

Birmingham City Council

Council Business Management Committee

29 March 2021



Subject: Implementation of The Real Living Wage 2021/2022
(Living Wage Foundation)

Report of: Report of the Assistant Director OD

Report author: Craig Scriven – AD OD/Melanie James – Reward & Recognition Manager

Does the report contain confidential or exempt information? ☐ Yes ☒ No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential :

1 Executive Summary

- 1.1 This report outlines the implications of the annual review of the rate paid by the Council to employees in receipt of the Real Living Wage supplement. It seeks the agreement of Council Business Management Committee to apply the new rate of £9.50 from 1st April 2021.

2 Recommendations

- 2.1 That, Council and Business Management agree:
- 2.1.1 To increase the Real Living Wage supplement so that with effect from 1st April 2021, all Council employees are paid a minimum of £9.50 per hour;
 - 2.1.2 That the full year costs of Schools' staff from 2021/22 be the subject of consultation with the Schools Forum;
 - 2.1.3 That the full year costs of the other Council employees from 2021/22 are met from existing service budgetary provision, including any corporate provision for inflation;
 - 2.1.4 To delegate future increases to the Chief Finance Officer and Head of HR, providing these are in line with the Real Living Wage rate.

3 Background

- 3.1 The Council took the decision in June 2012 to implement the Real Living Wage for all employees including those working within schools. The new pay rates took effect in July 2012. The concept of the Real 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.
- 3.2 The rate for the Real Living Wage is annually reviewed by Loughborough University 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. The recommended rate for the Real Living Wage for 2021/22 is £9.50 per hour, currently applicable to JNC for Youth Workers and those receiving SCP1 of NJC for LGS.
- 3.3 Community Schools, Acivico and Birmingham Children's Trust will be required to implement the new rate of pay, additionally; Academies and Voluntary Aided Schools will be encouraged to also adopt this approach for the lowest paid workers in the City. Adoption of the Real Living Wage is also a fundamental cornerstone of the Council business charter.

4 Financial Implications

- 4.1 The estimated cost of implementing the Real Living Wage at a rate of £9.50 per hour is expected to be £34,232 for corporate functions. BCC Schools total cost is estimated £56,355, and these are reflected in the table below:

Area	Salary	On Cost	Total
BCC	23,565.06	10,667.17	34,232.23
Schools	41,272.95	18,082.86	59,355.81
Grand Total	64,838.02	28,750.03	93,588.05

- 4.2 The above column "On Costs" is inclusive of National Insurance and Superannuation. At time of going to press, national pay bargaining has not been agreed for NJC for LGS workers for 21/22, so once agreed, it may well be that SCP 1 exceeds the Real Living Wage (RLW) once again, akin to 2020, however, with no further guidance, we must proceed with RLW application. JNC for Youth Workers is unlikely to supersede the RLW, based on the pay award in recent years.
- 4.3 Subject to approval by Council and Business Management Committee, it is recommended that the costs of implementing the Real Living Wage are met as follows:

- The full year costs of Schools' staff from 2021/22 be the subject of consultation with the Schools Forum
- The full year costs of the other Council employees from 2021/22 are met from existing service budgetary provision, including any corporate provision for inflation.

5 Legal Implications

- 5.1 To ensure that any potential Equal Pay risks are mitigated it is essential that the principles of the Real Living Wage are applied consistently across the Council to all Council managed and School managed (non-teaching) employees and workers.
- 5.2 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.
- 5.3 Governing Bodies in City Council Community Schools are required to apply the Real 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.

6 6. Public Sector Equality Duty

- 6.1 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.
- 6.2 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 Foundation Living Wage therefore it is not possible to provide meaningful data on the impact.

7 Evaluation of Alternative Option(s)

- 7.1 Non-payment of the real Living Wage would create a misalignment with established City Council policy decisions. The cost of implementation has significantly reduced as a consequence of national pay offer.

8 Reason for Decision(s)

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