SUBMISSION FROM EAST RENFREWSHIRE COUNCIL

PURPOSE OF REPORT

1. This report explains the background to the introduction of the Scottish Living Wage (SLW) to employees within East Renfrewshire Council.

BACKGROUND

2. East Renfrewshire Council as part of its 2011/12 budget announcement stated that as a priority it would work towards introducing the Living Wage during the course of the current financial year. This has now been fully implemented and was done so in 2 stages. The first interim stage was implemented in April 2011 by varying the wage rates within the lowest grades of the Councils pay scales (Grades 1 and 2) to allow minimum hourly rates of £6.65 per hour within Grade 1 and £7.15 per hour within Grade 2. This was seen as a way to progressively implement the Living Wage in a 2 stage process whilst still allowing some room for negotiation with the Trade Unions locally.

3. The second stage saw the Council move to full implementation of the Living Wage by October 2011 to a position whereby all employees receive a minimum pay rate of £7.15 per hour by application of a wage supplement.

4. At that point a further consideration was the recent decision of the Scottish Government that it was amending the Living Wage for its directly employed staff to £7.20 per hour with effect from 1 April 2012. The Council has agreed to amend the rate in accordance with this from April 2012.

5. 243 Council employees have benefited from the introduction of the Living Wage. These employees include our School Crossing Patrollers, Gardeners, Catering Assistants and Cleaners.

6. The Council is undergoing considerable change through an ambitious change programme known as Public Service Excellence (PSE) which includes a range of service redesigns and transformation work. The thinking behind the Councils change in remuneration policy can be related to this ambitious programme of change and also to other separate local negotiations seeking to harmonise terms and conditions. The Council recognised the potential impact of these changes on the lowest paid by in return introducing a Living Wage Policy.

TERMS & CONDITIONS

7. The Council recently negotiated a range of changes to Terms & Conditions across the different workforce groups to create greater harmonisation across the workforce, particularly around overtime rates of pay and shift allowances. These changes resulted in significant savings to the Council during 2011/12.
8. The Council was keen to recognise the potential impact of these changes and ongoing pay freezes on the lowest paid all of which could have a detrimental impact on staff morale and workforce satisfaction.

9. The introduction of a Living Wage Policy may go some way to improving recruitment and retention within the Council and will be of particular benefit to low paid part-time female workers who often occupy positions as Cleaners, Domestics and Catering Assistants.

10. In return for awarding the Living Wage the Council negotiated some further minor concessions associated with terms and conditions including moving to a 4-weekly pay cycle for all employees from 1 April 2012 and moving in a phased basis to on-line payslips for employees.

INTRODUCTION OF A LIVING WAGE SUPPLEMENT

11. The Council had concerns about the integrity of the pay and grading structure and the potential for distortion as a result of this change in policy. It was aware that there could have been potential for future equality implications if the pay and grading scheme was distorted.

12. As a result the Council agreed to apply a supplement to spinal column points to provide a minimum pay level, determined by the Council as a Living Wage, which would not distort the pay and grading structure. Providing all of the difference in pay can be justified on grounds other than gender, it would not undermine the technical integrity of the structure.

FINANCE AND EFFICIENCY

13. The introduction of the Living Wage supplement to current employee working hours will be at a full year cost of £127,602. Through increased efficiencies generated by early application of savings measures, this is being funded from within available resources.

14. The amendment to Living Wage supplements to provide Living Wage of £7.20 per hour from 1 April 2012 will incur a cost of £13,634 pa. This will be allowed for within the 2012/13 budget.

15. The Council has reserved the right to vary from the level of Living Wage being proposed by the Scottish Living Wage Campaign. While the Council might consider the £7.15/£7.20 per hour minima to be appropriate in its current circumstances, this may not always be the case. Should the Council wish to discontinue the ‘Living Wage’ supplement it will serve three months notice of its intention to allow sufficient time for consultation and negotiation on the matter.

Caroline Innes
Deputy Chief Executive
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