

PERSONNEL AND GENERAL PURPOSES SUB-COMMITTEE

26th February 2020

- Present:** Councillor Louis Stephen in the Chair
Councillors Berry, Mackay, Mitchell, Riaz and Squires
- Officers:** Mark Edwards, Head of People Services
Shane Flynn, Corporate Director – Finance and Resources
- Apologies:** Councillors Bayliss and Gregson, David Blake (Managing Director)

20 Appointment of Substitutes

Councillor Mackay for Councillor Bayliss, Councillor Riaz for Councillor Gregson.

21 Declarations of Interest

None.

22 Public Participation

None.

23 Minutes

RESOLVED: That the minutes of the meeting held on 4th November 2019 be approved as a correct record and signed by the Chairman.

24 Living Wage Accreditation Update Report

The Sub-Committee considered a report on progress being made to identify the implications of and actions necessary to become an accredited Living Wage Employer. The Head of People Services presented the report and summarised the main points.

The report explained the difference between the Real Living Wage and the National Living Wage. Members noted that accreditation would commit contractors to having all regular third-party contracted staff paid the Real Living Wage. Contracts deemed to be in scope were identified in the restricted Appendix to the report. The Sub-Committee noted the contents of the Appendix.

It was highlighted that the Council would be required to build Living Wage compliance into its procurement processes and in particular communicate its position to all potential suppliers and build the living wage requirement into pre-qualification questionnaires. Officers estimated that Living Wage accreditation would potentially add around £300,000 a year to Council costs, but this was a very rough estimate and the figures would need to be firmed up before any final commitment to accreditation.

Furthermore, agency workers would transfer onto Real Living Wage rates after 12 weeks. It would be necessary to change that transfer point to 8 weeks to meet the Foundation criteria. It was estimated that this would add around £20,000 to employment costs each year although use of agency workers can vary from year to year.

It would be 5 years before the Council could build the Living Wage into all of its contracts. That would not preclude gaining Living Wage accreditation as long the Council can satisfy the Foundation that its plans and procurement process changes were meaningful and credible.

The report explained that perhaps the biggest concern was that some national players might be deterred from bidding due to concerns about the pay structure implications for their wider national workforce. More widely it would be reasonable to predict that building Living Wage compliance into the procurement processes would narrow the pool of providers willing to tender and would tend to increase costs.

It was also explained that requiring contractors to pay above the legal minimum wage (National Living Wage) would appear to be in breach of EU procurement regulations. Leaving the European Union may remove this barrier.

In conclusion, Members were advised that more work is required to resolve the issues described in the report. It was proposed to bring a further update to the next meeting of the Sub-Committee. Officers indicated that it may be appropriate to consider merging this initiative with the Fair Employer resolution also agreed at Council in October.

In the ensuing discussion, Members were in agreement that the information provided in the report was a useful starting point, but that more information was required before reaching a decision. Submitting a further report to the next meeting was the appropriate way forward. It was suggested that seeking feedback from contractor organisations would be helpful and Officers were requested to include this in the next report.

RESOLVED: That the Sub-Committee:

- 1. note the progress being made to identify the implications of and actions necessary to become an accredited Living Wage Employer; and**
- 2. request that a further report be submitted to the next meeting.**

25 Any Other Business

None.

Duration of the meeting: 7.00p.m. – 7.20p.m.

Chairman at the meeting on
15th July 2020