

Overview & Scrutiny Board

22nd April 2013

THE LIVING WAGE IN RELATION TO PROCUREMENT

Relevant Portfolio Holder	Councillor Roger Hollingworth
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering, Executive Director Finance & Resources
Wards Affected	All
Ward Councillor Consulted	No
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 Following a notice of motion put forward at the Council meeting held on 21st November 2012 the Overview and Scrutiny Board were asked to investigate the implications for the Council if it adopted a policy of requiring Contractors to pay the Living Wage.
- 1.2 At the Overview and Scrutiny Board meeting held on 17th December 2012 the Board requested further information from the relevant officer.
- 1.3 This report details the implications for the Council if it required contractors to honour the living wage.

2. RECOMMENDATIONS

That subject to any comments, the Overview and Scrutiny Board notes the contents of the report.

3. KEY ISSUES

- 3.1 In the event that the Council accept that they wish to stipulate our contractors pay the Living Wage to any employees engaged in delivering Council contracts the following should be borne in mind;
 - The Council has no authority to enforce contractors to pay the minimum wage
 - The Council would be unable realistically to make this arrangement apply retrospectively to contracts currently let
 - The Council could on new contracts request dual tender pricing i.e. one tender including paying the living wage and one on normal commercial competitive terms.

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- We would have to 'police' any such arrangement through open accounting or other means. It would be onerous to ask contractors to pay dual rates i.e. Living Wage in connection with work carried out for the Council and whatever rate they normally pay their employees for non-Council related work the identification and recording etc., to facilitate this type split would create additional costs for the contractor (and by implication these would be passed on to the Council).

Financial Implications

- 3.2 It would be very difficult to calculate the financial impact of the additional costs without base information such as current rates being paid by each contractor, how many employees engaged on Council related work, numbers of hours worked on Council related contracts plus other information across the spread of contracts/work carried out. The Council currently has no information that relates to the rates of pay our contractors either allow for or actually pay their employees

Legal Implications

- 3.3 None as a direct result of this report. There is no legal requirement to pay this, as it is an aspirational amount, the only mandatory pay requirement is the Minimum Wage.

Service / Operational Implications

- 3.4 Additional costs would be incurred if the Council agrees to support contractors paying the living wage. The current financial constraints would prove difficult to fund the additional costs as the efficiencies we are looking to deliver would be reduced by this additional cost.

Customer / Equalities and Diversity Implications

- 3.5 None for the purpose of this report.

4. RISK MANAGEMENT

- 4.1 The Council could request the ability to monitor pay rates paid to anyone employed on a Council contract but to avoid any potential problems with the data protection legislation we would have to ensure that the contractor would obtain consent from the employee that their private information would be shared with a third party
- 4.2 There would be a risk associated with the monitoring of this approach and could enable contractors to charge additional costs to the Council and not pass these over to the staff.

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5. **APPENDICES**

None

6. **BACKGROUND PAPERS**

None

7. **KEY**

None

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