

North Tyneside Council

Report to Council

Date: 26 November 2020

Title: North Tyneside Council Living Wage

Portfolio(s): Resources	Cabinet Member(s): Cllr Bruce Pickard
Report from Service Area:	Human Resources & Organisation Development
Responsible Officer:	Janice Gillespie - Head of Resources
Wards affected:	All

PART 1

1.1 Executive Summary:

Tackling low pay is a policy priority of the Mayor and Cabinet. The Authority has taken a number of measures to improve the position including last year's budget plans to improve pay to our apprentices and our Apprenticeship Strategy.

Since 1st April 2016 we have been paying the Real Living Wage either via our pay structure or by adding a supplement where pay awards and the Foundation's increase have been out of step. This year is one of those occasions.

The Living Wage Foundation is an organisation made up of businesses, organisations and people that campaign for fair pay and promotes the rate of pay a person living in the UK needs to earn to be able to live at a "sustainable level" (known as the Real Living wage).

The Real Living Wage is set by the Living Wage Foundation in November every year. Employers have six months to implement any changes to the rate from when it is implemented in the November. We have tried to align this with our annual pay agreement cycle in April, as this impacts on the amount of uplift required (if any) and aligns it with our financial planning cycle. This allows for a full year pay from April to April.

The purpose of this report is to seek Council approval to pay a North Tyneside Living Wage (NTLW) based on the Living Wage Foundation's rate for 2019/20 of £9.30 per hour. This would be paid as a supplement to all those earning less than £9.30 per hour on the Authority's current pay and grading structure and back dated to April 2020. This risk was understood and was included in the 20/21 Budget.

The Living Wage Foundation announced on the 9th November 2020 an increase to the Real Living Wage rate to £9.50 per hour, this is to be implemented within 6 months of the change. It is our ambition to implement this in line with our pay agreements from April 2021.

1.2 Recommendation(s):

It is recommended that Council:

- (1) agree to a North Tyneside Living Wage as outlined in the report, which will be backdated to April 2020;
- (2) authorise the Head of Resources in consultation with the Head of Law and Governance, Head of Paid Services and Cabinet Members for Resources and Cabinet Member for Human Resources to put in place a pay supplement for the year 2021/2022 taking into consideration the financial impact on the Authority of the Real Living Wage;
- (3) authorise the use of the finance allocated via the budget setting process for 2020/21 to enable the implementation of this payment; and
- (4) authorise the Head of Resources, in consultation with the Head of Law and Governance to take all necessary steps to implement the recommendations above.

1.3 Forward Plan:

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 23rd October 2020.

1.4 Council Plan and Policy Framework

This report does not relate to the priorities set out in the 2020 Our North Tyneside Plan.

1.5 Information:

1.5.1 Background

The Living Wage Foundation calls for every worker in the country to earn enough to meet their everyday needs.

The level of the Real Living Wage is not enforced under the provisions relating to the National Minimum Wage nor is it part of the National Joint Council for Local Government Services Pay and Terms and Conditions Agreements. This means it is the choice of an employer whether they pay the Real Living Wage.

The Real Living Wage rates are set independently and updated annually in November by the Living Wage Foundation for implementation within a six-month period from the announcement of the new rate.

The rate for 2019/2020 was £9.30 per hour and has just been increased to £9.50 per hour on 9th November 2021, it will be reviewed again on the first Monday in November next year.

Timing and rates mean that the Living Wage Foundation rate changes ahead of Local Authority national pay agreements which run from April to April and this puts our grading structure out of step, however when the Real Living Wage rates are increased in November there is a 6 month window in which to implement the new rates.

1.5.2 A North Tyneside Living Wage

The Authority have put in place a number of measures to continue to tackle low pay; this includes increased rates of pay for our apprentices and our Apprenticeship Strategy, which outlines how we will expand entry routes in to the organisation for young people and our hardest to reach groups of residents. Part of these measures has been ensuring the lowest point on our pay scale is at least the rate of the Real Living Wage.

The Authority has implemented the Real Living Wage from 1st April 2016. Following this a two-year agreement changed the national pay scales meaning our lowest level of pay was in line with the real living wage rate until the Living Wage Foundation rates were updated in November 2019.

As the Real Living wage is no longer incorporated into our pay structure as part of the national agreements we need to put this in place as an Authority and decisions around pay and grading of this nature are a matter for Council.

From April 2020 the national pay agreements increased our employees pay by 2.75% across the board, which increased Grade 1 (the lowest point on our pay scale) to £9.25 per hour, however this is below the real living wage rate of £9.30 per hour which was in place at that time. These pay agreements are negotiated nationally with Trade Unions and members of National Employers. Local Authorities are consulted on the proposals put forward by the National Employers to ensure these are affordable. This year there was a large differential between the proposals of the Trades Unions and the National Employers and as such the agreement did not happen until the 24th August 2020. This is much later than normal and was paid to our employees in October backdated to April 2020.

It is therefore proposed to pay a small supplement to ensure our teams are at the Living Wage Foundation rate which will be backdated to April 2020.

We would also wish to implement the updated rate of £9.50 in April 2021. This in line with our pay agreements from April 2021 and our financial planning cycle and as such an additional decision is proposed in this report to allow senior officers in consultation with the Cabinet Member for HR and Resources to take this forward, once the Authority is clear on the 2021/22 pay award position and the potential financial impact

1.5.3 Schools Position

The Authority is a residual employer for all employees in Community Schools and Moorbridge Pupil Referral Unit, who would therefore be required to implement the Real Living Wage, where there are employees on Grade 1 (out of the 19 schools in this categorisation this would only impact on 9 schools in total).

For other maintained schools within North Tyneside as the Authority is not the employer of the staff employed in these schools (the respective governing bodies employ the staff), there is no equal pay risk present beyond the boundaries of each school.

The decision does not affect the other schools in North Tyneside.

48 Schools in total employ individuals on Grade 1.

We have written to all Headteachers in affected schools to understand their position on this.

1.5.4 Workforce Data and Costs

Employer	Number of Employees	Costs
Local Authority	115	£3,962
Schools	168 (25 in Community Schools)	£5,991 (£1,000 in Community Schools)

1.6 **Decision options:**

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations at paragraph 1.2 of this report.

Option 2

Cabinet may decide not to approve the recommendations at paragraph 1.2 of this report.

Option 1 is the recommended option.

1.7 **Reasons for recommended option:**

Option 1 is recommended for the following reasons:

It aligns to the hourly rate which is recommended by the Living Wage Foundation as the hourly rate of pay a person living in the UK needs to live at a sustainable level.

1.8 **Appendices:**

Appendix 1: Equality Impact Assessment (NTLW).

1.9 **Contact officers:**

Janice Gillespie – Head of Resources ; Tel. (0191) 643 5701
Suzanne Duncan-Senior HR Manager; Tel (0191) 643 5064

1.10 **Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

(1) The Living Wage Foundation website - <https://www.livingwage.org.uk>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As part of the budget setting for 2020/21, funding was set aside to cover increases to staffing costs resulting from pay awards and national living wage increases. The costs associated with the implementation of the Living Wage for North Tyneside employees at the level of £9.30/hour is in line with the Living Wage Foundation hourly rate of pay.

As above there is an ambition to continue to pay the North Tyneside living wage at the rate of the updated living wage into

This totals in the region of £4,000 and is covered by the funding built into the 2020/21 budget.

There has been no provision set aside for Community Schools or any other School. This supplementary payment will have to be funded from within School Budgets from April 2020.

2.2 Legal

The North Tyneside Living Wage is being paid as a supplementary payment on the basic hourly rate to those employees on SCP's of the Authority's pay and grading structure. As there will be no change to the pay and grading structure or employees' terms and conditions of employment a collective agreement with the trades unions is not required.

As the implementation of the North Tyneside Living Wage will be via a supplement to all employees, irrespective of gender (or any other protected characteristic) any equal pay or other form of discrimination risk is minimal. The payment of a supplement to increase the pay of the lowest paid in the Authority to the level of the North Tyneside Living Wage could be also justified as a proportionate means to achieve a legitimate aim.

The job evaluation scheme retains its integrity due to the fact that the grade boundaries are not being changed and jobs continue to be scored and valued in accordance with existing processes.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation has been carried out with the Senior Leadership Team, Cabinet Member for HR and Trade Unions have also been advised of the proposals and have had the opportunity to provide comments and views.

2.3.2 External Consultation/Engagement

Engagement has taken place with other local authorities in the area to benchmark how this has been implemented elsewhere within the region.

The Authority has also written to all Head Teachers and Chairs of Governors to seek views and inform them of the policy context.

2.4 Human rights

There are no human rights implications.

2.5 Equalities and diversity

The Equality Impact Assessment is attached at Appendix 1. The equality impact of this proposal is overwhelmingly positive and relates to a 84% female group of colleagues,

2.6 Risk management

Any risks identified will be managed in accordance with the Council's risk management policy and procedures.

2.7 Crime and disorder

There are no crime and disorder implications arising specifically from this report.

2.8 Environment and sustainability

There are no environment and sustainability implications arising specifically from this report.

PART 3 - SIGN OFF

- Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy