

## **For publication**

### **Approval of the implementation of Voluntary Living Wage**

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Meeting: Employment and General Committee

Date: 16 March 2020

Report by: HR & Support Services Manager

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#### **1.0 Purpose of report**

1.1 To gain agreement to reinstate the current voluntary national living wage amount of £9.30 per hour to all council staff on Green Book terms and conditions who earn below that amount currently from April 1st 2020.

#### **2.0 Recommendations**

2.1 That the payment of the voluntary living wage be approved for 2020/21.

#### **3.0 Background**

3.1 The Living Wage is set independently and annually and to become a Living Wage Employer and enjoy accreditation from The Living Wage Foundation certain criteria must be met e.g.

- Pay the 'real' living wage to all employees (currently £9.30 per hour)
- Have a plan to pay all contractors the real living wage
- Pay the annual fee for accreditation (based on number of staff - £60 pa for less than 10 staff)

Whilst accreditation is a positive step it also reduces control on pay budgets as the living wage is set independently each year by an external source requires that all contracts have clauses requiring the living Wage to be paid (thus passing the onus onto third parties)

- 3.2 Nationally many Local Authorities are accredited Living Wage employers however many have decided to retain budgetary control and pay a living wage supplement to employees as an alternative and be deemed a voluntary living wage employer.
- 3.3 The council first introduced the voluntary living wage from April 2016 and this allowance remained in payment until the national review of NJC pay in 2018. The national pay review set out to significantly increase pay at the lower levels whilst also trying to achieve a consistent number of spine points in each grade and a consistent percentage increase between each spine point. This led to an amendment to our grades and a revised collective agreement being signed with unions.
- 3.4 The pay review raised the lowest rate of pay above the voluntary living wage rate from April 2019. Nationally the pay award for 2020 is still being negotiated and this is unlikely to be resolved until summer 2020 at the earliest. Unions have rejected a 2% pay award and further negotiations are taking place however it is unlikely that the 10% claim will be awarded.
- 3.5 The impact of a 2% pay award for 2020 would mean that the lowest paid staff on grade one who are currently paid £9 an

hour will receive an 18p an hour increase to £9.18 some 12p per hour less than the voluntary living wage. Even at 2.5% the lowest paid would only be on £9.22 per hour and 3% would achieve £9.27 per hour.

#### 4.0 Considerations

4.1 Increasing the bottom spine point to £9.30 would diminish the difference between grade 1 and grade 2 as the table below demonstrates -

Grade	Pay @ April 2019	Proposed pay April 2020
Grade 1	£9.00	£9.30 (inc. LWA)
Grade 2	£9.18	£9.36 (not inc. LWA)
Grade 3	£9.36	£9.55 (not inc LWA)

4.2 Concerns about differentials between grade 1 and 2 were raised by union colleagues when the voluntary living wage was originally implemented and changes to job roles and structures had to be implemented to address these concerns e.g. building cleaning team leaders. This proposal would present the same issue and would also undo the intention of the national pay negotiators in previous years to maintain a consistent pay increase percentage between each grade. This risk however is relatively small as there are only 11 grade two employees (although 10 are male).

4.3 Implementing the voluntary living wage again will also re-introduce an additional pay allowance into the pay structure and may lead to claims of unequal pay. However, this does support the government intention to reach a national living wage of £10.50 per hour by 2024.

## **5.0 Financial considerations**

5.1 The council currently employs 52 staff on grade 1, 32 of whom are women. This increase would go some way to support the reduction of the council's gender pay gap and would also reduce the pay ratio reported in the senior pay policy which has risen significantly this year. The additional cost of implementing this allowance would be in the region of £7,600 per year at face value.

## **6.0 Proposal**

6.1 All staff currently on NJC Green Book terms and conditions who receive a basic hourly rate of pay of less than £9.30 will receive an additional allowance for the living wage to bring their basic pay to that level.

6.2 This will not apply to craft workers as they receive bonuses which take their hourly pay above this level.

6.3 This allowance will be awarded from April to April each year and will be reviewed annually taking into account any increases in the Voluntary Living Wage set in November and annual increases negotiated through the pay settlement agreement.

6.4 This allowance will be awarded on basic pay and overtime payment.

6.5 This allowance may be withdrawn at any point in the future if budget dictates.

6.6 A full Equality Impact Assessment was completed in 2016 and is available to be viewed.

## **7.0 Consultation**

7.1 These proposals have been endorsed by CMT, FPB and unions

## **8.0 Recommendation**

8.1 That the payment of the voluntary living wage be approved for 2020/2021.

### **Document information**

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