

Title of meeting:	Employment Committee
Date of meeting:	17 November 2022
Subject:	Real Living Wage Accreditation
Report by:	Director of Corporate Services on behalf of Cross Party Member working Group
Wards affected:	None
Key decision:	Yes /No
Full Council decision:	Yes /No

1. Purpose of report

- 1.1 At its meeting of 7 July 2022 the Committee resolved to ask Group leaders to nominate members from their group to form a task and finish group to investigate how Living Wage accreditation can be taken forward through the governance cycle and budget setting process and report back to the committee with recommendations at its next meeting in September.
- 1.2 The purpose of this report therefore is to provide recommendations of the task and finish group in accordance with the above resolution.

2. Recommendations

- 2.1 The task and finish group recommend that the Employment Committee:
 - Asks the Cabinet to consider including Real Living Wage accreditation in the upcoming budget setting process to seek sustainable funding.
 - Asks Cabinet that in the budget setting process the financial impact is assessed using data previously provided to the committee on which to base its assumptions subject to the announcement of the revised Real Living Wage rate for 2023 which is expected to be announced in November by the Living Wage Foundation.

3. Background

- 3.1 Over the past year a project team has worked to provide the committee with further detail on the implications of seeking accreditation as a Living Wage employer. Reports have been tabled detailing the likely cost implications, challenges, benefits

as well as current market conditions and feedback from those suppliers likely to be most affected by such a policy.

3.2 The committee have been clear that accreditation as a Living Wage employer is something the council aspires to and has reinforced its commitment by adopting a policy of paying directly employed PCC staff the living wage year on year since 2018.

3.3 In order to become an accredited Living Wage employer sustainable funding needs to be identified through the budget process. The most recent estimate of costs are outlined in the report to the committee of 7 July 2022 and repeated below for ease of reference:

The full year impact of requiring PCC contractors to pay the current RLW rate of £9.90 per hour has been estimated at circa £2m. This can be further analysed as follows:

	Year 1	Year 2	Year 3
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Adult Social Care</i>	<i>1,600</i>	<i>1,600</i>	<i>1,600</i>
<i>Other General Fund services</i>	<i>189</i>	<i>284</i>	<i>378</i>
<i>Total General Fund</i>	<i>1,789</i>	<i>1,884</i>	<i>1,978</i>
<i>Schools</i>	<i>3</i>	<i>5</i>	<i>7</i>
<i>HRA</i>	<i>3</i>	<i>5</i>	<i>7</i>
<i>Total Cost to PCC</i>	<i>1,795</i>	<i>1,894</i>	<i>1,992</i>

3.4 The data above does not take into account the recent increase for the Real Living wage to £10.90 announced by the Living Wage Foundation. As the proposed National Minimum Wage rate applicable from April 2023 has yet to be announced, the differential between these two rates is unconfirmed. If the differential remains at 40pence, the data in para 3.3 remains a working assumption for the financial impact.

4. Integrated Impact Assessment

This report does not require an Integrated Impact Assessment as there are no proposed changes to PCC's services, policies, or procedures included within the recommendations. In the event that a policy decision is taken an integrated impact assessment will be completed.

5. Legal Implications

There are no legal implications that arise from the recommendations of this report. Any subsequent report to cabinet will be reviewed and comment provided separately.

6. Finance Comments

The Council's annual budget process provides each Portfolio with an allocation for inflation so that it is funded to operate 'steady state' services. No provision is included in the current budget for the additional cost of requiring contractors to pay the RLW to their employees.

The largest impact here is in the Adult Social Care service. Currently a national exercise is being undertaken as part of the Social Care Reform programme with a planned implementation date in Autumn 2023. This includes a review of the fair cost of care. Until this work is completed, and the impact understood, it would be premature to conclude anything regarding the cost to the Council of ASC suppliers adopting the RLW.

Whilst the 3-year forward forecast for 2023/24 to 2025/26 included in the Budget report to City Council in February 2022 did not plan for any savings requirement to balance the budget, there are now cost pressures emerging which will impact budgets going forward e.g. energy, fuel, waste and general inflation.

At the point any decision is taken to implement the RLW, the City Council will simultaneously need to identify and approve savings of £1.978m in order to fund this policy initiative. Similarly, any cost impact on the HRA will need to be factored into the HRA budget and considered as part of the consultation with tenants.

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Signed by (Director)

Appendices:

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