

Agenda item:

[No.]

Corporate Committee

On 24 October 2011

Report Title. London Living Wage – Policy and Hourly Pay Rate Supplements

Report of **Stuart Young, Assistant Chief Executive**

Signed :

Contact Officer : Steve Davies, Head of Human Resources

Wards(s) affected: **[All / Some (Specify)]**

Report for: **[Key / Non-Key Decision]**

1. Purpose of the report

1.1. The purpose of this report is to approve the implementation of hourly pay rate supplements to the pay scales of council employees at lower end of the London pay spine to increase the hourly rate of pay to the level of the London Living Wage (LLW) rate as determined by the Mayor of London's office.

2. Introduction by Cabinet Member (if necessary)

2.1. Not applicable

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1. Council commitment to pay it's employees the London Living Wage pay rate.

4. Recommendations

- 4.1. That this committee agree the implementation of local hourly pay supplements for council employees at the lower end of the London pay spine to increase the hourly rate of pay to the level of the London Living Wage rate as determined by the Greater London Authority.
- 4.2. That this committee agree the increase to the pay rates of agency workers to ensure that no one is paid less than the London Living Wage as determined by the Greater London Authority.
- 4.3. That this committee agree the above additional pay supplements/ increases with effect from 2 May 2011.
- 4.4. That this committee delegate to the Head of Human Resources authority to increase and/or introduce hourly pay supplements as appropriate to ensure that in future the pay of council employees at the lower ends of the London pay spine receive a level of pay in line with the London Living Wage rate as determined from time to time by the Greater London Authority.
- 4.5. That this committee delegates to the Head of Human Resources authority to increase the pay and charge rates of agency workers to ensure that they are paid no less than the London Living Wage rate as determined from time to time by the Greater London Authority.
- 4.6. That this committee agrees the principle of adopting the Greater London Authority London Living Wage rate to be applied as the minimum pay level for staff providing services to the council under procurement contract arrangements.

5. Reason for recommendation(s)

- 5.1. To ensure that the hourly rate of pay of council employees at the lower end of the London pay spine remain at a reasonable and fair level of pay for working in London as determined by the Living Wage Unit on behalf of the Mayor of London for the Greater London Authority group.

6. Other options considered

- 6.1. The alternative would be to not pay a supplement rate of pay, which according to the research of the London Living Wage unit would place a number of lower paid council employees and any children they might have at a significant disadvantage in terms of the quality of life they can enjoy.

7. Summary

7.1. Background

- 7.1.1 Until the May 2010 increase in the London Living Wage (LLW), all the pay points on the GLPC pay spines were above the LLW. The lack of increase in the pay spines for 2010/11 meant that spine point 4 in outer London dropped below by 2p an hour. In Haringey council no staff were on spine point 4, although there are a small number of cleaners in schools on spine point 4.
- 7.1.2 The LLW May 2011 increase to **£8.30** an hour, combined with the lack of any increase in the pay spines for 2011/12 means that employees on spine points 4-7 (outer London) would have been below the LLW rate.
- 7.1.3 The current gap between pay spine points and the LLW is summarised below.

| Outer London Spine Pt | Hourly rate (£) | LLW hourly rate gap |
|-----------------------|-----------------|---------------------|
| SCP 4 | 7.83 | 47p |
| SCP 5 | 7.89 | 41p |
| SCP 6 | 7.96 | 34p |
| SCP 7 | 8.11 | 19p |

7.2 Council workers

- 7.2.1 In Haringey the adoption of low pay supplements for staff below the LLW rate will have the following impact:
- In the council approx 100 part time cleaners will see their gross pay increase by approx £160 per year. A total cost to the council's revenue budget of approx £16,000 per annum.
 - In schools approx 200 part time cleaners and schools meals assistants will see their gross pay increase by approx £180 per year. A total cost to the schools dedicated schools grant (DSG) of approx £36,600 per annum.
- 7.2.2 There are also approx 100 part time kitchen, cleaning and gardener agency workers who would be affected by the adoption of a policy to not pay less than LLW rate. Assuming this level of agency workers were retained for a full year the additional cost would be approx £9,400 per annum.
- 7.2.3 In terms of external contracts we have adopted a strategy of including a clause in the contract conditions of ALL our construction related Framework Agreements (major works, minor works and conservation works) to not pay less than the London Living Wage. The practice of contractors supplying Highways and Waste Management services has also been to pay above the LLW rate. However, it is our view that because the LLW is a regional standard (ie London only) and not a national requirement, such as the UK Minimum Wage, then it cannot be legally enforced through a procurement / contract process.

8. Chief Financial Officer Comments

8.1. The financial impact of the recommendations is clearly set out in section 7 above and the expectation is that these costs should be absorbed within existing budget provisions across the services affected.

8.2. It is recommended that as part of the delegated responsibility for increasing and/or introducing hourly pay rate supplements to the Head of Human Resources, he/she ensures early discussion is held with corporate finance to enable the on-going financial impact of such decisions to be factored into the Council's budget planning.

9. Head of Legal Services Comments

9.1 The Head of Legal Services has been consulted on the content of this report. S112 of the Local Government Act 1972 provides that the Council may appoint staff on such reasonable terms and conditions of employment as the authority might determine. Having regard to the London Living Wage, as promoted by the Mayor of London's Office, in determining the rates of pay of the lowest paid employees within the authority is a reasonable consideration. The application of the London Living Wage to the rates paid to low earning agency staff is also a reasonable course of action in the light of the Council's aims and strategies concerning poverty and economic well being.

10. Equalities & Community Cohesion Comments

10.1. The proposals are designed to ensure a reasonable quality of living for low paid staff and their dependants living in London. This helps support the councils aims for tackling low income and poverty in the borough.

11. Service Financial Comments

11.1. Approx 100 part time cleaners will see their gross pay increase by approx £160 per year. A total cost to the council's revenue budget of approx £16,000 per annum with an expected increase within this financial year of £14,200. This will be contained with service budgets.

11.2. In addition there are also approx 100 part time kitchen, cleaning and gardener agency workers. Assuming this level of agency workers were retained for a full year the additional cost would be approx £9,400 per annum and approx £7,800 within this financial year.

11.3. The total additional cost to revenue budgets is approx £25,000 per annum. These costs will be contained within service budgets.

11.4. In terms of costs within schools the additional costs are estimated to be approx £36,000 per annum and approx £33,000 this financial year. These costs will be contained within the DSG.

12. Use of appendices /Tables and photographs

12.1. There are no appendices.

13. Local Government (Access to Information) Act 1985

13.1. No documents that require to be listed were used in the preparation of this report.