

EXECUTIVE MEMBER DECISION FORM

DECISION TO BE TAKEN BY: Leader

KEY DECISION NO

PORTFOLIO AREA: Children Families and Education

PORTFOLIOS AFFECTED: Children Families and Education

WARDS AFFECTED: All

SUBJECT: Edsential pension bond & Living Wage arrangements

1.0 RECOMMENDATION:

- 1.1 To amend the pension bond arrangements that the Council has in place with Edsential, so that the Council take responsibility for the relevant pension deficit position immediately prior to the transfer of staff from the Council to Edsential. Pension deficit/surplus post staff transfer will remain the responsibility of Edsential.
- 1.2 Approve the Council's support, as a joint owner, of Edsential's proposal to pay their staff the living wage.

2.0 REASONS FOR THE DECISION

- 2.1 Edsential is a Community Interest Company, owned by Wirral Council and Cheshire West and Chester Council (CW&C), that provides services to the Education sector. Most of Wirral's schools pay a supplement to ensure Edsential staff delivering services to them are paid the Living Wage; CW&C school's do not, creating wage disparity in the company.
- 2.2 This issue is sought to be addressed from a financial perspective, by amending the pension arrangements that are in place with Edsential at a time when Edsential are making arrangements for their staff to be paid the Living Wage.
- 2.3 CW&C are making arrangements, as a joint owner, to lend support to Edsential in a similar vein.
- 2.4 A pension bond is in place at present, whereby Edsential pay a fee to the Council in respect of underwriting the risk of Edsential defaulting on its payments to Merseyside Pension Fund, inclusive of the inherited staffing position at the company's inception. The basis for the bond is available for review and the Council has the option to take responsibility for the pension deficit position at the point of staff transfer, leaving Edsential with the responsibility of any deficit/surplus position from the staff transfer date onwards.

2.5 The Council does not incur any direct costs in relation to the pension bond arrangement – the proposed reduction in income (estimated to be less than £90,000, subject to actuarial confirmation) can be met from the financial resilience reserve in the short-term and future budget plans will address the funding gap created.

2.6 The benefit of agreeing to the recommendations made in this document include:

- Wirral schools currently paying a living wage supplement for services would benefit from a cost saving, thus freeing up resources for other use
- Edsential staff would receive certainty on their pay position, with standard pay rates set at Living Wage levels without the need for receipt of non-mandatory supplements from schools
- Edsential could be more competitive in the market place due to a revised pricing structure
- Reducing costs to schools by the elimination of supplementary charges should generate Edsential (and by extension the owner Councils) good will.
- Demonstrating the Council's commitment towards the universal implementation of the Local Living Wage

3.0 STATEMENT OF COMPLIANCE

3.1 The recommendations are made further to legal advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been completed. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

4.0 DECLARATION OF INTEREST

Signed: 	Signed: 
Executive Member:	Chief Officer:
Date:	Date:
Also present:	
Date of Senior Policy Team Meeting(s):	

A list of background papers on this issue is held with:

Contact Officer:

Assistant Director of Finance & Investment

Date: 08/07/19