

Report to:	Council and Business Management	Report of the Acting Chief Executive										
Date of Decision:	20th March 2017											
SUBJECT:	The Living Wage											
Wards Affected:	All											
1. Purpose of Report:												
<p>1. This report outlines the implications of the annual review of the rate paid by the Council to employees in receipt of the Foundation Living Wage supplement. It seeks the agreement of Council Business Management Committee to apply the new rate from 1st April 2017.</p>												
2. Decision(s) Recommended:												
<p>That Council and Business Management agree:</p> <p>2.1 To the proposal to increase the Foundation Living Wage supplement so, that with effect from 1st April 2017, all Council employees are paid a minimum of £8.45 per hour.</p>												
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3. Consultation												
<p>3.1 <u>Internal</u></p> <p>The proposals contained within this report only relate to City Council employees.</p>												
4. Financial Implications												
<p>4.1 After taking account of the NJC 1% pay increase for 2017/18 and the likely outcome of the My Appraisal process, the additional salary costs to the Council in implementing the Living Wage at £8.45 per hour from 1st April 2017 are as follows:-</p> <table border="1" data-bbox="277 1783 1262 2049"> <thead> <tr> <th></th> <th>Full Year Impact 2017/18 £m</th> </tr> </thead> <tbody> <tr> <td>Schools</td> <td>£0.354</td> </tr> <tr> <td>DSD – Charged to Schools</td> <td>£0.851</td> </tr> <tr> <td>Other Council Employees</td> <td>£0.141</td> </tr> <tr> <td>Total</td> <td>£1.345</td> </tr> </tbody> </table>				Full Year Impact 2017/18 £m	Schools	£0.354	DSD – Charged to Schools	£0.851	Other Council Employees	£0.141	Total	£1.345
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The costs in the table above are inclusive of on-costs. These figures exclude costs that are expected to be self-contained within the HRA.

4.2 Subject to approval by Council and Business Management Committee, it is recommended that the costs of implementing the Living Wage for 2017/18 are met as follows:-

- the full year costs of Schools' staff from 2017/18 be the subject of consultation with the Schools Forum in the context of Schools Funding Reform
- the full year costs of DSD staff from 2017/18 will need to be recovered through income generation and be considered in the context of the service business model for future years
- The full year costs of the other Council employees from 2017/18 are met from existing service budgetary provision, including any corporate provision for inflation.

4.2 Legal Implications

4.2.1 To ensure that any potential Equal Pay risks are mitigated it is essential that the principles of the Living Wage (LW) are applied consistently across the Council to all Council managed and School managed (non-teaching) employees and workers.

4.2.2. In order for the Council to continue to justify and defend challenges to its current Job Evaluation Scheme it is essential that the current grading structure, including the current scale points matched against current job scoring is maintained.

4.2.3. Governing Bodies in City Council Community Schools should be encouraged to apply the Living Wage in Schools for those non-teaching staff so that the minimum wage paid by the School for these staff is at the same minimum level as the Council to ensure that neither the school nor the Council is subject to equal pay litigation.

4.3 Public Sector Equality Duty

An initial Equality analysis has been undertaken to identify whether there is any disparate impact arising from this proposal. This has identified that the proposal benefits the lowest paid employees within the Council who are predominantly female and part time.

The council has data on sexual orientation and religious belief for around 10% of the workforce. The percentage is greatly reduced for the cohort of employees affected by the Living Wage therefore it is not possible to provide meaningful data on the impact.

5. **Relevant Background**

5.1 The Council took the decision in June 2012 to implement the Foundation Living Wage for all employees including those working within schools. The new pay rates took effect in July 2012. Employees received the uplift as a supplement. This supplement is paid on a monthly basis and is subject to an annual review.

5.2 The concept of the Foundation Living Wage was developed by the Joseph Rowntree Foundation Trust and is the term used to describe the minimum hourly wage necessary for shelter, housing and incidentals such as clothing and other basic needs and nutrition. This standard generally means that a person working full-time with no additional income, should be able to afford a specified quality or quantity of housing, food, utilities, transport, health and recreation. This should not be confused with the National Living Wage which is the minimum wage payable by law to those aged 25 and over.

5.3 The rate for the Foundation Living Wage is annually reviewed by the Living Wage Commission and is then recommended to Foundation 'Living Wage Employers' for adoption. The Council's policy is to review the rate annually and for any changes if agreed to be applied alongside any annual pay increase in the April of each year.

5.4 The current rate of pay for the Foundation Living Wage is £8.25 per hour and this is above scale point 11 of Grade 2 in the Council's pay scheme. The annual review of the rate by the Living Wage Commission has established that the new rate should be £8.45 per hour. The NJC pay award of 1% is agreed from April 2017 therefore the recommended Living Wage for 2017/18 of £8.45 per hour will fall between scale points 12 and 13 of Grade 2. If this rate is applied it will require a supplement to be paid to employees on scale points 6 - 10 within Grade 1 and scale point 11 and 12 within Grade 2.

5.5 The Foundation Living Wage supplement is currently paid to circa 4000 employees of which 1595 work within schools. These are predominantly women working in roles such as Kitchen Assistants, Cleaners and Domestic Assistants.

6. Evaluation of Alternative Option(s)

The Council's Business Plan 2016+ includes the Living Wage as a key strategic outcome. Listed under 'A strong economy' is:

'A living wage that generates value locally, prosperity shared and the distinct and different strengths of our communities harnessed. Employment is the route to independence and out of poverty.'

7. Reason for Decision(s)

The Council is committed to tackling poverty and worklessness in Birmingham, the implementation of the Living Wage makes an important contribution to achieving this goal.

Signatures

Chief Officer(s): 

Dated: 20-2-17

List of Background Documents Used to Compile this Report

Cabinet Report June 2012 - The Living Wage

Committee Report - Employment & HR Committee June 2012

List of Appendices Accompanying this Report (if any)

None