

Agenda item: **Title of meeting:** Employment Committee**Date of meeting:** 6th March 2020**Subject:** The Living Wage**Report by:** Assistant Director of HR**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 2020, to £9.30 per hour and to advise members of the impact of the 2020/21 national pay award on the FLW rate.

2. Recommendations

2.1. It is recommended:

- (i) Members note that the Foundation Living Wage for 2020 has been set at £9.30 per hour.
- (ii) The effect of the 2020/21 national pay award is unknown and therefore based on current information, spinal column points 1 & 2 is lower than 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

3. Background

3.1. At Employment Committee on the 26th February 2019, members agreed to increase the salary of the lowest paid employees in the council, in line with the FLW rate of £9.00, with effect from 1st April 2019.

3.2. This increase was applied to all 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.

3.3. It was also agreed to apply this rate to those engaged through the in-house internal agency.

3.4. The increase to the FLW of £9.00 per hour was at the same level as PCC's SCP 1 therefore, no consolidated payment was required for all staff on PCC terms and conditions.

4. Impact of the NJC 2020 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. Due to a government calling a general election, there has been a delay in the NJC starting formal negotiations with the unions, for the 2020 pay award. The NJC have confirmed that they will start discussions with the unions in February but acknowledge due to these delays it is unlikely that any agreement will be in place by 1st April 2020.
- 4.4. The unions are have currently proposed a 10% pay award for 2020.
- 4.5. Therefore until the pay award is known, it has been assumed that all employees on SCP 2 and below will fall below the FLW rate of £9.30, for 2020/21.

5. FLW impact

- 5.1. There are currently 328 employees (including schools) whose hourly rate will fall below £9.30 as at 1st April 2020. Of the 328, 18 are TUPE employees and 295 are schools employees.
- 5.2. Members are reminded of the need for consultation with individual schools, as it is for each individual school's governing bodies to decide whether or not to adopt the consolidated FLW rate. In 2018, when the FLW was consolidated all school agreed to pay the FLW rate, compared to previous years where a number of schools opted out of paying the FLW, when it was a 'top-up' payment.
- 5.3. The impact of the FLW increase financially is approximately £32,097 per annum (including on costs and schools). Some of this cost would be subsumed upon the implementation of any pay award.

6. Reasons for Recommendation

6.1. To keep Members informed of the changes to the FLW, in 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.

6.2. Continue to pay the lowest paid employees in line with the FLW and increase the rate to £9.30.

7. Integrated Impact Assessment

7.1. An Integrated Impact Assessment was completed and is attached at Appendix 1.

8. Legal implications

The report outlines the cost relevant to the limited number of TUPE colleagues who are not automatically entitled and 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.

9. Director of finance's comments

9.1. The financial impact of paying FLW to employees to General Fund services is estimated to be £6,622 and will need to be met from existing staff budgets. However, some of this cost would be subsumed upon the implementation of any pay award.

Any additional cost arising from using agency staff would be met from services' existing budgets.

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Signed by:

Appendices:

Appendix 1: Integrated Impact Assessment

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: