

PLYMOUTH CITY COUNCIL

Subject: Implementation of the Living Wage at Plymouth City Council

Committee: City Council

Date: 22 July 2013

Cabinet Member: Councillor Peter Smith

CMT Member: Adam Broome, Director for Corporate Services

Author: Mark Grimley, Assistant Director for Human Resources and Organisational Development

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Ref:

Key Decision: Yes

Part: I

Purpose of the report:

The adoption of the principles of the Living Wage at Plymouth City Council requires a policy decision of the City Council.

Corporate Plan 2012 – 2015:

Supports the Corporate Plan by supporting the lowest paid employees of the Council.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:

The Council has already made provision for the implementation through the annual budget setting and within allocated resources.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The introduction of the living wage will reduce inequalities and allow the council to lead by example.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

Plymouth City Council adopts the principles of the Living Wage and recommends implementation in 2013/14 or as soon as reasonably practicable.

Alternative options considered and rejected:

Published work / information:

Background papers:

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

Sign off:

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Originating SMT Member Mark Grimley													
Has the Cabinet Member(s) agreed the content of the report? Yes													

I INTRODUCTION

Plymouth City Council has pledged to support the principles of the 'living wage' and is seeking to lead, by example, with its introduction. This will ensure that the Council's lowest paid workers are paid a reasonable living wage and the council will be able to promote the living wage to partners across the City in public, private and voluntary sector organisations.

This introduction is the application of a national initiative to address poverty.

2 BACKGROUND

2.1 What is the Living Wage?

The Living Wage is a rate of pay which takes into account real living costs of low paid workers, including rent, food and travel costs, resulting in a level of wages that enables working people to enjoy a reasonable quality of life. It is calculated by the Centre of Social Policy Research.

Employers can currently choose to pay the living wage on a voluntary basis.

Research on the living wage shows that low paid workers experience a larger scale of social challenges, including health problems and a lower propensity to progress in education and learning, embedding low pay for a lifetime.

The living wage will generally improve the income levels for the lowest paid workers in the Council and will therefore the City which will improve the quality of life but also increase spending power, which will, in turn, impact on the local economy.

2.2 Why should the living wage be considered?

Plymouth City Council is keen to lead the way in adopting the principles of the living wage and has publicly pledged to implement during 2013/14. In addition to financial benefits for employees in receipt of the living wage, national research has identified the following benefits, which are consistent with any salary increase:-

- Reduced absenteeism
- Increased productivity
- Improved employer of choice
- Improved employee engagement
- Improved retention of staff, lower turnover
- Savings on recruitment and retention costs
- Higher work morale and motivation
- Reputational benefits of being an ethical employer

2.3 Implementation of the Living Wage

It is the Council's intention to implement during 2013/14 and use a methodology that will not affect the pay and grading structure or the pay scales.

Negotiations are ongoing with the council's recognised trade unions and it is intended that the implementation of the principles of the living wage will be enabled as part of a proposed collective agreement.

The Council will review the level of the Living Wage with regard to changes in the national figures as part of the annual budget setting process.

3. Financial Implications

The Council has already made provision for the implementation through the annual budget setting and within allocated resources.

4. Impact on Schools

The Council's intention to adopt the principles of the Living Wage has been shared with the Schools Forum, who received it warmly in respect of tackling child poverty and being responsible employers.