

Title of meeting:	Employment Committee
Date of meeting:	26th February 2019
Subject:	The Living Wage
Report by:	Director of HR, Legal and Performance
Wards affected:	None
Key decision:	No
Full Council decision:	No

1. Purpose of report

1.1. This report is provided in response to a request from employment committee to inform members of the Foundation Living Wage (FLW) rate increase from 1st April 2019, to £9.00 per hour and to advise members of the impact of the 2019/20 national pay award on the FLW rate.

2. Recommendations

2.1. It is recommended:

- (i) Members note that the Foundation Living Wage for 2019 has been set at £9.00 per hour.
- (ii) The effect of the 2019/20 national pay award is that the lowest point of the pay scale is equal to the Foundation Living Wage
- (iii) Officers report to members, on an annual basis, the revised FLW rate and the implications of this on the council's pay structure
- (iv) Payment of the FLW is extended to temporary staff engaged as workers through the council's in-house temporary staffing agency

3. Background

3.1. At Employment Committee on the 26th June 2018, members agreed to increase the salary of the lowest paid employees in the council, in line with the FLW rate of £8.75, with effect from 1st September 2018.

3.2. This increase was applied to all council employees on Band 2, SCP 8 or below as a consolidated payment to bring the salary rate in-line with the FLW rate.

3.3. For those staff who had been transferred to the council under TUPE (who therefore have different terms and conditions of employment), a non-consolidated payment was made to bring the salary rate in-line with the FLW rate.

3.4. The 2019/20 national "NJC" pay award has now been approved and will be applied on 1st April 2019.

3.5. Since the report to Employment Committee in June 2018, the Living Wage Foundation has announced that the FLW rate will increase on 1st April 2019 from £8.75 to £9.00 per hour.

4. Impact of the NJC 2019 Pay Award

4.1. In 2018, the National Joint Committee (NJC) agreed a two year pay deal, which meant all employees receive a minimum of a 2% pay award for 2018/19 and 2019/20. The deal also included a degree of "bottom loading", with those on lower salaries receiving a higher percentage increase to future proof the pay scales against the predicted accelerated increase of the National Living Wage (NLW).

4.2. The effect of this award is that, in 2019/20 the council's lowest annual salary (£9.00 per hour) is equal to the FLW and therefore no uplift will need to be applied to PCC's pay scale.

4.3. Both the FLW rate and the NJC pay award are agreed annually. Therefore, the impact of the NJC pay award on PCC pay scales and its desire to pay above the FLW rate will also need to be reviewed annually. This review can only be done once the FLW rate and NJC pay award are announced, so that Members are fully informed of the overall financial impact and the specific arrangements required to enable PCC to continue to pay in line with the FLW.

5. FLW impact on TUPE Employees

5.1. There are currently 17 TUPE employees whose hourly rate falls below £9.00 per hour.

6. Temporary Staff Agency

6.1 Those staff engaged through the council's in-house temporary staffing agency were originally not covered by the decision to introduce the Living Wage. This was because it was felt necessary for the agency to pay at a comparable level to other high-street agencies in order to remain commercially viable.

6.2 The majority of the in-house temporary staffing agency's clients are other departments of the council, and so a decision to pay staff the Living Wage will only achieve the stated policy aim if departments continue to use the agency for their temporary staffing needs. Directors have been consulted and have not raised any objections to this approach.

7. Reasons for Recommendation

7.1. To keep Members informed of the changes to the FLW, in the following April and to highlight any specific arrangements that may be required if the NJC pay award does not continue to keep PCC's pay scale above the FLW rate.

8. Equality impact assessment (EIA)

8.1. An Equality Impact Assessment was completed and is attached at Appendix 1.

9. Legal implications

The report outlines the cost relevant to the limited number of TUPE colleagues who are not automatically entitled- this mitigates potential risk of challenge and consolidates colleague pay rates within the group. The report also reflects the basis upon which staff used via agencies should be dealt with, that issue having been consulted upon.

10. Director of finance's comments

The financial impact of paying FLW on TUPE employees (as outlined in para5) to General Fund services is estimated as £1,000 and will need to be met from existing staff budgets.

The cost of paying the FLW to in house agency staff (para 6) is estimated at £22,600 in a full year. In general, services are funded for their permanent establishment costs including the living wage. Any additional cost arising from using agency staff would be met from services' existing budgets.

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Signed by:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: