

CHESHIRE EAST COUNCIL

Cabinet

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| Date of Meeting: | 9 th February 2016 |
| Report of: | Peter Bates |
| Subject/Title: | Notice of Motion – Living Wage |
| Portfolio Holder: | Cllr JP Findlow |

1.0 Report Summary

- 1.1 The purpose of this report is to consider and respond to the following motion which had been moved by Councillor Brian Roberts and seconded by Councillor Nick Mannion at the Council meeting on 17th December 2015 and referred to Cabinet for consideration:

“Cheshire East Council notes that Preston City Council in partnership with "Unlock Democracy" is considering submitting the following proposal to government under the Sustainable Communities Act:

"To delegate power to local authorities to compel all private and public sector employers within their area to pay the Living Wage. The rate of the Living Wage to be determined in accordance with the rates set by the Living Wage Foundation for London and outside London."

The Council notes that this power could massively reduce in work poverty and benefit the local economy through a multiplier effect in each local authority area it is introduced. As part of the negotiating process with the relevant Secretary of State we would expect all or some of the benefits to government through higher taxation and reduced spending on benefits to be used to enforce the new power and help local businesses who may struggle to move to the new rate.

The Council resolves to express its interests in joining Preston City Council in any collective submission to government under the Sustainable Communities Act and to work together with Unlock Democracy to gain support for the proposal from other Councils in the region and across the country."

2.0 Recommendation

That for the reasons set out in this report, Cabinet reject the motion referred to in paragraph 1.1.

3.0 Reasons for Recommendation

- 3.1 Cheshire East believes that it is not the role of a Local Authority to compel any other employer to pay a certain rate of pay. Clearly all employers are expected and required to pay the National Minimum Wage, and also the new National Living Wage which is being introduced at £7.20 from April 2016 and is due to rise to £9 an hour in 2020. This new National Living Wage in effect becomes a new minimum wage.
- 3.2 Beyond this legal requirement, it is for individual employers to decide the pay and the terms and conditions of their employees, taking a range of factors into account – the needs of the business, affordability, market rates for the particular sector and geographical region, turnover and so on.
- 3.3 Cheshire East Council has implemented the a local Living Wage of £7.85 with effect from 1st November 2015 and will review this rate as part of the budget setting process but is not prepared to commit to a rate which is set externally as any responsible employer must be able to consider their financial situation each year before setting pay rates.
- 3.4 Building sustainable communities is at the heart of the Council's Residents First strategy and three year plan and work continues to ensure our local communities are strong and supportive and that Cheshire East has a robust and resilient economy. A wide range of investment programmes and community initiatives working with public and private sector partners and voluntary groups have been implemented and are planned to create the right conditions across the borough to enable prosperity for all.
- 3.5 For these reasons Cheshire East Council rejects the motion that it should express interest in joining Preston City Council with Preston's submission.

4.0 Wards Affected

- 4.1 This report does not have a major effect on Council Wards

5.0 Local Ward Members

- 5.1 This report has no effect on Ward Members

6.0 Policy Implications

- 6.1 As mentioned in detail elsewhere in the report the Council does have a Living Wage of £7.85 which will be reviewed on an ongoing annual basis. Any future increases to this rate will be consulted and communicated.

7.0 Implications for Rural Communities

- 7.1 There are no implications for rural communities.

8.0 Financial Implications

- 8.1 Cheshire East Council has budgeted for the current Living Wage of £7.85 in the overall Council staffing budget. Any future increases to the Living Wage would need to be modelled as part of the consultation process.

9.0 Legal Implications

- 9.1 There are no legal implications at this stage as no change to the current Council policies and procedures are proposed at this stage.

10.0 Risk Management

- 10.1 Any future changes to the Living Wage will be with consultation with the recognised Trade Unions.

11.0 Background and Options

- 11.1 This report addresses the issues raised by the motion referred to in paragraph 1.1 as outlined below.
- 11.2 The Council recognises the importance of paying a living wage to staff and has already implemented an hourly living wage of £7.85 in November 2015 to employers and agency workers. This is above the Chancellors living wage from April 2016 of £7.20 which will become in effect the new National Wage for UK employers that employers are legally obligated to pay. Future increases to the Chancellors Living wage from April 2017 will be guided by the Low Pay Commission (who currently set the national minimum wage).
- 11.3 The Living Wage Foundation is an independent organisation that reviews and sets its own National £8.25 and London Living Wage £9.40. There are currently 2,053 employers across the UK that have signed up with the Living Wage Foundation as an accredited employer. The Living Wage Foundation sets its hourly Living wage rate by the Centre for Research in Social Policy at Loughborough University. There is an expectation that those employers who have signed up to the Living Wage Foundation will align their future rates based on their recommendations. Employers who have signed up to the Living Wage Foundation have done so on a voluntary basis.
- 11.4 Preston City Council has signed up to the Living Wage Foundation rate of £8.25 per hour and pays this to employed staff and Agency Workers and has 38 local businesses registered as "Preston Living Wage Employers".
- 11.5 Preston City Council and the Unlock Democracy are proposing that Local Authorities compel and enforce all employers in their Boroughs to pay the Living Wage Foundations rate of £8.25. They propose a collective submission from interested Councils via the Preston City Council / Unlock Democracy using the Sustainable Communities Act to inform Central Government to consider and if necessary resubmit proposals to the Secretary of State.

- 11.6 [Unlock Democracy](#) works to promote democratic reform across the political spectrum and is not aligned with any political party. The organisation's activities include producing a range of publications, lobbying politicians and political parties and working on projects to promote greater public involvement in politics, at both local and national levels.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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