

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET
Report of:	Strategic Director for People
Date of Decision:	16th February 2016
SUBJECT:	LIVING WAGE UPDATE
Key Decision: Yes	Relevant Forward Plan Ref: 001343
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s):	Cllr Paulette Hamilton - Health and Social Care Cllr Brigid Jones – Children’s Services Cllr Stewart Stacey - Commissioning, Contracting & Improvement
Relevant O&S Chairman:	Cllr Majid Mahmood – Health and Social Care Cllr Susan Barnett – Education and Vulnerable Children Cllr Waseem Zaffar - Corporate Resources
Wards affected:	All

1. Purpose of report:
<p>1.1 This report details the introduction of the Birmingham Care Wage from April 2016.</p> <p>1.2 Also on this agenda are related reports: “Draft Council Business Plan & Budget 2016+” and “Framework Agreement Extension for Home Support and Residential Care (C0074)”.</p>

2. Decision(s) recommended:
<p>That Cabinet:</p> <p>2.1 Agrees the introduction of the Birmingham Care Wage at £7.50 per hour from April 2016 for staff providing adults’ services and children’s home support financed by the Council, subject to budget approval at Council on 1st March 2016.</p>

Lead Contact Officer(s):	Charles Ashton-Gray
Telephone No:	Service Lead – Commissioning Centre of Excellence 0121 464 7461
Email:	Charles.Ashton-Gray@birmingham.gov.uk

3. Consultation

3.1 Internal

Legal & Democratic Services, City Finance and the Directorate for People Management Team have been involved in the preparation of this report.

3.2 External

Feedback from Home Support and bed based providers regarding the introduction of the National Living Wage from 1st April 2016 has been captured from a number of sources, including events on 24th November, 16th December 2015 and 8th January 2016.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The proposals are consistent with the Council's Business Plan 2016+ and the Leader's Policy Statement to Council on 9th June 2015 which set out the Council's key priorities, including "A Fair City: Health and Wellbeing."

4.2 Financial Implications

A sum of £7.8m has been identified within the draft 2016/17+ budget which will fund enhanced contract rates across adult social care from April 2016. This is subject to final approval by Council on 1st March 2016. The Council expects to be able to have sufficient funding to allow social care providers to pay an hourly rate of at least £7.50 per hour from April 2016, an increase of 11.9% for those over 21 year olds on the National Minimum Wage of £6.70.

Fee rates to providers will be adjusted appropriately to reflect these additional costs. Any underlying pressures for fee uplifts above this will need to be contained from within the Directorate's overall Budgets. The Council's budgetary provision increases over future years to ensure that providers can afford to pay the Birmingham Living Wage by 2018/19.

4.3 Legal Implications

Under section 8 of the Care Act 2014, a local authority can discharge its duty to meet assessed eligible need for care and support under sections 18 to 20 of the Act, by providing care and support at home or in the community or goods or facilities and the local authority can provide these by arranging for them to be provided by another person or body other than the Local Authority.

4.4 Public Sector Equality Duty

An Equality Assessment (EA) has been carried out in February 2016. At this time potential adverse impacts have been identified for self-funders and full fee payers (**see Appendix 1**).

5. Relevant background/chronology of key events:

- 5.1 The Cabinet agreed to pay the Birmingham Living Wage to its directly employed staff from July 2012. In November 2012 the Council obtained Living Wage Employer accreditation when it committed to work towards the adoption of the Living Wage within its supply chain.
- 5.2 The Council's Living Wage Policy for Birmingham was approved by Cabinet on 22nd April 2013. Subsequently in April 2014, the Living Wage was applied to all contracted agency staff.
- 5.3 The achievement of the Birmingham Living Wage outside the Council is through the Birmingham Business Charter for Social Responsibility (BBC4SR). All commissioning and contracting decisions now take account of the principles of the Charter and its adoption forms part of the terms of new Council contracts and conditions of grant aid. As at 31st January 2016, over 600 employees of contractors/service providers/consultants have now had their pay increased to the Birmingham Living Wage as a result of their organisations becoming accredited to the BBC4SR. From 1st April 2016, the Birmingham Living Wage is £8.25 per hour for all workers aged 18 years and over.
- 5.4 When the Living Wage Policy was approved it was understood that social care was an area where other local authorities had found applying the Living Wage hardest to achieve and so Social Care contracts were approved as being outside the scope of the UK Living Wage Employer Accreditation Licence and the Council's Policy.
- 5.5 However, it has always been the Council's ambition to bring care staff working on Council contracts within the Policy. As a result of decisions proposed within the budget, a sum of money has been identified – subject to approval by full Council on 1st March 2016 – to increase care workers' hourly rates from £5.30 (for those aged 18-20 years) and £6.70 (for those aged over 21 years) to a Birmingham Care Wage rate of £7.50 from April 2016, with a view of increasing this to the Birmingham Living Wage rate as at April 2018.
- The Birmingham Care Wage will be reviewed in twelve months' time for the 2017/18 financial year
- 5.6 The application of the Birmingham Care Wage for Early Years' provision will be dependent on the outcome of the Early Years' review and the recently announced Government review of Early Years' funding. Therefore this report recommends its introduction for adults' services and children's home support from April 2016
- 5.7 The Living Wage Policy accepted that the UK's current social care industry was wholly predicated on a low-pay business model and therefore this opportunity is aimed at boosting productivity, improving the quality of work and has been seen to reduce sickness and aid staff retention. Like the Birmingham Living Wage, the introduction of the Birmingham Care Wage will also help individuals and families, and will boost the overall wellbeing of Birmingham's citizens by putting more money into those people's pockets which will help local shops and businesses, creating a virtuous spiral that can treble its value to the local economy.

- 5.8 The Birmingham Care Wage will be introduced into existing payment schedules at the earliest practicable date in April 2016. It will be paid following the acceptance of revised contract terms and conditions by service providers and/or contract variation as required. These provisions will require an undertaking to increase hourly rates as funded by the increases in contract rates which will be published shortly.
- 5.9 Paying the Birmingham Care Wage will ensure that service providers will more than meet their obligation to pay the Government's "National Living Wage" for over 25 year olds of £7.20 per hour.

6. Evaluation of alternative option(s):

- 6.1 The application of the Birmingham Living Wage immediately across all social care contracts is unaffordable and is not resourced in the long-term financial plan.

7. Reasons for Decision(s):

- 7.1 The introduction of the Birmingham Care Wage from 1st April 2016 is an interim step with a view of increasing this to the Birmingham Living Wage rate as at April 2018.

Signatures

Date

Councillor Paulette Hamilton
Cabinet Member for
Health and Wellbeing

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Councillor Brigid Jones
Cabinet Member for
Children Services

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Councillor Stewart Stacey,
Cabinet Member for
Commissioning, Contracting &
Improvement

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Peter Hay
Strategic Director for People

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List of Background Documents used to compile this Report:

"Adult social care sector and workforce in the West Midlands" – Skills for Care, January 2016
"National Living Wage – Impact in Birmingham" – Skills for Care, January 2016

List of Appendices accompanying this Report (if any):

1. Equality Assessment

Report Version	V10	Dated	11/02/2016
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