

**Report of the Deputy Chief Executive**

**Report to Executive Board**

**Date: 22<sup>nd</sup> April 2015**

**Subject: Low Pay Charter**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. Leaders of the Combined Authority commissioned a Working Group to look at how Councils could take an innovative approach for addressing the causes and consequences of low pay and associated in-work-poverty.
2. As a result a Low Pay Charter has been developed and published on 25<sup>th</sup> March 2015. This sets out how Councils in the regional can individually and collectively work to ensure that low pay matters are better addressed.
3. Specifically, the Charter and Working Group's report recognise the importance of paying the Living Wage; but also stress a wide variety of non-pay issues that can also improve the opportunities, wellbeing and engagement for low paid workers. Councils are also reminded of their wider role in society and how leadership on low pay will help boost our economy and promote fairness.

**Recommendations**

4. Executive Board are recommended to:
  - (i) Adopt the Low Pay Charter on behalf of Leeds; and
  - (ii) Receive 6 monthly reports on progress from the Deputy Chief Executive.

## **1 Purpose of this report**

- 1.1 To inform the Executive Board on work being undertaken across the region to address issues on low pay.

## **2 Background information**

- 2.1 As our economy returns to growth, there is a concern that the benefits of this are not felt by all. In particular, there is a desire to promote “good growth” and guard against a proliferation of low paid jobs.
- 2.2 The consequences of low pay and in-work poverty are widely discussed - with concerns that workers are adversely affected in many ways: having to work very long hours to make “ends meet”, relying on expensive credit and working to service debt. In turn, this disproportionately affects health and wellbeing, made worse by often insecure work. Low paid work is also associated with limited skills and investment which then restricts employers’ ability to increase productivity and innovate.
- 2.3 Given these concerns, the Leaders of the Combined Authority asked a Working Group to consider what could be done by Councils to challenge and improve this. A Low Pay Charter has been developed in response.

## **3 Main issues**

### 3.1 Working Group Findings and the Charter

- 3.2 The full report of the Working Group is attached. Recommendations fall in the following main areas:

- 3.3 Pay dimensions – Adopting Living Wages, if necessary on a staggered basis, plus promoting membership of pension schemes and financial advice regarding this

- 3.4 Non-Pay dimensions – Recognising that just paying the Living Wages is not a “silver bullet” and working to:

- 3.4.1 promote skills and opportunities for progression

- 3.4.2 improve employee engagement, health and wellbeing

- 3.4.3 offering an employee benefits scheme that is accessible and relevant to staff on lower incomes

- 3.5 Councils in Society – doing more to promote social value in the commissioning and procurement of services that we use and being an exemplar to show others the benefits of fair pay and its links to good growth.

### 3.6 Next Steps and Implications for Leeds

- 3.7 Adopting the Charter in Leeds is a great challenge and opportunity. Steps were taken with the 2015/16 budget to move towards paying a Living Wage and further

financial planning is needed to extend this. Addressing the non-pay issues needs to increase our appreciation of the contributions low pay workers make and to ensure they have a proper voice. Finally, the Council needs to consider its role as an “anchor” institution in terms of its supply chain and influence on how other partners can follow our standards and approaches to tackling issues.

- 3.8 Each Council in the Combined Authority will be reporting progress against the Charter and it is proposed the Executive Board receive a further report in 6 months’ time outlining the steps Leeds is taking.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.4 The adoption of the Charter was discussed with the Regional TUC and there will be more detailed discussions the trade unions in Leeds.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 Over 80% of staff who earn less than the Living Wage in LCC and schools are women. Action to reduce low pay therefore will correlate with general reductions in gender pay differences.

### **4.3 Council policies and City Priorities**

- 4.3.1 Tackling in work-poverty issues will further aims regarding a number of Best City Priorities, especially in terms of financial inclusion, fairness and a sustainable economy.

### **4.4 Resources and value for money**

- 4.4.1 Investment in Living Wages is broadly estimated to cost in the region of £5m for our current work-force. Further financial planning will be undertaken to determine how this can be accommodated in the future.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The recommendations detailed within this report are eligible for Call In.

### **4.6 Risk Management**

- 4.6.1 No specific issues are identified at this stage regarding the adoption of the Low Pay Charter

## **5 Conclusions**

- 5.1 The Low Pay Charter offers a new approach for the Council to tackle problems arising from low pay and in-work- poverty.

## **6 Recommendations**

- 6.1 Executive Board are recommended to:

- 6.1.2 adopt the Low Pay Charter on behalf of Leeds; and
- 6.1.3 Receive 6 monthly reports on progress from the Deputy Chief Executive

**7 Background documents<sup>1</sup>**

- 7.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.