

Report to:	Council Business Management	Report of the Chief Executive
Date of Decision:	23 March 2020	
SUBJECT:	Implementation of The Foundation Living Wage 2020/2021	
Wards Affected:	All	

1. Purpose of Report:

1.1 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 of £9.30 from 1st April 2020.

2. Decision(s) Recommended:

That, Council and Business Management agree:

2.1 To the proposal to increase the Foundation Living Wage supplement so that with effect from 1st April 2020, all Council employees are paid a minimum of £9.30 per hour.

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3. Consultation

3.1 Internal - The proposals contained within this report only relate to City Council employees.

4. Financial Implications

4.1 The estimated cost of implementing the Foundation Living Wage at a rate of £9.30 per hour is expected to be £55,411 for corporate functions. BCC Schools total cost is estimated £82,432, and Birmingham Children's Trust is estimated £1,334. These are reflected in the table below:

Area	Annual	Annual inc On Costs
BCC Schools	55,735.13	82,432.26
Birmingham Children's Trust	901.84	1,333.82
Birmingham City Council	37,465.51	55,411.49
Grand Total	94,102.48	139,177.57

The above column “inc 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 20/21, so once agreed, it may well be that SCP 1 exceeds the Foundation Living Wage once again, akin to 2019, however, with no further guidance, we must proceed with FLW application. JNC for Youth Workers is unlikely to supersede the FLW, based on the pay award in recent years.

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

- The full year costs of Schools’ staff from 2020/21 be the subject of consultation with the Schools Forum
- The full year costs of the other Council employees from 2020/21 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 Foundation 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 Foundation 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. 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. Relevant Background

7.1 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. 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.

7.5 The rate for the Foundation 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 Foundation Living Wage for 2020/21 is £9.30 per hour, currently applicable to JNC for Youth Workers and those receiving SCP1 of NJC for LGS.

7.6 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 Foundation Living Wage is also a fundamental cornerstone of the Council business charter.

8. Evaluation of Alternative Option(s)

Non-payment of the Foundation 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.

9. Reason for Decision(s)

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

Signatures

Chief Officer(s):

Dated:

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