

<b>REPORT TO:</b>	<b>Cabinet 14 December 2015</b>
<b>AGENDA ITEM:</b>	<b>7</b>
<b>SUBJECT:</b>	<b>Living Wage for Croydon</b>
<b>LEAD OFFICER:</b>	<b>Nathan Elvery, Chief Executive</b>
<b>CABINET MEMBER:</b>	<b>Cllr Tony Newman, Leader of the Council Cllr Simon Hall, Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p>The Council is committed to make Croydon a Living Wage borough.</p> <p>In an economic climate where public services face cuts, fairness and equality matters more than ever. The proposal is to work with council contractors and other businesses operating in the borough to encourage them to adopt the Living Wage in order to achieve increased financial security and greater independence for local people.</p> <p>This supports the Council's Corporate Plan commitment to reduce inequality and promote fairness for all of its communities by working with partners in the public, business and voluntary sectors in order to secure better outcomes for all.</p>	

<b>FINANCIAL IMPACT</b>
There are no immediate direct financial implications from the recommendations.
<b>KEY DECISION REFERENCE NO: Not a key decision</b>

<p>The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below</p> <p><b>1. RECOMMENDATIONS</b></p> <p><b>The Cabinet is recommended to:-</b></p> <ol style="list-style-type: none"> <li>1) Note the contents of this report and in particular progress made to implement the London Living Wage in Croydon and the next steps outlined in section 5.</li> <li>2) Welcome the news that the Council has been accredited as a Living Wage Employer.</li> </ol>
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## **2. EXECUTIVE SUMMARY**

- 2.1 In order to tackle wage inequalities in Croydon at its meeting on 14 July 2014 Cabinet considered a report on the Living Wage for Croydon and resolved (A46/14) that:
1. That the Council would seek to become an accredited London Living Wage Employer;
  2. The implementation of the London Living Wage for the Council's directly employed workforce and through working in partnership with Croydon schools to achieve this aim by 1st April 2015;
  3. The Council seek for existing contractual arrangements to move toward the London Living Wage in an appropriate timescale; and
  4. That the Council work to fully implement the London Living Wage requirement through its procurement and commissioning processes and wherever possible include a contractual requirement to that effect.
- 2.2 This report details progress made in relation to these agreed actions and next steps.
- 2.3 All direct employees of the council have been paid at least the London Living wage (LLW) since 1 April 2015. The Council will now develop and implement plans to secure the LLW for as many local employees as possible including those contracted / sub-contracted to provide council services as well as workers in the voluntary and community sector.
- 2.4 The Council will also develop and implement plans to promote Croydon as a Living Wage borough with the aim of encouraging businesses operating in the borough to adopt the London Living Wage (LLW).

## **3. THE LIVING WAGE**

- 3.1 In 2001 members of London Citizens launched a national campaign that has resulted in the establishment of the Living Wage. It is an hourly wage rate, set independently and annually updated. In London, the rate is calculated independently by the Living Wage Unit within the Greater London Authority (GLA) and outside London by the Centre for Research in Social Policy. The Living Wage is calculated according to cost of living and was created to "give the minimum pay rate required for a worker to provide their family with the essentials of life." Unlike the National Minimum Wage (NMW), the Living Wage has no legal status and is therefore reliant on the commitment of individual employers.
- 3.2 The current London Living Wage (LLW) rate is as detailed below:
- The current rate of £9.15 per hour which for a 36 hour week is an annual salary of £17,128
  - For comparison, the National Living Wage announced by the Government in the July 2015 Budget and set to be paid to workers age 25 and above from April 2016 is £7.20 per hour.

- 3.3 During November each year the Greater London Authority announces the rate of the London Living Wage for the coming year. The rate has been set at £9.40 for 2016 and under the terms of the accreditation license agreement the council is required to implement the increase within 6 months of the date the increase is announced.

#### **4. CABINET DECISION IMPLEMENTATION**

##### **LLW Accreditation**

- 4.1 On 22 October 2015 officers submitted an application to the Living Wage Foundation (LWF) for the council to become accredited as a Living Wage Employer. On 28 October 2015 the council received confirmation from the LWF that the council's application had been successful and that the council had been accredited as a Living Wage Employer.
- 4.2 The Council is very pleased to have achieved accreditation and welcomes the opportunity to work more closely with other responsible employers that are committed to increasing fairness in society by paying the Living Wage to their employees.
- 4.3 The terms of the accreditation license agreement require the council to pay all eligible employees the LLW as a minimum and to implement any increase in the rate within 6 months of the increase being announced. The current LLW rate is £9.15 per hour and following a recent announcement by the Greater London Authority (GLA) it will be increased to £9.40 per hour from 1 April 2016.

##### **Council Employees**

- 4.4 The council implemented the LLW for its directly employed workforce on 1 April 2015 and the impact for staff is outlined below:

Direct employees - Since 1 April 2015 all direct employees of the council have been paid at least the 2015 LLW rate of £9.15 per hour.

##### Employees of Croydon Community and Voluntary Aided schools

The LLW has also been implemented in Croydon's community and voluntary aided schools. Confirmation regarding implementation is still awaited from a number of schools.

Contracted/sub-contracted staff - Becoming an accredited LLW employer is the start of a journey towards fairer more equitable wages for employees. Since May 2014 the council has made good progress in securing LLW for contracted employees. This has been achieved through embedding the Living Wage into contracts wherever possible. Examples of successes include the following contracts:-

- Integrated Framework Agreement for Care Support and Health Related Services

- Transforming Highways Maintenance contract
- Home to school transport for children with special educational needs
- Housing responsive repairs incorporating Void reinstatements; Gas repairs and maintenance; and General Build Services
- Delivery of meals on wheels service

## **5. NEXT STEPS**

- 5.1 Since May 2014 officers have focused attention on delivering a key ambition of the present Administration to secure fairer pay for as many local people as possible.
- 5.2 In order to deliver the Administration's ambitious objective officers will:-
1. Implement the milestone plan developed as part of the accreditation process. The plan will form the basis of the council's engagement with contractors in the foreseeable future to secure the LLW for contracted employees engaged in delivering council services, including those working in the voluntary and community sector;
  2. Continue embedding the LLW into the council's contractual arrangements;
  3. Develop and implement plans to promote Croydon as a Living Wage borough with the aim of encouraging businesses operating in the borough to adopt the LLW.

## **6. CONSULTATION**

- 6.1 In implementing the cabinet decision officers will ensure that appropriate engagement and consultation is undertaken with individuals and businesses impacted by proposed changes and that information gathered will be used to inform the approach which is adopted.

## **7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 7.1 There are no immediate financial implications for the council's budget arising directly from this report and its recommendations. Any increased costs for schools as a result of the recommendations will be funded directly by them. As the Council makes commissioning decisions in the future the financial implications will be clearly set out.
- 7.2 Croydon's economy is relatively low wage compared with other areas of London. Therefore a higher proportion of people employed locally stand to gain from introduction of LLW than would be the case in other London boroughs. Paying local people fairer wages also has the potential to reduce demand pressures on local public services.

(Approved by: Richard Simpson, Deputy Chief Executive and Section 151 Monitoring Officer)

## **8. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 8.1 The Council Solicitor comments that there are no direct legal implications arising from this report and advice on any commissioning or procurement implications will be provided as the proposals are developed.

(Approved by: Gabriel Macgregor, Head of Corporate Law on behalf of the Council Solicitor and Monitoring Officer)

## **9. HUMAN RESOURCES IMPACT**

- 9.1 Feedback from organisations regarding the impact of implementing the Living Wage is that in many instances it has resulted in increased staff morale and productivity. It is anticipated that the embedding of London Living Wage in the Council's contractual arrangements will deliver similar benefits across a range of council services.
- 9.2 Support staff employed by community and voluntary controlled schools are covered by the same terms and conditions as 'green book' staff working for the Council. These are contractual terms and cannot be changed without consultation.

(Approved by: Adrian Prescod, HR Business Partner, for and on behalf of Director of HR, Resources department)

## **10. EQUALITIES IMPACT**

- 10.1 In an economic climate where public services face cuts, fairness and equality matters more than ever. By implementing the London Living Wage the Council will be working towards tackling wage inequalities in Croydon.
- 10.2 The London Living Wage will help the Council tackle income deprivation in some of the most deprived areas of the borough as well as help lift people out of poverty especially children, disabled and older people.
- 10.3 Implementing the London Living Wage will help the Council meet the public sector equality duty as it will help reduce inequality and promote fairness for all of its communities by working with partners in the public, business and voluntary sectors in order to secure better outcomes for all.

## **11. ENVIRONMENTAL IMPACT**

- 11.1 There are no implications arising directly from this report.

**12. CRIME AND DISORDER REDUCTION IMPACT**

12.1 There are no implications arising directly from this report.

**13. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

13.1 To support the Council demonstrate transparency and fairness in its operations as well as compliance with its public sector equality general duty and specific duties as defined by the Equality Act 2010.

**14. OPTIONS CONSIDERED AND REJECTED**

14.1 None

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Background documents: None