

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

13 APRIL 2015

1. **IMPLEMENTATION OF THE LIVING WAGE**

Report of the Chief Fire Officer

RECOMMENDED

- 1.1 THAT the Authority approve that an addition to the Pay Policy Statement 2015/16 be made to include a policy statement detailing the Authority's commitment to the principles of the Living Wage.
- 1.2 THAT subject to the approval in paragraph 1.1 above, the Authority note the approach to implementing the payment of the Living Wage to all staff previously paid below that level, with effect from 1st April 2015.

2. **PURPOSE OF REPORT**

This report is submitted for the Authority to approve that an addition be made to the Pay Policy Statement 2015/2016 to reflect the Authority's commitment to the principles of the Living Wage. The proposed policy statement wording is detailed in paragraph 3.7 below. Should this be approved, Members are asked to note the approach to implanting the payment of the Living Wage for all staff paid below that level prior to 31st March 2015.

3. **BACKGROUND**

- 3.1 The Service received a request from UNISON in late 2014 requesting that the Service considers adopting 'The Living Wage'.
- 3.2 The Living Wage is based on the amount an individual needs to earn to cover the basic costs of living and is set each year by the Government's Business Secretary on the advice of the Low Pay Commission. The Living Wage is an informal benchmark, not a legally enforceable minimum level of pay like the National Minimum Wage.

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- 3.3 The Living Wage is currently set at a rate of £7.85 per hour outside of London. Since October 2014, the National Minimum Wage has been £6.50 for adults aged over 21 years (£5.13 for those aged between 18 years to 20 years).
- 3.4 Following a review of all staff pay, it was identified that there were 62 staff paid below the Living Wage. This number equated to 38 full time equivalent staff.
- 3.5 In considering this request, the Service has reviewed amongst other things the impact of implementing the Living Wage in respect of:

The Current Pay and Grading Structure

The current pay and grading structure supports the embedding of Integrated Personal Development Systems (IPDS) for Support employees. This Pay and Grading structure has been based on the national job evaluation scheme, underpinned by the National Joint Committee (NJC) Job Evaluation Scheme which assists to protect the organisation from equal pay claims. This also supports the development of our employees and for them to assist the organisation to meet the Service Objectives (The Plan).

Ongoing Personal Development:

To ensure that we are fully aligned to our Pay and Grading structure (identified above), the Service will provide the opportunity for employees to broaden their skill sets and knowledge. This approach supports the Service's ambitions in respect of organisational development and recognises the importance of employee contribution in enabling this. However, this will not be a pre-requisite to the employees, outlined in 3.4 above, receiving the Living Wage and as such the award of the Living Wage to these staff will be unconditional.

- 3.6 The Authority's Pay Policy Statement 2015/2016 will be amended to provide a policy statement reflecting the Authority's approach to adopting the Living Wage principles. The proposed wording is set out in 3.7 below. In taking this approach and informing its decision an equality impact assessment has been undertaken, the outcomes of which are set out in section 4 below.

3.7 **Living Wage Policy Statement.**

The wording of the Living Wage policy statement proposed for inclusion in the Pay Policy Statement is as follows:

'The Fire Authority supports the principle of the Living Wage and is committed to ensuring that all employees paid below that hourly rate as per 31st March 2015 are paid, as a minimum, the Living Wage hourly rate of £7.85.

The hourly rate for the Living Wage is reviewed annually by the Government's Business Secretary and will be considered by the Fire Authority as part of the Pay Policy Statement submitted for Fire Authority approval each year.'

- 3.8 Consultation and communication in respect of the implementation of the Living Wage is ongoing via Joint Consultative Committee with the appropriate representative bodies, employees and their line managers.

4. **EQUALITY IMPACT ASSESSMENT**

The initial Equality Impact Assessment highlighted that paying all staff "The Living Wage" as a minimum salary would be a positive step forward helping to fulfil our general Equality duty (Equality Act 2010) of advancing equal opportunities, in this case for an element of our workforce who are predominantly female and the lowest paid employees.

5. **LEGAL IMPLICATIONS**

There are no legal implications involved with this project.

6. **FINANCIAL IMPLICATIONS**

The annual cost of meeting the Living Wage requirement (Scale point 11 of the Pay and Grading Structure at £7.88) to the 62 staff reflected in paragraph 3.4 would be approximately £70k. Funding provision for this amount was made as part of the Authority's 2015/16 budget setting arrangements.

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BACKGROUND PAPERS

Fire Authority, 16 February 2015, agenda item 11, Pay Policy Statement 2015/2016.

The Officer dealing with this report is Phil Hales, Deputy Chief Fire Officer, 0121 380 6908.

PHIL LOACH
CHIEF FIRE OFFICER