

Living Wage Briefing Paper by the Director for Corporate Resources

1. Background

- 1.1 The Living Wage is an hourly pay rate set independently by the Centre for Research in Social Policy and is calculated according to the basic cost of living in the UK. The Living Wage campaign was launched in 2001 and the rate is updated in November each year. The current rate (outside of London) is £7.45 per hour and was set on 5 November 2012; it is anticipated that the rate for 2013 will be announced on 4 November 2013.
- 1.2 Across the UK some organisations have become accredited Living Wage employers meaning that all their employees, and contractors, are paid at least the Living Wage.
- 1.3 With regards local authorities, some have become accredited Living Wage employers (e.g. Preston City Council, Oxford City Council). Other authorities are considering what the adoption of the principles of the Living Wage could mean for them. The financial implication for each authority is variable and would be dependent upon the make-up of its workforce.

2. Living Wage discussions within Dorset County Council

- 2.1 The Living Wage was discussed at the Staff Consultative Panel meeting in December 2012 following a request for consideration of its implementation across Dorset County Council from the Trade Unions. A report including a range of costings in respect of implementing the Living Wage was then considered at the meeting in February 2013.
- 2.2 At the Staff Consultative Panel in July 2013, the Trade Unions requested for updated costings to be provided in view of the recent Green Book pay award. The costings detailed in this paper were prepared for the Staff Consultative Panel on 5 November 2013 based on the Living Wage rate of £7.45 per hour.

3. Staff Groups within Dorset County Council

- 3.1 Within the County Council, 2 staff terms and conditions groups currently include individuals paid below the Living Wage:
 - Green Book (including apprentices who hold contracts for training and are paid in accordance with the Apprentice National Minimum Wage level of £2.68 p.h.), and
 - Youth and Community Workers.
- 3.2 The County Council adopts the national pay scales for both groups as determined by the National Joint Council (NJC) and the Joint Negotiating Committee (JNC) respectively.
- 3.3 For Green Book, the lowest spinal column point is £6.45 per hour. Compared with the Living Wage, this is a difference of £1.00 per hour (15.5%). [nb. This takes into

account the 1% pay award effective 1 April 2013, and removal of spinal column point 4 with effect from 1 October 2013].

- 3.4 For Youth and Community Workers, the lowest pay point is £7.33 per hour. Compared with the Living Wage, this is a difference of 0.12p per hour (1.64%). [nb. This is based on the current 2009 pay scale; any pay award for 2013 which is normally implemented in September has not yet been agreed].
- 3.5 The minimum pay points for the remaining staff groups within the County Council (Chief Executive, Chief Officers, Soulbury, Teaching and Public Health) are above the Living Wage and have therefore not been included within the information provided. Agency workers/contractors and casual workers are also excluded.
- 3.6 The tables provided below (based on a dataset of 16/8/13) detail the total number of employments (each individual post held by employees; some staff hold multiple posts) and employments paid less than the Living Wage split by staff group and Directorate/Schools (including Zero Hours employments).

Table 1: Employments by Staff Group

Staff Group	Total employments	Employments paid less than the Living Wage (£7.45 per hour)	% of employments paid less than the Living Wage (£7.45 per hour)
Apprentices (Green Book)	20	20	100%
Green Book	5760	467	8.11%
Youth (dataset prior to any incremental progression due 1/9/13)	220	13	5.91%
Total Non Schools	6000	500	8.33%
Schools - Apprentices	3	3	100%
Schools – Green Book	4796	1483	30.92%
TOTAL	10799	1986	18.39%

Table 2: Employments by Directorate, excluding Schools

Directorate	Total employments	Employments paid less than the Living Wage (£7.45 per hour)	% of employments paid less than the Living Wage (£7.45 per hour)
Adult and Community Services	2606	147	5.64%
Children's Services	1321	33	2.50%
Corporate Resources /Chief Executive's office	658	37	5.62%
Environment (including DWP)	1415	283	20%
TOTAL	6000	500	8.33%

4. Cost of Implementing the Living Wage at Dorset County Council

- 4.1 The tables below provide an estimate of the cost of implementing the Living Wage.
- 4.2 Table 3 provides details in respect of all staff paid below the Living Wage.
- 4.3 Should the minimum spinal column/pay point be increased to the Living Wage this could affect all subsequent spinal column/pay points throughout the whole pay scale. In order for the differentials to be maintained Tables 4 and 5 outline the costings in relation to increasing all pay rates by the difference between the lowest Green Book spinal column point level and the Living Wage of £1.00 per hour (15.5%) and the difference between the lowest Youth and Community pay point level and the Living Wage of 12p per hour (1.64%).
- 4.4 All costings in the tables (3 to 5) have been calculated based on contracted hours. It is therefore not possible to include costings for zero hours employees who do not have set contracted hours. The costings also exclude additional hours, overtime, standby, callout, premium rates for weekend and public holidays. In practice this means that actual costings would be in excess of those quoted; however, it is not possible to provide an accurate estimate due to the variable nature of these elements.

Table 3: Cost of increasing hourly rate to all below the Living Wage

Staff Group	Cost	Inc On Costs at 24%
Apprentices (Green Book)	£178,176	£220,938
Green Book	£251,532	£311,900
Youth	£337	£418
Total Non Schools	£430,045	£533,256
Schools - Apprentices	£15,816	£19,612
Schools – Green Book	£521,394	£646,529
TOTAL	£967,255	£1,199,396

Table 4: Cost of increasing all spinal column/pay points by a fixed amount

Increases applied: Green Book £1.00 per hour and Youth and Community 12p per hour

Staff Group	Cost	Inc On Costs 24%
Apprentices (Green Book)	£179,262	£222,284
Green Book	£7,683,910	£9,528,048
Youth	£10,305	£12,778
Total Non Schools	£7,873,477	£9,763,111
Schools - Apprentices	£16,395	£20,330
Schools – Green Book	£3,592,743	£4,455,001
TOTAL	£11,482,615	£14,238,442

Table 5: Cost of increasing all spinal column/pay points by a percentage

Increases applied: Green Book 15.5% and Youth and Community 1.64%

Staff Group	Cost	Inc On Costs 24%
Apprentices (Green Book)	£179,262	£222,285
Green Book	£14,744,155	£18,282,752
Youth	£18,032	£22,360
Total Non Schools	£14,941,449	£18,527,396
Schools - Apprentices	£16,395	£20,330
Schools – Green Book	£5,063,350	£6,278,554
TOTAL	£20,021,194	£24,826,280

5. Role of the Staffing Committee

- 5.1 The terms of reference of the Staffing Committee include determining the terms and conditions on which staff hold office.
- 5.2 Members may feel that it would be appropriate to refer the motion in relation to the Living Wage to the Staffing Committee where the implications of its implementation could be considered in greater detail.

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