	Paying a Living Wage	
Director:	Angela Probert Director of Human Resources and Transformation	Wards affected: All
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Summary		
This report recommends an approach for the Council to implementing The Living Wage to address in work poverty amongst low paid employees in schools.		
Recommendations:		
1	To support the decision to release the funding to enable schools to implement the City Council's policy to work towards implementing the Living Wage by paying those employees currently paid on scale points 4-7 a salary equivalent to scale point 8.	
2	To note that the estimated additional salary costs associated with Living Wage are to be managed within the 2013/14 budget allocation.	

1. BACKGROUND

1.1 There has been no national pay award for school support employees for three years. The effect of this is has been to reduce relativities to the National Minimum Wage (NMW), which is currently £6.19 per hour (ph), at the bottom end of the Local Government spine (LGS) pay (see Appendix A).

The lowest rate of pay has been £6.30ph since 2009, in that year the NMW was £5.80ph per hour. In three years the difference between the lowest rate of LGS pay and the NMW has decreased from 50p to 11p ph.

1.2 The minimum wage legislation introduced in the UK in 1999 was set to provide a guaranteed level of income for the poorest members of our society but it does not appear to have addressed some of the levels of wage inequality and a culture of households working long hours to meet their basic needs.

- 1.3 In response to this and the then impending benefit reform (Royal Assent received on 8 March 2012 for the Welfare Reform Act 2012), a campaign for lower paid workers was launched less than a decade ago by London Citizens with support from trade unions UNISON and UNITE called the 'Living Wage'. The roots of the Living Wage were brought about from parents in East London who wanted to remain in work but despite having two minimum wage jobs were struggling to make ends meet and have any family life. In 2011, The Living Wage Foundation was launched by Citizens UK with support from campaigners and employers who supported the Living Wage.
- 1.4 The Living Wage Foundation introduced an hourly rate set independently and updated annually according to the basic cost of living in the UK. Since 2001, the campaign has impacted over 45,000 employees by giving over £210m to some of the lowest paid workers in the UK. The current Living Wage hourly rate for outside London is set at £7.45ph which is £1.26ph above the National Minimum Wage for those 21 and over.
- 1.5 Currently there are approximately 680 employees in schools who are paid as Manual Workers on spinal column points (SCP) 4 to 7 with no incremental progression, this will change when the Council's new pay and grade model is introduced on 1 May 2013 with the implementation of single status.

Scale points 4-7 will be the new grade GLPC - A. The spinal column points in GLPC-A are below the Living Wage as are the majority of SCP's in GLPC-B with the exception of SCP 11 which is £7.63 ph. The Council's minimum hourly rate is currently £6.29ph (minimum of GLPC-A).

Table 1 below shows the numbers of schools employees and their spinal column point distribution in GLPC-A and GLPC-B once Single Status is implemented.

TABLE 1: SCHOOLS EMPLOYEE PAY ANALYSIS POST SINGLE STATUS				
Grade	Spinal Column Point (SCP)	Current Basic FTE Salary	Hourly Rate	Numbers of employees
GLPC-A	04	£12,145	6.2951	75
	05	£12,312	6.3816	35
	06	£12,489	6.4734	8
	07	£12,787	6.6278	563
GLPC-B	08	£13,189	6.8362	9
	09	£13,589	7.0435	3
	10	£13,874	7.1913	0
	11*	£14,733	7.6365	90

* above Living Wage

- 1.6 A number of employers have implemented the Living Wage including Birmingham City Council, Bristol, Newcastle, Oxford, Preston and six of the London Boroughs. Other Councils are actively considering implementation in the near future including Derby and Mansfield in the local area. Employers who have either implemented the Living Wage or have a clear strategy for doing so can gain accreditation from the Foundation.

Although the cost of paying a Living Wage can be seen as a barrier to implementation, the Living Wage Foundation claims that an independent study of the business benefits of implementing a Living Wage policy in London found that more

than 80% of employers believe that it had enhanced the quality of the work of their employees, while absenteeism had fallen by approximately 25%. Two thirds of employers reported a significant impact on recruitment and retention within their organisation. 70% of employers felt that the Living Wage had increased consumer awareness of their organisations commitment to be an ethical employer.

- 1.7 At it's meeting of the 3 December 2013 the City Council's Appointments and Conditions of Service Committee agreed to commence consultation with the trade unions on accelerating those employees paid on grade A to an equivalent salary to the bottom point of grade B and to look towards full implementation of the Living Wage in future years. It also agreed that discussions on a longer term pay strategy with the trade unions should commence. These discussions are currently underway.
- 1.8 The employees affected in schools are predominately Midday Supervisors who work a few hours per day and are mostly female. The costs of implementing for this group of workers are relatively modest compared with benefits for this group of low paid workers. To minimise any equal pay liabilities for schools and the Council, schools based employees must be paid the same rate for the work that they do based on the job evaluated rate.
- 1.9 Casual workers such as relief Midday Supervisors will also need to be paid on the same rates to minimise any equal pay liability.

2. REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The proposals aim to address the Council's concern for lower paid employees, maintain job security and develop a longer term pay strategy linked to organisational strategy, affordability and greater flexibility and mobility of the workforce.
- 2.2 The Council acknowledges and understands the social business case for implementing the Living Wage and it is proposed that a phased approach is taken to the implementation of this. For 2013/14, the recommendation is to accelerate those employees paid on GLPC-A to the minimum of GLPC-B with effect from 1 April 2013. **The cost of implementing this would be £0.101m.**
- 2.3 Full implementation of the Living Wage would be determined as part of consultation with the trade unions. The full cost of implementing the Living Wage will be dependant on the final scheme adopted. The final scheme adopted will be subject to another report.
- 2.4 Phasing the approach to implementation of the Living Wage would enable the Council to take into account any nationally negotiated pay award that might change the spinal column points and would spread the cost over several years. It would also enable negotiations to take place on the future shape of GLPC-B. Therefore it is proposed to accelerate employees in GLPC-A to the minimum point of GLPC-B from 1 April 2013 and look to phase further implementation in future years.
- 2.5 As pay is a contractual matter it is necessary to consult the trade unions on the proposals to work towards the implementation of the Living Wage.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

The option of not paying the Living Wage and effectively doing nothing has been considered but the need to reduce in work poverty and to recognise the difficulties lower paid employees are experiencing needs to be recognised and prioritised

however this has to be balance against the cost of full implementation hence a phased approach is recommended.

4. OUTCOMES/DELIVERABLES

Employees of the Council will be paid an improved salary which should lead to better retention of employees and reduced absenteeism. The proposals will help some employees lift out of poverty.

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

The total cost of this decision is estimated to be £0.101m, this includes casual staff and permanent employees.

The maximum annual cost to a school will be £5.8k and the minimum will be £248.

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6. LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

Legal advice has been given to Nottingham City Council's officers and Nottingham City Council's Appointments and Conditions of Service Committee ("ACOS") in relation to this matter. Following the 3 December 2012 decision of ACOS approving in principle the commencement of consultation with the trade unions of affected employees on the implementation of the Living Wage on a phased basis, to accelerate those employees paid on GLPC-A to the minimum point of GLPC-B with effect from 1 April 2013, with full implementation to be determined, subject to consultation with the trade unions, it is advisable that the Schools Forum supports the ACOS decision in the manner proposed in this report to ensure consistency across the authority's workforce, including in schools.

7. OBSERVATIONS OF THE DIRECTOR OF SCHOOLS AND LEARNING

None.

8. EQUALITY IMPACT ASSESSMENT

See Appendix B.

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

None

10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- Living Wage Foundation web site;
- ACOS report (19 March 2013): 'Budget 2013/14 – Workforce implications'.

Nottingham City Council Pay Scales (2012/13)

Tier	Grade	Spinal Point	Salary	Hourly Rate
6	GLPC-A	04	£12,145	6.2951
		05	£12,312	6.3816
		06	£12,489	6.4734
		07	£12,787	6.6278
	GLPC-B	08	£13,189	6.8362
		09	£13,589	7.0435
		10	£13,874	7.1913
		11	£14,733	7.6365
	GLPC-C	12	£15,039	7.7951
		13	£15,444	8.0050
		14	£15,725	8.1507
		15	£16,054	8.3212
	GLPC-D	16	£16,440	8.5213
		17	£16,830	8.7234
		18	£17,161	8.8950
		19	£17,802	9.2272
		20	£18,453	9.5647
	GLPC-E	21	£19,126	9.9135
		22	£19,621	10.1701
		23	£20,198	10.4692
		24	£20,858	10.8112
		25	£21,519	11.1539
	GLPC-F	26	£22,221	11.5177
		27	£22,958	11.8997
		28	£23,708	12.2885
		29	£24,646	12.7747
30		£25,472	13.2028	
5	GLPC-G	31	£26,276	13.6195
		32	£27,052	14.0218
		33	£27,849	14.4349
		34	£28,636	14.8428
		35	£29,236	15.1538
	GLPC-H	36	£30,011	15.5555
		37	£30,851	15.9909
		38	£31,754	16.4589
		39	£32,800	17.0011
		40	£33,661	17.4474
	GLPC-I	41	£34,549	17.9076
		42	£35,430	18.3643
		43	£36,313	18.8220
		44	£37,206	19.2848
		45	£38,042	19.7182
4	GLPC-J	46	£38,961	20.1945
		47	£39,855	20.6579
		48	£40,741	21.1171
		49	£41,616	21.5707
		50	£42,505	22.0315
	GLPC-K	51	£43,396	22.4933
		52	£44,274	22.9484
		53	£45,168	23.4118
		54	£46,092	23.8907
		55	£47,017	24.3701

Appendix B

Name and brief description of proposal / policy / service being assessed

Part implementation of Living Wage for schools based employees – accelerating colleagues on Band A to salary equivalent to bottom of Band B
Information used to analyse the effects on equality
 Schools data from the Job Evaluation Team

	Could particularly benefit (X)	May adversely impact (X)	How different groups could be affected: Summary of impacts	Details of actions to reduce negative or increase positive impact (or why action not possible)																	
People from different ethnic groups	<input type="checkbox"/>	<input type="checkbox"/>	<p>Band A Statistics</p> <table border="1"> <tr> <td>Total schools' employees on Band A</td> <td>653</td> </tr> </table> <p><u>Low paid employees</u> - there are currently approximately 653 colleagues on GLPC Band A which corresponds to pay £12,145 - £12,787. Paying a separate pay element to schools' colleagues on Band A the equivalent of bottom of Band B will have a positive financial benefit.</p> <p>The breakdown of colleagues currently on Band A by SCP is below:</p> <table border="1"> <thead> <tr> <th>SCP</th> <th>Salary</th> <th>No of employees</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>£12,125</td> <td>74</td> </tr> <tr> <td>5</td> <td>£12,312</td> <td>36</td> </tr> <tr> <td>6</td> <td>£12,489</td> <td>7</td> </tr> <tr> <td>7</td> <td>£12,787</td> <td>536</td> </tr> </tbody> </table> <p><u>Carers</u> – removing Band A will provide increased income for colleagues with caring responsibilities such as childcare costs. <u>Age</u> – colleagues who are members of the pension scheme will benefit from the increase in pay.</p>	Total schools' employees on Band A	653	SCP	Salary	No of employees	4	£12,125	74	5	£12,312	36	6	£12,489	7	7	£12,787	536	Colleagues will need to check with their Benefit Agency office to find out if the increase in pay will affect their benefit payments.
Total schools' employees on Band A	653																				
SCP	Salary	No of employees																			
4	£12,125	74																			
5	£12,312	36																			
6	£12,489	7																			
7	£12,787	536																			
Men, women (including maternity/pregnancy impact), transgender people	<input checked="" type="checkbox"/>	<input type="checkbox"/>																			
Disabled people or carers	<input checked="" type="checkbox"/>	<input type="checkbox"/>																			
People from different faith groups	<input type="checkbox"/>	<input type="checkbox"/>																			
Lesbian, gay or bisexual people	<input type="checkbox"/>	<input type="checkbox"/>																			
Older or younger people	<input checked="" type="checkbox"/>	<input type="checkbox"/>																			
Other (e.g. marriage/civil partnership, looked after children, cohesion/good relations, vulnerable children/adults)	<input checked="" type="checkbox"/>	<input type="checkbox"/>																			

Outcome(s) of equality impact assessment:

No major change needed Adjust the policy/proposal Adverse impact but continue Stop and remove the policy/proposal

Arrangements for future monitoring of equality impact of this proposal / policy / service:

Approved by (manager signature):

Date sent to equality team for publishing:

Appendix B

School	Number of employees on Band A	School	Number of employees on Band A
Bentinck Primary	10	Melbury	5
Berridge Infant/Junior	16	Mellers	15
Big Wood School	1	Middleton	12
Blue Bell Hill	8	Nottingham Nursery	2
Brocklewood	15	Oak Fields	23
Bulwell St Mary's	10	Portlands	17
Burford	10	Radfords	17
Cantrell	16	Rise Park	16
Carrington	6	Riverside	10
Claremont	10	Robert Shaw	10
Crabtree Farm	20	Robin Hood	14
Dovecote	17	Rose Hill	12
Dunkirk	13	Rosslyn	26
Edale Rise	12	Rufford	15
Ellis Guilford	8	Scotholme	4
Farnborough	7	Seely Infant/Junior	11
Fernwood Infant/Junior	31	Snapewood	4
Firbeck	6	Southglade	8
Forest Fields	22	Southwold	10
Glade Hill	11	Springfield	9
Glapton	10	Stanstead	4
Glenbrook	3	Walter Halls	24
Greenfields Community	9	Welbeck	8
Haydn	12	Westbury	1
Heathfield	9	Westglade	3
Hempshill	11	Whiteglade	15
Henry Whipple	11	William Booth	8
Highbank	12	Woodlands	4
Jubilee	20	TOTAL	653