


<b>Item Number: 8</b>	
<b>Name of Presenter: Rachel Potts</b>	
<b>Meeting of the Governing Body</b>  <b>4 June 2015</b>	 <b>NHS</b> <b>Vale of York</b> <b>Clinical Commissioning Group</b>
<b>Consideration of Living Wage Employer</b>	
<b>Purpose of Report For Decision</b>	
<b>1. Rationale</b> The report presents background information regarding the Living Wage and defines the options available to the CCG in respect of it.	
<b>2. Strategic Initiative</b> not applicable <input type="checkbox"/> Integration of care <input type="checkbox"/> Person centred care <input type="checkbox"/> Primary care reform <input type="checkbox"/> Urgent care reform <input type="checkbox"/> Planned care <input type="checkbox"/> Transforming MH and LD services <input type="checkbox"/> Children and maternity <input type="checkbox"/> Cancer, palliative care and end of life care <input type="checkbox"/> System resilience	
<b>3. Actions / Recommendations</b> The options available to the CCG are: I. Not recognise the Living Wage, II. Agree to the principle of the Living Wage and implement for CCG employees without applying for accreditation, III. Agree to the principle and commit to applying for accreditation as detailed in section 2.4 of the report.	
<b>4. Engagement with groups or committees</b> A paper on the Living Wage was presented to and considered by the CCG's Remuneration Committee on 7 May 2015. The Joint Trade Union Partnership Forum are encouraging CCGs to commit to the Living Wage.	
<b>5. Significant issues for consideration</b> The CCG must ensure good value for public money and consider its reputation as an employer.	
<b>6. Implementation</b> If agreed the decision would need to be communicated to all staff, in particular recruiting managers, who would implement this through their completion of payroll forms. The HR team will provide support with this. The CCG would also need to complete a formal application if it wishes to have formal accreditation.	
<b>7. Monitoring</b> The Remuneration Committee would need to review the impacts of the Living Wage on an annual basis.	
<b>8. Responsible Chief Officer and Title</b> Rachel Potts Chief Operating Officer	<b>9. Report Author and Title</b> Kerry Ryan Human Resources Business Partner, Yorkshire and Humber Commissioning Support

**10. Annexes**

N/a

# **NHS Vale of York Clinical Commissioning Group**

## **Consideration of Living Wage Employer**

### **1. Introduction**

- 1.1 This paper requests that the Governing Body considers the concept of the Living Wage and determine what, if any, action, the CCG should take in relation to it. This paper sets out the key details of the Living Wage and the impacts that implementation of it would have on the CCG.
- 1.2 It should be noted that this proposal is encouraged by staff side representatives and as such the proposal, if approved, will be submitted to the Joint Trade union Partnership Forum (JTUPF) for information as it is outside of Agenda for Change Terms and Conditions. It will not require further approval from JTUPF as JTUPF support is already recognised.
- 1.3 The CCG's Remuneration Committee considered the Living Wage at its meeting on 7 May 2015 and has given its support to the principle of paying the living wage to the CCG's own employees from a remuneration perspective. The CCG however must also consider the wider impacts of this proposal, for example those that relate to its social and corporate responsibilities. Therefore the ultimate decision regarding the CCG's approach to the Living Wage is required to be made by the Governing Body taking into consideration the response from the Remuneration Committee.
- 1.4 The options available to the CCG are:
  - i. Not recognise the Living Wage,
  - ii. Agree to the principle of the Living Wage and implement for CCG employees without applying for accreditation,
  - iii. Agree to the principle and commit to applying for accreditation as detailed in section 2.4 of this report.

### **2. Background**

- 2.1 The Living Wage is an hourly rate set independently and updated annually, calculated according to the basic cost of living in the UK. Employers choose to pay the Living Wage on a voluntary basis.
- 2.2 The current UK Living Wage is £7.85 an hour. This equates to £15,350 per annum.
- 2.3 According to the Living Wage Foundation, paying the Living Wage is good for business, good for the individual and good for society

- 2.4 Organisations can apply for the Living Wage Employer Mark which provides an ethical badge for responsible pay. There is an annual cost for this, based on the number of employees, e.g. £100 per year for 50 or less employees or £200 for 250 or less employees.
- 2.5 To be accredited as a Living Wage Employer, the Living Wage would apply to all staff aged over 18 who work regularly on the CCG premises, including directly employed staff, contracted staff and sub-contracted staff. 'Regularly' is defined as two or more hours in any given day for eight or more consecutive weeks of the year. As at 21 May 2015 City of York Council have confirmed that they directly employ the cleaners who work in West Offices and have up to date accreditation.
- 2.6 Partner organisations and contractors to the CCG e.g. City of York Council and Tees, Esk and Wear Valleys NHS Trust have already made a commitment to pay the Living Wage as have a minimum of three other Clinical Commissioning Groups in the North Yorkshire and Humber area.

### **3. Points for consideration**

- 3.1 The closest point to the 'Living Wage' on the Agenda for Change pay bands is Band 2, Pay Point 3, currently £15,363 per annum. New employees appointed to Band 2 currently commence employment on Point 1, £15,100 per annum.
- 3.1 There are currently no employees within the CCG who would be affected by the implementation of the Living Wage as all employees are currently employed at Band 3 or above, therefore considerations would only be required in new recruitments to posts at Band 1 or 2. Such a new recruit would therefore commence on Band 2, pay point 3.
- 3.3 Accreditation as a Living Wage employer does not require that the Living Wage is paid to apprentices, however some employers choose to do this. There is currently one employee who is classed as an apprentice and as such does not need to be included. The Remuneration Committee recommended that the Living Wage should not be applied to apprentices.
- 3.4 Under the NHS Agenda for Change Terms and Conditions of Employment, and the CCG Starting Salaries Policy it is normal for employees without previous NHS service or previous relevant service to commence on the minimum point of the Pay Band, however managers may appoint to a higher point on the scale for sound justifiable reasons.
- 3.5 It is recommended that if the CCG decides to review its pay in line with the Living Wage, this should be notified to the Joint Trade Union Partnership Forum for information as it is outside current Agenda for Change arrangements

#### **4. Recommendation**

The Governing Body is requested to:

- 4.1 Determine whether they wish the CCG to apply the principles of the Living Wage to its employees.
- 4.2 Determine whether this should also be applied to any current or future apprentice appointments.
- 4.3 Determine whether the CCG should apply to be an accredited Living Wage employer.