



Reference No: 42 - 2013

# THE POLICE & CRIME COMMISSIONER FOR CLEVELAND

## DECISION RECORD FORM

**REQUEST:**

For PCC consideration and approval.

**Title:**

Living Wage Employer

**Executive Summary:**

Please see attached Executive Summary.

**Decision:**

Agreement from the PCC to apply to become an accredited Living Wage Employer. Meaning that the PCC commits to paying at least the Living Wage to employees over the age of 18, in addition requiring the Chief Constable to do the same from 1 April 2014. The PCC will also require all contractors providing staff working on site for 2 or more hours in any given day for 8 or more consecutive weeks of the year to pay at least the living wage, effective from when contracts are renewed.

**Implications:**

Has consideration been taken of the following:	Yes	No	
Financial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Equality & Diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Human Rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(If yes please provide further details below)

## Decision Required – Supporting Information

Financial Implications: (Must include comments of the PCC's CFO where the decision has financial implications)

At the current levels the Living Wage is 20% higher than the Minimum Wage. Any contracts which subsequently change from paying the Minimum Wage to the Living Wage may increase contract costs by up to 20%. This will result in either a reduced service at the same cost, or a higher overall cost, leading to possible staff and/or service reductions elsewhere within the organisation, in order to balance future budgets.

There are currently 2 contracts (out of 208) where it is known that some staff employed on those contracts are paid less than the Living Wage. One of these contracts ends in January 2014, whereas the other is due for renewal in 4 years time. It is estimated that if this remaining contract was to pay its staff Living Wage rates, at the time of renewal, the contract costs may increase by approximately £37k per annum; however this is based on 2013 rates.

In addition, to become an accredited Living Wage Employer with the Living Wage Foundation, there is a cost of £400 per annum. This cost provides guidance on implementing the Living Wage through procurement and the use of the Living Wage Employer Mark.

Legal Implications: (Must include comments of the Monitoring Officer where the decision has legal implication)

The PCC should consider that contracts have been tendered in line with current legislation, and the organisations policies and procedures, to deliver the best value for money. Any immediate changes to the terms and conditions of these contracts could lead to a legal challenge from an unsuccessful tenderer.

### Equality and Diversity Implications

### Human Rights Implications

### Sustainability Implications

The Living Wage, in the same way as the Minimum Wage, is likely to be increased on an annual basis and therefore costs will increase in line with this.

### Risk Management Implications

The PCC has an option to include an ethical clause within standard terms and conditions for contractors to pay their staff the Living Wage.

Future budgets must be assessed in order to ensure that any additional cost associated with adopting the Living Wage is considered.





## Report to the PCC

### BECOMING A LIVING WAGE EMPLOYER

#### Definition

To be a Living Wage Employer; the Living Wage must apply to all staff over the age of 18 that work regularly on the organisation's premises. Staff must work for 2 or more hours in any given day for 8 or more consecutive weeks of the year. This includes directly employed staff as well as any contracted and sub-contracted staff but excludes interns and apprentices.<sup>1</sup> The UK Living Wage, outside of London, is currently £7.45 per hour which compares to the minimum wage of £6.19 per hour.

#### PCC Commitment

The PCC is committed to supporting the Living Wage campaign and has already ensured that the staff employed by Cleveland Police and its strategic partners, Steria and Tascor, are paid at least the Living Wage or above. In the Annual Report 2012-13, the PCC stated that "(he will) ensure that people employed by Cleveland Police and its partners are not paid below the Living Wage. (He has) met with all Service Units, Staff Associations and Trade Unions and will also ensure that all future contracts include an expectation that staff are employed on at least the Living Wage."

People are our greatest assets and the PCC will seek to achieve fairness for all staff. This includes a commitment to ensure that people employed by Cleveland Police and its partners are not paid below the Living Wage, and that all future contracts include an expectation that staff are employed on at least the Living Wage rate.

At present, neither procurement tender documentation nor terms and conditions make reference to the wages paid to contractors staff. There is however a clause which specifies that the contractor must be compliant with all legislation and statutory requirements and therefore this covers the requirement for staff to be paid the statutory minimum wage.

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<sup>1</sup> <http://www.livingwage.org.uk/>

## Recommendation

Gradual Introduction:

The preferred and recommended option is to meet the requirements of becoming a Living Wage Employer.

The following steps would ensure the PCC complies with Living Wage conditions from 1st April 2014:

- a) Introduce Living Wage requirements for new contracts and as existing contracts are renewed;
- b) Amend procurement and tendering processes to incorporate ethical trading questions in standard tender documentation. The aim would be to assess whether prospective contractors adhere to Living Wage conditions, and to inquire of contractors to submit tender prices with and without the Living Wage applied.
- c) Future budgets must be assessed in order to ensure that any additional cost associated with adopting the Living Wage is encaptured.