

<b>Report of</b>	<b>Assistant Chief Executive</b>	<b>Author</b>	<b>Matt Sterling</b>
<b>Title</b>	<b>Living Wage</b>		 <b>282577</b>
<b>Wards affected</b>	Not applicable		

**This report concerns extending Colchester Borough Council's commitment to the Living Wage to external contractors working on behalf of the Council**

**1. Decision Required**

- 1.1 To agree that a requirement to pay the UK Living Wage as a minimum be included in new tenders for services provided by external contractors directly on behalf of the Council.

**2. Reasons for Decision**

- 2.1 Colchester Borough Council pays the national Living Wage as a minimum standard for all employees. This is an hourly rate which is set independently and calculated according to the basic cost of living in the UK, and it is higher than the national Minimum Wage. The Council introduced this in 2013 as part of its commitment to being a good employer, and is amongst the first councils to pay the Living Wage.
- 2.2 At present, the Council makes no such minimum provision for contractors providing services on behalf of the Council. This results in different levels of low pay protection for different people who provide Council services depending on their employment status. This decision would end that anomaly and extend the same protection to everyone providing Colchester Borough Council services, whether an employee or a contractor.

**3. Alternative Options**

- 3.1 The principal alternative to this decision would be not to extend the Living Wage to contractors. However, this would leave a significant number of people working on behalf of the Council with less protection than Council employees.

**4. Supporting Information**

- 4.1 The Living Wage is set nationally and calculated to allow employees to cover the basic costs of living. It is reviewed annually in November, and employers have six months from the date of the announcement to implement the rise. Separate rates are set for London and the rest of the UK, with the current UK rate being £7.85 an hour.
- 4.2 Contractors from external private companies provide a wide range of services on behalf of Colchester Borough Council including grounds maintenance, printing, building maintenance, IT support, and cleaning. Unless staff have been transferred recently to these companies from the Council under the terms of the Transfer of Undertakings (Employment) regulations, we are unlikely to know the details of their pay. However, it is possible that some are already paid above the Living Wage.

- 4.3 When the Council seeks tenders for the provision of services from private companies, it includes a detailed list of contract conditions that all suppliers must meet to be considered or be successful. This decision would be enacted by including a requirement in these conditions that staff providing services on behalf of Colchester Borough Council, which results in them being on Council premises for two or more hours per week for eight or more consecutive weeks in the year, be paid the Living Wage as a minimum.
- 4.4 This support for the Living Wage also reflects the Council's Procurement Strategy 2015, and the Social Value Act's requirement "to consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area". Social value has been defined as "the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes". The Act applies to public service contracts over the EU threshold (currently £173,934). The Council aims to go further, extending this principle to all new contracts involving staff, whether they exceed the EU threshold or not.

## **5. Proposals**

- 5.1 To include a requirement to pay staff a minimum of the UK Living Wage in new tenders for services provided by external contractors on behalf of the Council, where staff are on Council premises for two or more hours per week for eight or more consecutive weeks in the year, and from 1 June 2015.

## **6. Strategic Plan References**

- 6.1 This decision contributes to achieving the commitment in the Strategic Plan 2015-18 to create the right environment for people to develop and flourish in all aspects of life both business and pleasure.

## **7. Publicity Considerations**

- 7.1 The effect of this decision will be communicated with potential suppliers when we seek tenders for service delivery from contractors.

## **8. Financial implications**

- 8.1 The cost of this decision is difficult to calculate as the number of contractors working on behalf of the Council changes over time, and because many will already be paid above the Living Wage. In the first instance the cost of this decision is borne by suppliers; and requiring this of all new suppliers, we would continue to seek tender proposals that represent the best value for the Council.

## **9. Equality, Diversity and Human Rights implications**

- 9.1 This decision would apply to all relevant contractors regardless of their age, disability, sex, gender reassignment, sexual orientation, race/ethnicity, or religion or belief. As such there are no negative equality impacts. An Equality Impact Assessment can be found on the website by using the following path: how the council works/equality and diversity/equality impact assessments/corporate and financial management

- 9.3 This decision extends protection for low paid workers and does not have any negative effects on human rights.

## **10. Standard references**

- 10.1 There are no particular references to consultation considerations; or community safety; health and safety or risk management implications.