

Zero Hours Contracts and the Living Wage

Report by Director, Resources

1 Purpose of Report

The purpose of this report is to advise the Committee on the use of Zero Hours Contracts by the Council in the provision of services.

Furthermore the report also provides information for the Committee on the Living Wage and details of the Council proposed pay rates.

2 Background

The Committee at its meeting on 8 June 2016 during consideration of the Quarter Four 2015/16 report on Adult and Social Care requested a report on Zero Hours Contracts and the Living Wage paid by the Council.

3 Zero Hours Contracts

The following table details the number of employees who were on Fixed Term Zero Hours Contracts as at June 2016.

Table 1 – Zero Hours Contracts

Post	Number
Adult Education Tutor Vocational	15
Snowsports Instructor	34
Adult Education Tutor Non-Vocational	2
Youth Worker	2
Social Worker	2
Total	55

[Source: Payroll extract June 2016]

The rationale for employing the staff on Zero Hours Contracts is as follows:

Adult Education Tutors (Vocational and Non Vocational)

Life Long Learning and Employability service employ sessional staff to tutor a range of vocational and non vocational classes within the Council's Adult Education programme. The non vocational tutors provide a range of classes including single classes, weekend classes and 8 to 10 weeks courses. Tutors undertake vocational classes which lead to qualifications SVQ's, national 5 or Highers in areas including English, Maths, Computing work for 30 weeks of the year (3 terms).

Snowsports Instructors

The Head of Property and Facilities Management comments that owing to the fluctuations in customer demands and Seasonal bookings the use of zero hours contracts is desirable. These arrangements are subject to an ongoing review by the Ski Centre Manager.

Youth Workers

Lifelong Learning and Employability recruit a pool of staff on zero hours contracts for staff who work in youth clubs, youth projects, under take street work and tutor classes for adults. The work is normally for a 2/3 hour period. These staff are also used to cover illness or absence at short notice within casual/sessional posts.

Social Workers

There are currently two social workers within the Criminal Justice Team who work on a zero hours basis. Both had previously been permanent members of staff who had chosen to leave their posts (one retiree and another to enter further education). Both were keen to retain links to the Council and this enables experienced staff to work where there are gaps without resorting to use of agency staff.

4 National Wage Rates

4.1 Wage Rates Comparison

The following table details of the national wage rates

Table 2 – National Wage Rates

	Minimum Wage age 21-24	Minimum Wage 25 (national living wage)	Living Wage
	£6.70 per hour	£7.20 per hour from April 2016	£8.25 per hour across the UK and £9.40 per hour in London
Is it the law	Yes	Yes	Voluntary
Age group	21 to 24	25 and older	18 and older
How determined	Negotiated settlement based on recommendations from businesses and trade unions	A percentage of median income, currently at 55%, with the aims to reach 60% of median income by 2020	Calculation made according to the cost of living, based on a basket of household goods and services
Is there a London Waiting?	No	No	Yes

4.2 National Living Wage

In July 2015 the Chancellor of the Exchequer announced that the UK Government will introduce a compulsory 'national living wage'.

The differences between Minimum Wage and Living Wage are set out in the table below:

Table 3 – National Living Wage comparison

The National Minimum Wage (including the 'national living wage')	The Living Wage
The legal minimum an employer can pay per hour. Employers break the law if they fail to pay this rate	A voluntary rate that employers commit to pay in order to go above and beyond. The Living Wage Employer Mark is a sign of best practice.
The 'national living wage' rate will be £7.20 per hour	The current UK Living Wage is £8.25 per hour. The current London Living Wage is £9.40 per hour.
This will increase each year, with the aim of reaching 60% of the median wage across the country by 2020 (this would mean around £9 per hour however the Low Pay Commission will consider what the market can bear)	This will increase in line with the cost of living with increases announced in Living Wage Week every year.
Different rates apply depending on the age of the employee. The 'national living wage' is for staff aged 25 and older only	The Living Wage is the same for all employees over the age of 18
Set by the Low Pay Commission	Set by the Living Wage Foundation
Based on an estimation of what the market can bear	Based on the cost of living
The rates are the same right across the UK	There is a separate rate for London to reflect the higher cost of living in the Capital

4.3 Midlothian Council

At its meeting on 28 June 2016 the Council considered a report entitled Review of Local Government Wages Pay and Grading by the Chief Executive and noted that implementation of the collective agreement to Pay, Grading and Terms and Conditions for Local Government staff with effect from 1 October 2016.

The following table details the Councils pay and grading structure.

Existing Pay Rates (April 2016)			Proposed Pay rates (October 2016)		
Grade 1	Min £8.33	Max £8.33	Grade 1	Min £8.97	Max £9.37
Grade 2	Min £8.44	Max £8.69	Grade 2	Min £9.51	Max £9.96
Grade 3	Min £8.83	Max £9.65	Grade 3	Min £10.10	Max £10.55
Grade 4	Min £9.96	Max £10.88	Grade 4	Min £10.73	Max £11.22

5 Report Implications

5.1 Resource Implications

The costs of implementing the revised pay and grading rates have been incorporated into the Councils Financial Strategy.

5.2 Risk

The primary risks of ensuring compliance of the compulsory national living wage rates in 2020 by the Council have been negated through the introduction of revised Pay and Grading arrangements across the Local Government workforce.

The details were set out in previous reports to Council as part of the Council's Low Pay implementation.

5.3 Single Midlothian Plan and Business Transformation

The following themes are addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

5.4 Key Priorities within the Single Midlothian Plan

The Single Midlothian Plan sets out three key priorities of:

- Reducing the gap in learning outcomes
- Reducing the gap in health outcomes
- Reducing the gap in economic circumstances

The proposals within the Councils Low Pay Strategy directly support the third of these priorities i.e. reducing the gap in economic circumstances.

5.5 Impact on Performance and Outcomes

The Council seeks to encourage a motivated and high-achieving workforce and to adapt to changing service demands and reducing financial resources.

5.6 Adopting a Preventative Approach

Implementing the Council's Low Pay Strategy including increasing lifelong learning opportunities whilst reducing the gap in economic circumstances may make frontline employees feel more valued.

5.7 Involving Communities and Other Stakeholders

This report has been compiled involving a range of officers from across all Council Directorates.

5.8 Supporting Sustainable Development

There are no issues relating to environmental sustainability arising from this report.

5.9 IT Issues

There are no direct IT issues relating to this report.

6 Recommendations

The Performance Review and Scrutiny Committee are invited to consider this report.

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Background Papers: