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| Report To: | Policy and Resources Committee | Date: | 14 November 2017 |
| Report By: | Head of Organisational Development, Human Resources & Communications | Report No: | HR/39/17/SM |
| Contact Officer: | Allan Wilson, HR Manager, Organisational Development | Contact No: | Ext 2022 |
| Subject: | Living Wage Update | | |

1.0 PURPOSE

- 1.1 The purpose of this report is to advise members that the Living Wage Foundation (LWF) announced on 6 November 2017 that the Living Wage rate will increase by 30p from £8.45 to £8.75 per hour. As an Accredited Living Wage employer, the Council is obliged to implement this revised rate with effect from 1 April 2018.
- 1.2 In recent years, the Council has taken the decision to implement the new Living Wage rate earlier and has introduced the new rate from the date of announcement. This is something which the Committee may wish to consider.

2.0 SUMMARY

- 2.1 The Living Wage Foundation announced on 6 November 2017 that the Living Wage rate will increase by 30p (3.55%) to £8.75 per hour. As an Accredited Living Wage employer, the Council is obliged to implement this revised rate with effect from 1 April 2018.
- 2.2 The Council currently pays the Scottish Local Government Living Wage which is £8.51 per hour which was implemented from 1 April 2017 following the national pay negotiations.
- 2.3 There are approximately 700 employees who currently benefit from the living wage foundation supplement. This will increase to 1100 employees when the rate is increased to £8.75 per hour. Cleaning and catering employees form the bulk of the population which also includes school crossing patrollers, CCTV operators and clerical employees. In addition, the majority of affected employees are part time and a significant number are term time.
- 2.4 The full year cost of introducing the increased Living Wage rate of £8.75 per hour for 2018/19 is approximately £190k including all on costs. In line with previous practice, should the Committee decide to introduce the increased rate from 6 November 2017, the cost would be in the region of £80k for the current year 2017/18.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Policy & Resources Committee:
 - a) Note the revised Living Wage Foundation rate of £8.75 per hour and consider whether to introduce this increased rate early, effective from 6 November 2017 (date of announcement), in line with previous practice.

Steven McNab
Head of Organisational Development,
Human Resources and Communication

4.0 BACKGROUND

- 4.1 The Living Wage Foundation announced on the 6 November 2017 that the Living Wage rate will increase by 30p to £8.75 per hour (+3.55%). As an Accredited Living Wage employer, the Council is obliged to implement this revised rate with effect from 1 April 2018.
- 4.2 The Council currently pays the Scottish Local Government Living Wage which is £8.51 per hour which was implemented from 1 April 2017 following the national pay negotiations.
- 4.3 There are approximately 700 employees who currently benefit from the living wage foundation supplement. This will increase to 1100 employees when the rate is increased to £8.75 per hour. Cleaning and catering employees form the bulk of the population which also includes school crossing patrollers, CCTV operators and clerical employees. In addition the majority of affected employees are part time and a significant number are term time.
- 4.4 The rate is based on the Joseph Rowntree Foundation Minimum Income Standard research, which considers what income is needed to provide an adequate standard of living.

The history of the living wage in Inverclyde is:

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|----------------|---|
| <i>Stage 1</i> | <i>LWF – announce in November 2012 £7.50 per hour. Council also introduces in November 2012.</i> |
| <i>Stage 2</i> | <i>LWF – announce in November 2013 £7.65 per hour. Council introduce on 1st April 2014 – as part of national pay settlement (living wage @ £7.50 for 2013/2014 and rising to £7.65 for 2014/2015).</i> |
| <i>Stage 3</i> | <i>LWF – announce in November 2014 £7.85 per hour. Council also introduces in November 2014.</i> |
| <i>Stage 4</i> | <i>Council increases SLG Living Wage from 01/04/15 from £7.85 to £7.97 (£7.85 +1.5%) as part of national pay bargaining outcome.</i> |
| <i>Stage 5</i> | <i>LWF - announce in November 2015 £8.25 per hour Council also introduces in November 2015.</i> |
| <i>Stage 6</i> | <i>Council increases SLG Living Wage from April 2016 to £8.33 per hour (£8.25 +1%) as part of national pay bargaining.</i> |
| <i>Stage 7</i> | <i>LWF - announce in November 2016 £8.45 per hour. Council also introduces in November 2016.</i> |
| <i>Stage 8</i> | <i>Council increases SLG Living Wage from April 2017 to £8.51 per hour (£8.33 +£350) as part of national pay bargaining</i> |
| <i>Stage 8</i> | <i>LWF announce in November 2017 £8.75 per hour</i> |

- 4.5 Inverclyde Council is a fully accredited Living Wage employer, a status achieved in March 2016. This means amongst other things that the current LWF hourly rate of £8.75 should be applied at the latest from April 2018.
- 4.6 The national Living Wage is currently £7.50 per hour. This replaced the national minimum wage for over 25s and was introduced in April 2016. The national living wage is expected to rise to £8.00 in April 2018 and thereafter (each April) by approximately 50p per year until 2020 at which time £9.00 per hour is predicted.

5.0 IMPLICATIONS

Finance

5.1 Financial Implications:

| Cost Centre | Budget Heading | Budget Years | Proposed Spend this Report £000 | Virement From | Other Comments |
|-------------|----------------|--------------|--|---------------|---|
| Various | Employee Costs | 2017/18 | Approx. £80 (If introduced early on 6 November 2017) | | Would require to be contained in existing budgets |

Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact £000 | Virement From (if Applicable) | Other Comments |
|-------------|----------------|------------------|------------------------|-------------------------------|-------------------------------------|
| Various | Employee Costs | 2018/19 | Approx £190 | | Fund from Pay Inflation Contingency |

Legal

5.2 As outlined in the report.

Human Resources

5.3 All Human Resources implications are included in this report.

Equalities

5.4 Has an Equality Impact Assessment been carried out?

YES

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

5.5 N/A

6.0 CONSULTATIONS

6.1 N/A

7.0 LIST OF BACKGROUND PAPERS

7.1 N/A