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**ARGYLL AND BUTE COUNCIL**

**BUSINESS CONTINUITY COMMITTEE**

**CUSTOMER SUPPORT SERVICES**

**25 VIC**



**Scottish Local Government Living Wage Consolidation Proposals**

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**2 INTRODUCTION**

- 2.1 The Scottish Local Government Living Wage is set by the Scottish Joint Council (SJC) for local government employees (LGE). The SJC have agreed that Councils will consolidate the SLG Living Wage through local agreement, into LGE pay scales by 1 April 2021.
- 2.2 The SLG Living Wage for 2020/21 is £9.34 per hour. This is the equivalent of spinal column point (SCP) 18 on the current LGE pay scale and is higher than the rate of pay for LGE2, LGE3 and the bottom rate of LGE4 on the council pay scale. This means that differentials in pay between supervisors and employees is eroded. Argyll and Bute Council pays a supplement to approximately 585 emp

- 2.6 This report will present three proposals for consideration with a view to implementing the preferred proposal on 1 April 2021.

### **3 RECOMMENDATIONS**

3.1 It is recommended that the Business Continuity Committee:

- 3.1.1 Notes the completion of a major project to consolidate the Living Wage and review the Conditions of Service for the first time since Single Status
- 3.1.2 Approves the preferred Proposal C: Modernise the LGE pay and grading model and employment deal for implementation on 1 April 2021 in line with the details outlined within section 4.9 of the report and appendix 1
- 3.1.3 Agrees to make provisions in the Council revenue budget from April 2021.

### **4 DETAIL**

#### **4.1 Rationale**

- 4.1.1 Argyll and Bute Council has been a living wage employer since 2013 and pays a supplement to approximately 585 employees whose hourly rate falls below the SLG Living Wage, but after 31 March 2021 this will no longer comply with the SJC national agreement for consolidation of the SLG Living Wage therefore the status quo is not an option.
- 4.1.2 In addition, the SLG Living Wage has been increasing at a faster rate than negotiated LGE pay awards, with the result that council pay grades are being overtaken by the SLG Living Wage. This erosion of pay grades is undermining the council's grading and pay structure and has resulted in recruitment difficulties due to the reduction of pay differential between operative and supervisory roles within teams.
- 4.1.3 The council has undertaken an ambitious programme of change in recent years transforming the way that it delivers services, it is important that the employment deal and conditions of service are modernised to reflect the way that we work now as opposed to how we used to work in 2008 as well as supporting the needs of the workforce which have also changed during the last decade.

#### **4.2 Development process**

- 4.2.1 The Living Wage Consolidation project adopted an evidential approach and worked closely with a project steering group to develop and refine proposals. Membership consisted of service managers, HROD managers, Financial Services and Joint Trades Union (JTU) representatives.





**4.4 Proposal B – Implement a more resilient approach to consolidating the SLG Living wage by modernising the current LGE pay and grading model as recommended by a job evaluation review undertaken by an independent expert.**

Proposal Co

Advantages	<p>The proposal meets the Council's commitment to consolidate the SLG Living Wage into its pay and grading model.</p> <p>It also address pressures at other points on the pay and grading model previously identified by senior managers and highlighted during a job evaluation regression analysis.</p> <p>It provides an uplift to a significant number of the Council's lower paid workers, which aligns with the Council's commitment to valuing its workforce.</p>
Dis-advantages	<p>It does not include changes in how services are delivered and impact on the employment deal, designed to support the way of working 10 years ago.</p> <p>It does not take into consideration the changing needs and wellbeing of a modern workforce.</p> <p>It does not modernise the employment deal to make it more attractive to potential applicants and existing employees; nor to bring it into line with accepted best practice adopted in the wider public sector.</p> <p>It only partly addresses recruitment and retention issues previously identified by senior management and service managers via service workforce plans.</p>

## 4.5



The changes to the conditions of service or employment deal provide the Council with greater flexibility and therefore resilience for future management and change of our workforce. The revised arrangements are more reflective of a modern employer, one that is attractive to future employees. This provides greater resilience for recruitment and retention of staff and supporting long term workforce planning objectives.

**Advantages**

Taking the opportunity to modernise the employment deal at the same time as consolidating the SLG Living Wage will support the transformational work being undertaken by the Council.

It modernises the current employment deal which was designed to support the way of working 10 years ago.

It provides additional ways to support the wellbeing of the workforce in line with the Council's approved wellbeing strategy

It takes into consideration the changing needs of a modern workforce and the impact this change may have on recruitment and retention issues identified by senior management and service managers.

It identifies areas in need of modernisation which if taken forward would also deliver savings.

It addresses potential equality issues within outdated allowances such as Essential Car User allowance and telephone allowance thereby mitigating risk to the Council.

**Dis-Advantages**

The proposed approach to Essential Car User allowance will have a negative impact on 125 employees but this will be mitigated by an agreement reached with the Trades Unions.

The proposed approach to telephone allowance will have a negative impact on 38 employees. This is mitigated by the provision of council mobile phones for official business.

pay and grading model

Resilience	Anticipate further action will need to be taken 29/30 with associated project costs.	Includes a resilience plan which, if assumptions made hold, will protect the integrity of the pay and grading model until the next review is due in 2031/32	Includes a resilience plan which, if assumptions made hold, will protect the integrity of the pay and grading model until the next review is due in 2031/32
Uplift in basic rate of pay for LGE 2, 3 and 4	LGE 2 £2,555 LGE 3 £1,478 LGE 4 £1,095	LGE 2 £2,792 LGE 3 £1,770 LGE 4 £1,095	LGE 2 £2,792 LGE 3 £1,770 LGE 4 £1,095
Number of employees receiving a positive impact	1328	1407	1407
Help to reduce the gender pay gap anticipated	Yes – refer to <a href="#">appendix 2</a> for detail	Yes – refer to <a href="#">appendix 2</a> for detail	Yes – refer to <a href="#">appendix 2</a> for detail
Takes into account the recommendations of an independent review of the current pay and grading model	No - weaknesses are not addressed and will require attention in the future	Yes - will future proof the integrity of the job evaluation system by addressing weaknesses within the existing pay and grading model	Yes - will future proof the integrity of the job evaluation system by addressing weaknesses within the existing pay and grading model
Introduces measures relating to modernising employment deal	No - makes no changes to the current employment deal.	No - makes no changes to the employment deal.	Yes - modernises the employment deal to meet the changing needs of the workforce by introducing new allowances and leave entitlements.
Addresses potential equality issues	No – potential issues are not resolved and will need to be addressed in the near future to mitigate potential risk to the Council		

workforce and  
the Health of the  
Organisation  
agenda

Introduces  
measures which  
are anticipated  
to have a  
positive impact  
on recruitment  
and retention  
issues

addressed

No impact on  
current situation  
anticipated

Partly – as a result

entitlements and  
employee benefits  
package

Note: The

- Recognition and Reward
- Recruitment and Retention
- Health and Wellbeing

4.9.6 While initially more expensive to implement, once the anticipated savings have been realised Proposal C's recurring cost of £551,594 is less than the predicted Proposal B recurring cost of £560,000 thereby providing a greater opportunity for savings over the longer term and a more sustainable method implementation than Proposal A.

4.9.7 The Joint Trades Unions have been actively involved in the development of the proposals and have agreed to proceed with recommending the preferred Proposal C to their members in the required ballot of their members. This will then allow us to formally put in place a collective agreement.

4.9.8 Once the preferred proposal has been implemented, there should be no need to revisit the adopted pay and grading model and modernised employment deal (other than routine updating as may be required by changes in legislation and so on) until the next planned review in 2031/32 and providing greater resilience in the longer term.

#### **4.10 Implementation**

4.10.1 Resource has been allocated in the 20/21 budget to undertake the work required to enable the implementation of the preferred proposal by 1 April 2021.

4.10.2 Implementation of the preferred proposal as detailed in Proposal C and [appendix 1](#) in this paper will be led by HROD with support from a project team.

4.10.3 Updates on progress will be provided to SMT which will take on the role of Project Board for the Scottish Local Government Living Wage Consolidation Project – Implementation of Agreed Proposal

#### **5.0 CONCLUSION**

5.1 Proposal C: Modernise the LGE pay and grading model and employment deal provides a robust, cost effective and sustainable way to consolidate the SLG Living Wage, provide an attractive employment package and progresses the Council's strategic priorities.

5.2 Implementation of the preferred proposal is an important step in the transformational journey being undertaken by the Council as it modernises to employment deal and conditions of service reflect the way that we work now as opposed to how we used to work in 2008 and will provide a solid foundation from which to face the challenges that lie ahead.

5.3 Implementation of the preferred proposal will realise the benefit of the significant resource allocated to the development of proposals (project budget £94,000 plus HROD Manager, service managers and JTU representatives time).

## 6.0 IMPLICATIONS

6.1 Policy Supports Council position as a Living Wage employer by implementing the national agreement to consolidate SLG Living Wage into the pay and grading model by 2021.

In addition to supporting the anti-poverty agenda and potentially reducing the gender pay gap, implementation also supports:

Corporate Outcomes:

- Our Economy is diverse and thriving

Agreed Priorities (2018-2022 Corporate Plan):

- We are an employer of choice
- We ensure there are homes for all, we tackle poverty and build opportunity

This will be achieved by increasing basic pay for employees to the Living Wage of £11.15 per hour.

		positive impact on low income, low wealth and material deprivation Islands: special leave proposals take into account distance from specialist services.
6.6.	Risk	Failure to implement any proposal would mean that the Council was in breach of the national agreement to consolidate the SLG Living Wage by 1 April 2021. Proposal C addresses potential equality issues by addressing outdated allowances. These issues are not resolved by Proposal A or Proposal B.
6.7	Customer Service	None identified at this time.

**Interim Executive Director with responsibility for Customer Support Services, Kirsty Flanagan**

**Policy Lead, Cllr Rory Colville**

**For further information contact:** Jane Fowler, Head of Customer Support Services

**Supporting Documents:** Equality and Socio-Economic Impact Assessment

#### **APPENDICES**

<a href="#">Appendix 1</a>	Summary of proposals contained in Proposal C
<a href="#">Appendix 2</a>	Implementation costs and savings year 1-6

## Appendix 1: Summary of proposals contained in Proposal C

Ref	Proposal C	Recurring Budget Cost £	Year 1 One-Off cost £	Year 1 budget saving £	Productivity Cost £
1	Modernise the LGE pay and grading model as per the detail laid out in Proposal B	560,000		0	0
2	Harmonise the threshold for payment of overtime at premium rates with LGE 11 grade boundaries	11,200		0	0
3	Harmonise the threshold for disturbance when not on standby payments with LGE 10 grade boundaries	0		0	0
4	Modernise subsistence allowances by discontinuing out of pocket expenses and moving to receipts only capped at standard rates for breakfast, lunch and dinner.	0		2,200	0
5	Introduce Stranded/Emergency				



**Appendix 2: Positive impact of pay and grading model on employees – comparison of Proposal A, B and C**

**Proposal**

<b>  Total</b>	<b>  1043  </b>	<b>285</b>	<b>1328</b>	<b>1656</b>	<b>634</b>	<b>2290</b>	<b>1103</b>	<b>304</b>	<b>1407</b>	<b>1596</b>	<b>615</b>	<b>2211</b>
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