

DUNDEE CITY COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE – 9 NOVEMBER 2015

REPORT ON: LIVING WAGE ACCREDITATION

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 395-2015

1.0 PURPOSE OF REPORT

1.1 To inform Committee of the process and preparation required to enable the Council to secure Living Wage accreditation.

2.0 RECOMMENDATIONS

2.1 The Committee are asked to approve that:

- i) an Officer Working Group is created to establish the practical steps required to make an application to the Scottish Living Wage Accreditation Initiative.
- ii) monitoring of progress be reported back to Committee

3.0 FINANCIAL IMPLICATIONS

3.1 The Council currently contains the impact of Living Wage increases within the overall salary costs for staff. The situation will be closely monitored with respect to its impact on the pay and grading structure. Payments to Tayside Contracts who employ various staff on Council premises and pay the Living Wage have also been contained within existing Revenue Budget resources.

3.2 Whilst many contractors/ sub-contractors do pay the Living Wage, there are some who do not. It is not possible at this stage to quantify the financial consequences of encouraging them to do so. Part of the role of the working group would be to assess the potential financial implications of fulfilling the accreditation requirements.

3.3 There is a £400 per annum annual accreditation fee. This will be contained within the overall Revenue Budget

4.0 BACKGROUND

4.1 Dundee City Council is committed to promoting the Living Wage, and has been a Living Wage employer since 1 November 2012.

4.2 For the first time, the majority of people who are in poverty in Scotland are working. Therefore, the Living Wage is recognised as an important tool for reducing poverty because it provides a level of pay that adequately allows workers to provide for themselves and their families. As such, the Living Wage can help tackle inequality. Paying workers a living wage can also boost the economy by giving workers more money to spend on goods and services.

- 4.3 Payment of the Living Wage is a significant indicator of an employer's commitment to fair work practices and one of the clearest ways an employer can demonstrate that it takes a positive approach to its workforce. Employers who have already done so have reported improved levels of morale, motivation and commitment from staff across the pay distribution.
- 4.4 The Living Wage is an hourly rate set independently and updated annually. This is UK wide and announced in November of each year during Living Wage Week. The current rate for the Living Wage of £7.85 per hour is due to be updated on 2 November 2015. This compares with a current UK minimum wage of £6.50 per hour. Living Wage accredited employers are required to pay the Living Wage within six months from the date the new rate is published each year. Similarly, Employers who apply for accreditation prior to Living Wage week in November must pay the new rate within six months. Those who apply after Living Wage week must comply with the requirements around the new rate at the point of application.

5.0 ACCREDITATION MODEL

- 5.1 The Accreditation model requires significant additional requirements beyond paying the Living Wage which would need to be assessed in more detail to understand their implications for the Council.
- 5.2 The Scottish Living Wage Accreditation Initiative was established in April 2014 by the Poverty Alliance, the initiative works in partnership with the Living Wage Foundation and is partly funded by the Scottish Government. The aim of the initiative is to increase the number of employers in Scotland who are recognised for paying their staff the Living Wage.
- 5.3 Accredited employers are awarded the Living Wage Employer Mark which is a Fairtrade mark for responsible pay.

At the time of application, employers must pay the most recently announced Living Wage. Those applying after the new rate is set in Living Wage week in November can only achieve accreditation if they fully comply with the requirements to pay and promote the newly announced rate. In effect, this means that the Council will only be able to apply following the introduction of the pay award for Living Wage staff for the year 2016/17.

- 5.4 The key elements of the accreditation model are requirements for direct staff to be paid the Living Wage; the requirement to extend Living Wage requirements to Contractors and subcontractors who 'regularly' deliver services on your premises, property or land and the requirement to put plans in place to extend the Living Wage into your procurement processes. These elements and the councils current position is summarised below.
- 5.5 **Directly Employed Staff**
All directly employed staff who are aged 18 and over must be paid the Living Wage, with the exception of Apprentices and Interns. The Council already complies with this requirement for all directly employed staff who are not on apprenticeship conditions of service in that the living wage is paid as an additional supplement.
- 5.6 The impact of consolidating the living wage for all employees as part of the implementation of the new pay and grading structure for the Council approved by Policy and Resources Committee on 6 June 2015, (Report No 216-2015 refers), is being considered together with the review of terms and conditions of employment currently being undertaken as part of the Changing for the Future 4 programme.

5.7 **Extension of Requirement to Contractors and Subcontractors**

The accreditation model requires that the Council should ensure, to the extent permitted by law, that all contracted and sub-contracted staff who are aged 18 and over who regularly deliver a service on our premises, property or land should be paid the Living Wage. "Regularly" is defined as 2 or more hours of work in any given day in a week, for 8 or more consecutive weeks in a year.

5.8 While staff at Tayside Contracts, are already paid the Living Wage, further exploration would be required to consider other contractors who would meet the definition of 'regularly' within the guidance. Given the requirement to consider this for council premises, property or land the implications could be wide ranging and would be a key area requiring to be addressed in any implementation.

5.9 **Extension of Requirements to Procurement**

The accreditation model asks that systems be put in place to extend Living Wage requirements within procurement approaches to the extent permitted by the law.

5.10 The City Council already has an ambition to explore innovative solutions for incorporating Living Wage considerations into its Community Benefits Approach within current legal limits

5.11 The Scottish Government has recently published the first part of the Procurement Reform Act Guidance - The Statutory Guidance on Selection of Tenders and Award of Contracts, which includes guidance on addressing Fair Work Practices including the Living Wage. The full Statutory Guidance is to be published toward the end of the calendar year. The guidance indicates that the Scottish Government has obtained clarification from the European Commission which confirms that the 'contracting authorities are unable to make payment of the Living Wage a mandatory requirement as part of a competitive procurement process where the Living Wage is greater than any minimum wage set by or in accordance with law.' This legal guidance would therefore need to be considered in the accreditation process.

5.12 Procurement approaches can mandate the use of the National Minimum wage, as this has a legal status in the United Kingdom but not the Living Wage as this is advisory only.

5.13 In July 2015 the UK Chancellor, George Osborne announced the creation of a 'National Living Wage', for employees aged over 25, starting at £7.20 and rising to £9 per hour by 2020, to replace the minimum wage. As this will become the legally recognised 'minimum' this will be enforceable in contracts as the minimum wage is at the moment. This announcement is also being considered with respect to the impact on Council pay and grading structures at both national and local level.

5.14 The Scottish Government's Statutory guidance provides details of what is required of contracting authorities, when undertaking regulated procurement, to address fair work practices, including the Living Wage. It indicates that this can be considered and scored as part of a wider 'Fair Work Practices', which includes consideration of other issues such as the inappropriate use of zero hours contracts, Trade Union recognition, support to learning and development and support for Modern Apprenticeships. The Procurement Team is actively assessing how this new guidance will be implemented in appropriate future contracts. ,

6.0 **PROPOSED NEXT STEPS**

In order to further explore the process of considering Living Wage Accreditation the following actions require to be undertaken:-

- An Officers Group be established to explore the implications of accreditation,
- Early engagement with the Poverty Alliance to seek clarification on requirements particularly around contractors and subcontractors

- A further report be brought back to Committee on progress made.

7.0 POLICY IMPLICATIONS

- 7.1 This Report has been screened for any policy implications in respect of sustainability, strategic environment assessment, anti poverty, equality impact assessment, privacy impact assessment and risk management

An Equality Impact Assessment is attached to this report

8.0 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services were consulted in the preparation of this report.

9.0 BACKGROUND PAPERS

None

Marjory M Stewart
Executive Director of Corporate Services

DATE: 29 October 2015

EQUALITY IMPACT ASSESSMENT TOOL

Part 1: Description/Consultation

Is this a Rapid Equality Impact Assessment (RIAT)?		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Is this a Full Equality Impact Assessment (EQIA)?		Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Date of Assessment:	9 October 2015	Committee Report Number:	395-2015
Title of document being assessed:		Living Wage Accreditation	
1. This is a new policy, procedure, strategy or practice being assessed (If yes please check box) <input checked="" type="checkbox"/>		This is an existing policy, procedure, strategy or practice being assessed? (If yes please check box) <input type="checkbox"/>	
2. Please give a brief description of the policy, procedure, strategy or practice being assessed.		This report refers to progress in taking forward Living Wage Accreditation for the City Council	
3. What is the intended outcome of this policy, procedure, strategy or practice?		The Living Wage is recognised as an important tool for reducing poverty because it provides a level of pay that adequately allows workers to provide for themselves and their families.	
4. Please list any existing documents which have been used to inform this Equality and Diversity Impact Assessment.		N/A	
5. Has any consultation, involvement or research with protected characteristic communities informed this assessment? If yes please give details.		N/A	
6. Please give details of council officer involvement in this assessment. (e.g. names of officers consulted, dates of meetings etc)		Staff from Procurement, HR, City Development and Chief Executive	
7. Is there a need to collect further evidence or to involve or consult protected characteristics communities on the impact of the proposed policy? (Example: if the impact on a community is		No	

not known what will you do to gather the information needed and when will you do this?)	
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Part 2: Protected Characteristics

Which protected characteristics communities will be positively or negatively affected by this policy, procedure or strategy?

NB Please place an X in the box which best describes the "overall" impact. It is possible for an assessment to identify that a positive policy can have some negative impacts and visa versa. When this is the case please identify both positive and negative impacts in Part 3 of this form.

If the impact on a protected characteristic communities are not known please state how you will gather evidence of any potential negative impacts in box Part 1 section 7 above.

	Positively	Negatively	No Impact	Not Known
Ethnic Minority Communities including Gypsies and Travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People with a disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lesbian, Gay and Bisexual	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Socio-economic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy & Maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other (please state)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Part 3: Impacts/Monitoring

<p>1. Have any positive impacts been identified?</p> <p>(We must ensure at this stage that we are not achieving equality for one strand of equality at the expense of another)</p>	<p>This policy is intended to help address issue of in-work poverty</p>
<p>2. Have any negative impacts been identified?</p> <p>(Based on direct knowledge, published research, community involvement, customer feedback etc. If unsure seek advice from your departmental Equality Champion.)</p>	<p>N/</p>
<p>3. What action is proposed to overcome any negative impacts?</p> <p>(e.g. involving community groups in the development or delivery of the policy or practice, providing information in community languages etc. See Good Practice on DCC equalities web page)</p>	<p>N/A</p>
<p>4. Is there a justification for continuing with this policy even if it cannot be amended or changed to end or reduce inequality without compromising its intended outcome?</p> <p>(If the policy that shows actual or potential unlawful discrimination you must stop and seek legal advice)</p>	<p>N/A</p>
<p>5. Has a 'Full' Equality Impact Assessment been recommended?</p> <p>(If the policy is a major one or is likely to have a major impact on protected characteristics communities a Full Equality Impact Assessment may be required. Seek advice from your departmental Equality lead.)</p>	<p>N/A</p>
<p>6. How will the policy be monitored?</p> <p>(How will you know it is doing what it is intended to do? e.g. data collection, customer survey etc.)</p>	<p>Continued review of implementation and outcomes</p>

Part 4: Contact Information

Name of Department or Partnership	Corporate Services
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Type of Document	
Human Resource Policy	<input type="checkbox"/>
General Policy	<input checked="" type="checkbox"/>
Strategy/Service	<input type="checkbox"/>
Change Papers/Local Procedure	<input type="checkbox"/>
Guidelines and Protocols	<input type="checkbox"/>
Other	<input type="checkbox"/>

Manager Responsible	Author Responsible
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Signature of author of the policy:	Sandy Flight	Date: 12/10/2015
Signature of Director/Head of Service:	Marjory Stewart	Date: 12/10/2015
Name of Director/Head of Service:	Marjory Stewart	
Date of Next Policy Review:	September 2016	