

MEMBERS' QUESTIONS TO COUNCIL – 7 FEBRUARY 2014

Question from Councillor FM Norman

1 *Living Wage*

There is increasing evidence that countries such as Britain, with high levels of inequality, also have high levels of crime, illness, drugs, obesity, illiteracy and other social problems, which our taxes have to pay for. It is also clear that the cuts, unemployment and low wages are causing increasing social distress.

While I welcome the positive comments made about considering the living wage in para. 9 (Pay Policy Statement 2014) my question is:

- A Why are we not immediately introducing the living wage into our pay policy in place of the inadequate minimum wage?*
- B Why are we not introducing a 1:8 differential between our highest and lowest paid employees?*
- C Why are we not setting a good example to the rest of the County and encouraging other employers to follow our example with these measures?*

Answer from Alistair Neill, Head of Paid Service

Answer to question 1

- A Consideration of the introduction of a living wage for council employees will form part of a wider review of the council's pay and grading structure planned for the coming year, which will take account of a range of factors including the financial implications for the council and schools budgets. It would not be advisable to introduce one isolated element in advance of this review.

Nonetheless considering the context of this for Herefordshire Council, currently the national living wage is set at £7.65 per hour for all regions outside London. On a 37 hour week, this is equivalent to approximately £14,700 per annum. Of Herefordshire Council's 1,128 full-time equivalent non-schools employees, only 18 currently fall below the national living wage (1.6% of employees). We are aware that average pay in Herefordshire which partly reflects the county's cost of living, is approximately 13% below the regional average (which includes Herefordshire and is therefore slightly skewed by that inclusion), and around 23% lower than the UK average (incl London). If the region is taken as a reference point prevailing Herefordshire average wages could be reflected in a living wage of £6.65 per hour. At that level only 1 employee currently falls below that level.

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- B There is limited evidence to suggest that introducing an arbitrary pay multiple delivers identifiable benefits. In any organisation a range of factors must inform the development of the pay and grading structure including the ability to attract people with the necessary skills, qualifications and experience in a competitive market so we continue to deliver key services and the priorities of the council.

The multiple between the lowest paid and the highest paid is 1.11. This has fallen sharply from 2012 (Apr – Oct) when the multiple was 1.14.

- C The council, as a major employer, has a significant role to play in the local economy. Consideration will continue to be given to the degree to which the commissioning approach adopted by the council may be used to influence pay policies of the organisations we do business with. It is reasonable to believe that currently the council does set a good example as the mean average salary (workforce cost inclusive of national insurance and superannuation divided by headcount) is £28,343, compared to the average wage in Herefordshire of approximately £20,000.

Question from Councillor EPJ Harvey

2 *Capital Borrowing*

*How is this council to have confidence today that the capital borrowing proposed for the Energy from Waste Incinerator at Hartlebury in Worcestershire is delivering the **best value** solution for Herefordshire's waste disposal needs for the next 25 years (rather than one that will adequately do the job required) in the absence of evidence that the technology options have been assessed according to government procurement rules against the specific geographical, economic, financial and environmental circumstances pertaining to the Hartlebury site?*

Answer from Councillor H Bramer Cabinet Member Contracts & Assets

Answer to question 2

The council can be confident that the capital borrowing represents the best value option for the county because the analysis and appraisal of options in both the Joint Municipal Waste Management Strategy and cabinet report has been completed in accordance with relevant government guidance.