

The Living Wage

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Purpose of the Report

The purpose of this report is to recommend that SSDC moves towards meeting the living wage rate by deleting the lowest two spine points from the SSDC main pay scales.

Forward Plan

This report appeared on the District Executive Forward Plan with an anticipated committee date of February 2015.

Public Interest

The living wage is promoted by the Living Wage Foundation and is based on the amount that it has been calculated that an individual needs to earn to cover the basic costs of living. Because living costs vary in different parts of the country there is a different rate for London and the rest of the UK.

Recommendation

That from the 1st April 2015 the two spine points 9 and 10 remaining below the current living wage level on our permanent and fixed pay scale are deleted so that all main pay scale rates meet the living wage.

Background

The living wage is an informal benchmark and is not legally enforceable. It is calculated annually by the Centre for Research in Social Policy. The idea is that the living wage is the pay rate required to cover the basic costs of living. By comparison the national minimum wage which is a legal requirement is substantially lower.

On the main SSDC pay scales which cover permanent and fixed term contracted staff, but does not cover casual staff, interns and apprentices, there are two SSDC spine points that currently fall below the living wage.

Summary of key pay rates and information

- The living wage is currently stated as **£7.85** per hour outside London.
- Current minimum wage is **£6.50** per hour.
- Nationally the local government minimum pay scale point is **£7.00** per hour
- Lowest SSDC pay grade (Grade 1) for permanent and fixed term staff currently runs from SCP 9 (**£7.30** per hour) to SCP 12 (**£8.05** per hour).
- The latest position is that 37% of local authorities in the South West have implemented or committed to the living wage.

Following the 2014-16 pay award only pay points 9 and 10 on the SSDC permanent and fixed term pay scales will be below the current living wage rate. The recommendation is to delete these two spine points. Removal of spine point 9 and 10 from the pay scales would provide a minimum full-time starting salary for permanent or fixed term staff of £7.88 per hour (£15207 per annum).

Recommended changes to SSDC Grade 1 from 1st April 2015

Spine Point	Per hour	Per annum	Recommendation
9	£7.30	£14075	Delete spine point
10	£7.43	£14338	Delete spine point
11	£7.88	£15207	Unchanged (Starting spine point for Grade 1)
12	£8.05	£15523	Unchanged

Exceptions

The following categories of employees would remain below the living wage level:

- **Interns** - At SSDC interns are paid the national minimum wage. These are intended as short term placements up to 12 months with the purpose of the scheme being to provide employability skills. The intention would be for the national minimum wage to apply to these positions.
- **Apprentices:** SSDC has a payment structure for apprentices based around the national apprentice rates and these rates would continue to be applied.
- **Casual staff** – SSDC have approximately 95 casual staff (the majority based at the Octagon) and they will generally be paid at SCP 5 (£7.00 per hour increasing to £7.06 per hour from October 2015 – following this year's pay award. For casual staff there is no obligation for SSDC to provide work or for casual staff to accept work when offered. Extending the living wage to casual staff pay rates would causal additional budgetary costs particularly to the Octagon Theatre and is therefore not part of the current recommendation.

Note a small number of casual staff work a regular number of hours and see their casual employment as their primary income however they would not be paid the living wage.

Financial Implications

The financial implication of deleting the two spine points would be minimal. There are currently 10 posts (equal to 5.76 FTE) at Grade 1 however all but 1 (0.5 FTE) of the staff on grade 1 are already on top of scale at SCP 12. Therefore there is only 1 member of staff on main pay grades being paid below the current living wage rate.

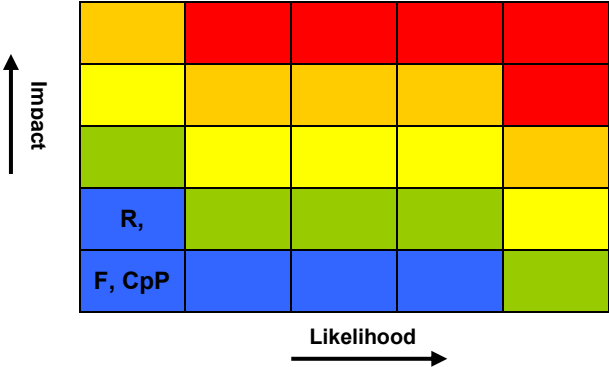
By April 2015 with another increment awarded this employee will have reached a spine point above the minimum wage. Therefore there would be no immediate cost to deleting the lowest two pay scale points.

There would be future additional costs with any future Grade 1 employee recruited as the salary starting point for a new starter (if full time) would be £1,132 higher in the first year and

£1,185 higher in the second year (plus some associated on costs on the additional salary such as increased employer pension contributions). However this additional cost would reduce to zero as the employee progresses to the top of the grade.

Risk Matrix

This matrix only identifies the risk associated with taking the decision as set out in the report as the recommendation(s). Should there be any proposal to amend the recommendation(s) by either members or officers at the meeting then the impact on the matrix and the risks it identifies must be considered prior to the vote on the recommendation(s) taking place.



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Council Plan Implications

Supports the provision of quality local employment.

Carbon Emissions and Climate Change Implications

There are no carbon emissions or climate change implication.

Equality and Diversity Implications

There would be no immediate impact for any members of staff but the change would provide initial additional benefit to a new member of staff starting their career on the lowest pay grade.

Privacy Impact Assessment

None

Background Papers

None