

To: City Executive Board

Date: 7 December 2011

Report of: Head of People & Equalities

Title of Report: Oxford Living Wage review

Summary and Recommendations

Purpose of report: To review the Oxford Living Wage and make recommendations for changes to current level

Key decision? No

Executive lead member: Cllr Bob Price

**Report approved by: Peter Sloman, Chief Executive
Simon Howick, Head of People & Equalities**

**Finance: Martin Westmoreland
Legal: Dan Rawstone**

**Policy Framework: Oxford City Council Corporate Plan
Efficient and Effective Council**

**Recommendation(s):
That the City Executive Board:**

a) Notes the success of the implementation of the Oxford Living Wage; including that as demonstrated in the Head of Business Improvement's report on its application by local suppliers and;

b) Agrees the proposal to increase the level of the Oxford Minimum Wage to £8.01 per hour, with effect from 1 January 2012 thus ensuring it better reflects the cost of living in Oxford.

Introduction

- 1.1 In 2009, following a Council Motion the City Executive Board approved proposals for an Oxford Living Wage (where all staff and agency workers received at least £7 per hour, which was uplifted to £7.19 per hour following a cost of living increase). The Council has changed its procurement processes to encourage contractors to adopt a similar position, and has also written to local employers to encourage them in the same vein.

Current position

- 2.1 The Oxford Living Wage was set in the context of the London Living Wage (which at the time was approx £7.45 per hour). Currently the London Living Wage is £8.30 per hour.
- 2.2 The Oxford Living Wage applies to Council staff, agency workers employed by the Council and it has been successfully introduced into our procurement processes. The position regarding the wider city is encouraging, as follows:
- 2.3 A recent survey conducted by the Head of Business improvement went out to over over eleven hundred suppliers via e-mail. The survey was also given to each organisation that attended the Meet the Buyer event in September 2011.
- 2.4 Ninety nine organisations have responded to the survey which asked four questions. A summary of the responses are given in the table below.

	Question	Yes/ Positive Response	No/ Negative Response	Other	No Comment
1	Does your organisation currently pay a minimum of £7.19 per hour?	78	19	2	0
2	If no, what would the impact be on your organisation of implementing a minimum pay rate?	3	8	3	85
3	What are your views on the pay rate being increased to £7.50 per hour?	31	15	11	42
4	Is your organisation based in Oxfordshire?	51	46	2	0

- 2.5 The majority of businesses particularly local ones do already pay our Living Wage rate of £7.19 per hour. Where the pay rates are stated as below this level the businesses are in the main manufacturing, product based or not for profit and advise that the increase in rate could affect their competitiveness in the market.
- 2.6 Regarding Council staff, to avoid complex administration and running a separate mechanism for lower paid staff, it was decided to adopt a living wage in Oxford simply by deleting our lowest spinal column pay points until the lowest one was £7.00 (£7.19 on review).
- 2.7 It was also agreed that any increases should be linked to the national pay scheme – which has seen a freeze in cost of living increases in recent years. This has made the Oxford Living Wage out of step with the cost of living and the London Living Wage.
- 2.8 The simplest method of resolving this is to delete more of the lowest pay points and move any relevant employees up accordingly.
- 2.9 There will be increased costs arising in terms of employees and agency staff, as outlined below.

Proposal

3.1 The lowest grades are as follows:

Grade	SCP	Rate	No of Employees
1*	10	£7.19	2
	11	£7.64	2
2	12	£7.80	1
	13	£8.01	5
	14	£8.15	15
	15	£8.32	2

* Only used for some non trades-based apprentices. Trades-based apprentices begin on lower rates in line with industry standards.

3.2 It seems appropriate to continue maintaining a differential with the London Living Wage (£8.30). Therefore it is proposed to remove SCP points 10, 11 and 12 so that grade 2 is the Council's lowest grade and it comprises SCP 13, 14 and 15.

3.3 All staff currently below this will be moved onto grade 2, SCP 13.

3.4 This will ensure all staff receive at least an Oxford Living Wage of **£8.01**

3.5 This would cost the Council an additional £8.7k per year (with on-costs) in direct hire employees.

3.6 In terms of additional agency worker costs, most earn at least this rate anyway. Typically cleaners and clerical assistants earn less, but very few of these are used so additional costs would be negligible. We are continuing to reduce the number of temps, particularly in the light of the recent change in legislation around agency workers.

Consultation

4.1 The trade unions have been advised of this new proposal and are supportive. We will advise local suppliers and businesses about the changes.

Risk

5.1 This is a positive initiative with a controllable cost increase, so there are no risk issues relating to implementation. Making no change to the Living Wage would mean it gets out of step with the real cost of living and no longer achieves what it was set up to do.

Climate Change / environmental impact

6.1 There are no climate change or environmental impact implications.

Equalities impact Assessment

7.1 An Equalities Impact Assessment for this proposal is attached at appendix 1.

Financial Implications

8.1 The financial implications have been addressed in the body of the report, summarised as follows:

The cost in relation to existing substantive post holders is £8.7k per annum (with on-costs).

Legal implications

9.1 There are no further legal implications arising as a result of these proposals.

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List of background papers:
Living Wage report to CEB April 2009

Appendix 1 – Equalities Impact Assessment



Form to be used for the initial assessment

Service Area: Chief Executive	Section: People & Equalities	Key person responsible for the assessment:	Date of Assessment: October 2011
Is this assessment in the Corporate Equality Impact Assessment timetable for 2008-2011?		No	
Name of the Policy to be assessed:	Achieving a Living Wage		
Is this a new or existing policy?	New		

<p>1. Briefly describe the aims, objectives and purpose of the policy</p>	<ul style="list-style-type: none"> • To achieve a 'Living Wage' for all Oxford City Council employees and agency staff recruited to work for or on behalf of the Council; • To improve morale and commitment of the group of staff affected by this Policy; and • To promote the 'Living Wage' and lead the way in making Oxford a 'Living Wage City' by encouraging other contractors and suppliers to adopt the Living Wage ethos. <p>Note: that the Councils approach partly reflects the high level of RPI inflation, which has raised the cost of living and resulted in the need for the rate to increase to ensure recipients do not suffer a fall in real living standards.</p> <p>Note: It is recognised that a continuing pay freeze is likely either nationally or as part of the Council's terms and conditions review. Therefore there is a risk that the Council's lowest paid workers could again fall below the OLV.</p>
<p>2. Are there any associated objectives of the policy, please explain</p>	<p>To promote Oxford City Council as an employer of choice and reflect the ethical values it represents and to have a significant influence and positive impact on the long term diversity of our workforce. The Council has taken a systematic approach to identifying what is a Living Wage in Oxford, and has taken account of the necessary % above the national minimum wage to ensure that the lowest paid staff will not fall below a nominal poverty line</p>
<p>3. Who is intended to benefit from the policy and in what way</p>	<p>The "Living Wage" will benefit the lowest paid groups of staff in the authority who have historically been and still are predominantly in semi skilled manual cleaning and refuse collection jobs.</p> <p>They will benefit from increased pay, which should contribute to improving their living standards. This should also improve morale and work commitment at a time when there are freezes on incremental wage rises</p> <p>Agency staff by being placed on the equivalent employment basis as direct hire employees will also benefit.</p> <p>Staff employed by contractors and suppliers assuming they adopt the Living Wage ethos.</p>

4. What outcomes are wanted from this policy?		
<ul style="list-style-type: none"> • To ensure that all Council employees (direct and non direct) receive a 'living wage' as a minimum standard • To work towards establishing the Council as a 'Living Wage Employer' and the City as a 'Living Wage City' • To further build the reputation of the Council as a strategic community leader within the Local Enterprise Partnership 		
5. What factors/forces could contribute/detract from the outcomes?	<ul style="list-style-type: none"> • The Council's ability to pay the increased wage • The willingness of other organisations to follow the Council's lead • The legal constraints regarding making contracts • There is a small risk of some industrial relations issues arising from the proposal contained within the report given that their might be trade unions expectations that the offer for the lowest paid staff would be more generous and applied to a greater number of employees. 	
6. Who are the key people in relation to the policy	Elected Members, Managers, Employees, Employment Agencies, other suppliers of Council Services. Trade Unions	
7. Who implements the policy and who is responsible for the policy?	The Head of P&E will have overall responsibility for overseeing that the Policy is implemented in conjunction with the Strategic Procurement and Shared Services Manager. P&E and Procurement will have day-to-day implementation responsibilities.	
8. Could the policy have a differential impact on racial groups?	•	N Many agency workers in unskilled and low paid work are from minority racial groups. The intended impact will be positive and to improve the standard of living for staff at the career entry point grades and therefore to encourage more people from BME and other underrepresented groups to consider employment with the Council
What existing evidence (either presumed or otherwise) do you have for this?	The make up of the recent and ongoing agency workforce staff	

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9. Could the policy have a differential impact due to gender?		N	Most of the lowest paid work is seen amongst cleaning and refuse collection staff. There is broadly a balanced gender split within the staff delivering these services, although higher numbers of men are involved with refuse collection/ street scene work.
What existing evidence (either presumed or otherwise) do you have for this?	There is no evidence suggesting that an increase in pay for the lowest paid workers would have a differential impact due to gender. It would be a positive benefit for all groups. The risk of any equal pay issues arising is absolutely minimal given that appropriate pay differentials remain and in any event all affected staff are within the same evaluated grades.		
10. Could the policy have a differential impact due to disability?		N	Employees may be asked to disclose disabilities, but are not obliged to do so and a number of people who have a disability as defined by the Disability Discrimination Act either do not consider themselves to have a disability or wish to declare it
What existing evidence (either presumed or otherwise) do you have for this?	There is no reason why increasing pay should have a differential impact on disability. It is difficult to evidence this, as reliable information is not easy to obtain. However, the Council is a Two Ticks employer and analyses all recruitment applications and short listing and could use this to evidence a positive increase in applications and selection		
11. Could the policy have a differential impact on people due to sexual orientation?		N	
What existing evidence (either presumed or otherwise) do you have for this?	There is no evidence suggesting that an increase in pay for lowest paid workers would have a differential impact due to sexual orientation.		

12. Could the policy have a differential impact on people due to their age?		<p style="text-align: center;">N</p>	<p>There may be unanticipated positive benefits in the sense that the ending of the Default Retirement Age should see open recruitment for all posts regardless of age</p>
What existing evidence (either presumed or otherwise) do you have for this?	<ul style="list-style-type: none"> There is no evidence suggesting that an increase in pay for lowest paid workers would have a differential impact due to age. 		
13. Could the policy have a differential impact on people due to their religious belief?		<p style="text-align: center;">N</p>	
What existing evidence (either presumed or otherwise) do you have for this?	<p>There is no evidence suggesting that an increase in pay for lowest paid workers would have a differential impact due to religious belief.</p>		
14. Could the negative impact identified in 8-13 create the potential for the policy to discriminate against certain groups?		<p style="text-align: center;">N</p>	<p>The introduction of this policy is intended have a positive impact on lowest paid groups of the workforce. It is not anticipated that it should have a negative impact on any groups.</p>
15. Can this negative impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason		<p style="text-align: center;">N</p>	<p>Please explain for each equality heading (question 8-13) on a separate piece of paper</p>
16. Should the policy proceed to a partial impact assessment		<p style="text-align: center;">N</p>	<p>If Yes, is there enough evidence to proceed to a full EIA</p> <hr/> <p>Date on which Partial or Full impact assessment to be completed by:</p>

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17. Are there implications for the Service Plans?			
18. Date the Service Plan will be updated			
19. Date copy sent to Equalities Officer in Policy, Performance and Communications			
20. Date reports to the Equalities Board			
21. Date to Scrutiny and CEB:			
22. Date published:			

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Signed (completing Officer) _____

Signed (lead Officer) _____

Please list the team members and service areas that were involved in this process:

Simon Howick
 Jarlath Brine