

ABERDEEN CITY COUNCIL

COMMITTEE	Finance Policy and Resources
DATE	20 September 2017
REPORT TITLE	Living Wage Accreditation – Progress Report
REPORT NUMBER	CG/17/105
CG LEAD OFFICER	Steve Whyte, Head of Finance
REPORT AUTHOR	Karen Templeton

1. PURPOSE OF REPORT

- 1.1. The purpose of the report is to provide an update on the Council's application for accreditation as a Living Wage employer and to seek approval for an increase in the pre-parity rate for all framework agency workers.

2. RECOMMENDATION(S)

- 2.1 It is recommended that the Committee: -
- a) approve an increase in the pre-parity rate for all framework agency workers to at least the Living Wage figure for the year (currently £8.45); and
 - b) note the progress of the Council's application for accreditation as a Living Wage employer

3. BACKGROUND

- 3.1 Human Resources and Commercial and Procurement colleagues have been working closely together to progress Aberdeen City Council's application for accreditation as a Living Wage employer.
- 3.2 In accordance with the requirements for accreditation over 350 suppliers of services or agency workers have been contacted to determine whether they currently pay the Living Wage, or would be willing to do so. A representative of the Poverty Alliance has confirmed that the level and nature of the communication with these suppliers has been sufficient to meet their requirements.

- 3.3 Following agreement of the National Pay Award for Local Government Employees, the minimum hourly rate paid to Council employees (excluding Apprentices) will be £8.51 with effect from 1st April 2017. That is higher than the Living Wage (currently £8.45) and again meets the requirement for accreditation.
- 3.4 The framework rates paid to agency workers who have been working with the Council for over 12 weeks will be increased to match the hourly rate that would be paid to a Council employee carrying out the same role (as is required by Agency Worker Regulations). Again this meets the requirement for accreditation.
- 3.5 At present framework agency workers who have worked on contract for less than 12 weeks are paid a lower hourly rate (the pre-parity rate). That would not meet the requirement for accreditation. In order to progress the Council's application it would be necessary to increase the minimum hourly rate paid to framework agency workers to at least the Living Wage rate (currently £8.45). That figure would also have to be increased each year as the Living Wage figure increases.
- 3.6 If approval is given to increase the pre-parity rate to at least the Living Wage figure, then a draft application can be prepared and sent to the Poverty Alliance for their comment.

4. FINANCIAL IMPLICATIONS

- 4.1 The proposed uplift of the minimum hourly rate for Agency Workers to at least the Living Wage (currently £8.45) will increase the amount paid to each individual. It is not proposed that the budget available to the Directorates in regard to Agency Workers should be increased as a result of this proposal. Directorates will be required to manage within their budget and as such no additional cost is expected.
- 4.2 There is an annual Licence cost of £480 per year to be paid for accreditation. The costs will be contained within the current Human Resources subscriptions budget.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct Equal Pay implications as a result of the proposal.
- 5.2 Procurement legislation means that the Council cannot specify to suppliers that they must pay rate least the Living Wage where workers are supplied to work on our premises. The Council's Commercial and Procurement Service does consider Fair Work Practices of bidders during the tendering process in accordance with the Scottish Government's Statutory Guidance on the "Selection of Tenderers and Award of Contracts Addressing Fair Work Practices, including the Living Wage, in Procurement". This is considered to be both legally compliant and compatible with accreditation requirements.

6. MANAGEMENT OF RISK

- 6.1 Other than the financial considerations outlined above at section 4, no risks have been identified in Employee, Customer/Citizen, Environmental, Technological, Legal and Reputational categories. There is no financial risk if the Committee choose not to approve the recommendations contained in this report.

7. IMPACT SECTION

7.1 Economy

- 7.1.1 Accreditation as a Living Wage Employer has the potential to generate some cost savings as a result of improved retention and reduced sickness absence. It will however result in cost increases to the paybill for employees as the Living Wage has historically increased at a much higher rate than the rate of inflation or of national pay awards.

7.2 People

- 7.2.1 Increasing the wages of the lowest paid workers would be a step towards reducing the level of in-work poverty. The lowest paid workers would be enabled to have better access to goods and services contributing to improvements in their financial circumstances. Accreditation as a Living Wage Employer should also positively impact on recruitment and retention and on staff engagement.

7.3 Place

- 7.3.1 Any increases in productivity, reduced sickness absence, improved morale, motivation and commitment would impact positively on the level and quality of service available to customers.

7.4 Technology

- 7.4.1 No anticipated impact.

8. BACKGROUND PAPERS

None

9. APPENDICES (if applicable)

None

10. REPORT AUTHOR DETAILS

Karen Templeton

Team Leader (Organisation Design and Remuneration)
ktempleton@aberdeencity.gov.uk
01224 523314

HEAD OF SERVICE DETAILS

Morven Spalding
Head of Human Resources
mspalding@aberdeencity.gov.uk
01224 523843