

South Ayrshire Council

**Report by Head of Legal, HR and Regulatory Services
to South Ayrshire Council
of 3 March 2022**

Subject: Living Wage

1. Purpose

- 1.1 The purpose of this report is to seek approval on the partial revision to the Council's Pay and Grading Structure up to and including Grade 1, Level 4 in order to embed the Scottish Living Wage by 1 April 2022.

2. Recommendation

2.1 It is recommended that the Council:

- 2.1.1 notes the work that has been completed in the development of a revised Pay and Grading structure taking into consideration the COSLA agreed Job Evaluation System for determining grades;**
- 2.1.2 notes the work that has been completed in relation to review of pay models to take account of the Gender pay gap;**
- 2.1.3 notes that the Revenue Budget 2022/23 includes provision for the revised Pay and Grading structure;**
- 2.1.4 approves the proposed pay model and implementation of a revised Pay and Grading Structure which embeds the Local Government Scottish Living Wage and increases the rates of pay for the Council's lowest paid employees to above the Scottish Living Wage with effect from 1 April 2021;**
- 2.1.5 notes the agreement with the Trade Unions to backdate the implementation date; and**
- 2.1.6 approves that the costs of backdating to 1 April 2021 are met from projected underspend as reported to the Leadership Panel on 15 February 2022.**

3. Background

- 3.1 The Council's Pay and Grading Structure has been under review since 2019, as a result of the Scottish Joint Council for Local Government Employees reaching agreement on the 2018-2021 pay award that there would be a commitment to consolidate the Scottish Living Wage (SLW) within Council pay scales. This review

followed the COSLA agreed principles for Job Evaluation and has been completed in consultation with Trade Unions.

- 3.2 A range of options for a revised structure were assessed over time taking account of benchmarking with other authorities and costing of each option with the overall aim to review the pay and grading structure to restore the differentials created by the continued increase in the living wage, based on affordability and minimising the impact on the overall pay and grading structure.
- 3.3 Previously it was nationally agreed that the SLW be embedded within pay and grading structures by 1 April 2021, with the option to defer until 1 April 2022. Trade Unions agreed to defer the consolidation of the pay and grading structure to 2022 because of the delay in reaching agreement for the 2021 pay settlement. It was agreed at the First Tier JCC in March 2021 that, due to this delay, the implementation date would be backdated to 1 April 2021.
- 3.4 Trade Unions rejected the Council's initial proposal because it recommended a spot grade which in their view would disadvantage predominantly part-time female employees. In addition, the proposed model did not adequately future proof the pay and grading structure against future increases to the SLW rate. Since then, in consultation with Trade Unions a range of work has been carried out to develop alternative options and an independent review was conducted by an external Job Evaluation specialist.

4. Proposals

- 4.1 The proposed model which is attached as [Appendix 1](#) has the full agreement of the Trade Unions:
 - 4.1.1 Introduces two spinal points at Levels 1 to 3, reduces Level 4 to three spinal points without affecting the current top point of Level 4 and with no impact to Level 5.
 - 4.1.2 An assessment has been undertaken of the estimated additional financial implications of implementing the proposed changes to the pay and grading structure and this has been included within the 2022/23 budget.
 - 4.1.3 It seeks to protect against inflationary rises and remove the current grade erosion by starting the pay and grading structure at spinal point 21, three spinal points above the SLW. This reduces barriers for people entering the labour market and supports the Council's vision to Reduce Poverty and Disadvantage by providing entry level employment opportunities. It also reduces barriers for supported employment candidates as there is no expectation that previous experience or skills are required.
 - 4.1.4 In addition, the Council has been paying a fixed point in relation to the SLW for a number of years, and as a result a higher proportion of female employees would be better off financially. This proposal will reduce the gender pay gap by 0.3%.
 - 4.1.5 It satisfies the two areas raised by the trade unions - it enables progression at the lower grades and future proofs the pay model as well as offering a positive financial impact to the Council's existing employees.

4.2 It is proposed that the Council approves the proposed pay model and the implementation of a revised Pay and Grading Structure backdated to 1 April 2021.

5. Legal and Procurement Implications

5.1 The Council has a legal duty to inform employees of a change to their terms and conditions and those affected employees must be given notice of this change.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 The cost of implementing the proposed model from 1 April 2022 has been included in the 2022/23 Revenue Budget proposals considered earlier on this meeting agenda.

6.2 The cost of backdating the model to 1 April 2021 is approximately £0.900m and will be funded from projected underspend of £4.454m reported to the Leadership Panel on 15 February 2022.

7. Human Resources Implications

7.1 The implementation of a revised Pay and Grading structure up to and including Grade 1 Level 4 will require revised contracts of employment to be issued to all affected employees.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 Currently, the Council has been paying a fixed point in relation to the SLW to all employees on Level 1 up to the second point of Level 3 and this impacts on differentiation between posts in the Council's structure, in that there is a lack of differentiation. Failing to implement the revised Pay and Grading structure up to and including Level 4 will lead to further grade erosion and the Council would breach the commitment as part of Scottish Joint Council for Local Government Employees 2018-2021 pay award to consolidate the Scottish Living Wage (SLW) within Council pay scales.

9. Equalities

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There is a positive equality impact to part-time female employees at the lower end of the pay scale of agreeing the recommendations. A copy of the Equalities Scoping Assessment is attached as [Appendix 2](#).

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document

otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Commitment 2 of the Council Plan: Closing the Gap/ Reduce poverty and disadvantage.

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Peter Henderson, Portfolio Holder for Corporate, and Councillor Brian McGinley, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.
- 13.3 As a Council, officers want to work collaboratively with Trade Union representatives, and this has been evident in the work carried out on the Pay and Grading structure. Officers have listened and taken on board their views and have adjusted work in this area as a result.
- 13.4 The Trade Unions received the most recent information and have confirmed they agree with the decision to implement the revised structure up to Grade 1 Level 4. They agreed the new structure would reduce the pay gap and as a result were supportive of this.
- 13.5 Subject to Council approval, a collective agreement will be drawn up outlining what has been agreed in relation to the implementation of the revised Pay and Grading structure up to Grade 1 Level 4.

14. Next Steps for Decision Tracking

- 14.1 If the recommendations above are approved by Members, the Head of Legal, HR and Regulatory Services will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Make the necessary arrangements to communicate to affected employees and implement the proposed pay model and amend the Pay and Grading structure	1 April 2022	Service Lead – HR and Payroll

Background Papers **None**

Person to Contact **Catriona Caves, Head of Legal, HR and Regulatory Services**
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Date: **23 February 2022**

Proposed Pay Model – Option 6

SJC Spinal Column Points	Hourly Rate w.e.f. 1.4.20	SJC NOVEMBER Offer Hourly Rate w.e.f. 1.4.21	Current SAC LGE pay scales		Initial SAC proposal Option 5		SAC proposal RD Revision of Option 5		Amended SAC proposal Option 6			
2	£9.34		Level 1	1								
3	£9.34			2								
4	£9.34		Level 2	1								
5	£9.34			2								
6	£9.34			3								
7	£9.34			4								
8	£9.34		Level 3	1								
9	£9.34			2								
10	£9.34			3								
11	£9.34			4								
12	£9.34		Level 4	1								
13	£9.34			2								
14	£9.34			3								
15	£9.34			4								
16	£9.34		Level 5	1								
17	£9.34			2								
18	£9.34			3								
19	£9.34			4								
SLGLW	£9.34	9.78			Level 1	1	Level 1	1				
19	£9.47	£9.91		3	Level 2	1	Level 2	1				
20	£9.60	£10.04		4	Level 3	1	Level 3	2		Pay Points		
21	£9.74	£10.18							Level 1	1		
22	£9.90	£10.34							Level 2	2		
23	£10.04	£10.48		1					Level 3	1		
24	£10.19	£10.63	Level 4	2	Level 4	1	Level 4	2	Level 4	1		
25	£10.34	£10.78		3							3	3
26	£10.49	£10.93		4							4	4
27	£10.64	£11.08										
28	£10.79	£11.23										
29	£10.95	£11.39										
30	£11.12	£11.56										
31	£11.29	£11.73	Level 5	1	Level 5	1	Level 5	1	Level 5	1		
32	£11.41	£11.85		2							2	2
33	£11.62	£12.06		3							3	3
34	£11.78	£12.22		4							4	4
35	£11.98	£12.42										
36	£12.14	£12.58										
37	£12.33	£12.77										

**South Ayrshire Council
 Equality Impact Assessment
 Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Consolidation of Living Wage
Lead Officer (Name/Position/Email)	Wendy Wesson (Service Lead – HR & Payroll) Wendy.wesson@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	No	Yes
Disability	No	Yes
Gender Reassignment (Trans/Transgender Identity)	No	No
Marriage or Civil Partnership	No	No
Pregnancy and Maternity	No	No
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	No	Yes
Religion or Belief (including lack of belief)	No	No
Sex – gender identity (issues specific to women & men or girls & boys)	No	Yes
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	No	No
Thematic Groups: Health, Human Rights & Children's Rights	No	No

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	No	Yes – The entry point of this proposal is two points above the

		<p>SLW, the group of employees affected will be paid above the SLW.</p> <p>The proposal reduces barriers for people entering the labour market and supports our vision to Reduce Poverty and Disadvantage by providing entry level employment opportunities.</p> <p>It also reduces barriers for supported employment candidates as there is no expectation that previous experience or skills are required.</p>
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	No	Yes - As the entry point of this proposal is two points above the SLW, it better allows to meet the basic living costs.
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	No	Yes - As the entry point of this proposal is two points above the SLW, it better allows to access basic goods and services.
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	No	No
Socio-economic Background – social class i.e. parent's education, employment and income	No	No

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the 'Three Key Needs' of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	<p>Positive Impact</p> <p>We have established that the proposal will reduce the pay gap by 0.3%.</p>
Advance equality of opportunity between people who share a protected characteristic and those who do not	<p>Positive Impact</p> <p>As the group of employees affected will be paid above the SLW, the proposal reduces barriers for people entering the labour market and supports our vision to Reduce Poverty and Disadvantage by providing entry level employment opportunities. It also reduces barriers</p>

	for supported employment candidates as there is no expectation that previous experience or skills are required.
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	No adverse impact - Low
Increase participation of particular communities or groups in public life	No adverse impact - Low
Improve the health and wellbeing of particular communities or groups	Positive Impact Whilst not a direct impact, as the entry point of this proposal is two points above the SLW, the employees affected will potentially have more resources to invest in their health (healthy food and physical activity).
Promote the human rights of particular communities or groups	No adverse impact - Low
Tackle deprivation faced by particular communities or groups	Positive impact As the group of employees affected will be paid above the SLW, the proposal reduces barriers for people entering the labour market and supports our vision to Reduce Poverty and Disadvantage by providing entry level employment opportunities. It also reduces barriers for supported employment candidates as there is no expectation that previous experience or skills are required.

5. Summary Assessment

Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High)	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Rationale for decision: The pay model will have an impact on the pay of a group of employees (1195 FTE in total) therefore, the impact is high.	
Signed: Wendy Wesson Date: 7 th February 2022	