

Appointments Board – 20th January 2016

Living Wage in Walsall Council

Service: Human Resources

Wards: All

1. Summary

To review the decision to pay a minimum pay rate that matches the UK Living Wage in respect of Walsall Council employees.

2. Recommendations

2.1 Appointments Board is requested to make a determination for the future payment of the Living Wage allowance from the following options:

1. continue to pay a Living Wage supplement to existing roles (and casual roles) that are below the Living Wage. This will mean the minimum rate of pay will be £8.25 per hour with effect from 1st April 2016. This will include all Walsall Council employees (excluding apprentices, including schools but excluding Voluntary Aided, Foundation and Academies).
2. freeze the current allowance paid (£7.85 per hour).
3. cease the Living Wage allowance.

3. Background Information

3.1 The Living Wage is an informal benchmark, not a legally enforceable minimum level of pay, like the national minimum wage. The Living Wage is currently calculated by the Centre for Research in Social Policy at Loughborough University. The Living Wage calculation takes into account the Joseph Rowntree Foundation Minimum Income Standard research in which members of the public identify what is needed for a minimum standard of living. This is then combined with an analysis of the actual cost of living including essentials like rent, council tax, childcare and transport to produce the Living Wage figure.

3.2 On 31st October 2014, Appointments Board recommended that with effect from 1st April 2015, the Council paid a Living Wage supplement to existing roles (and casual roles) that are paid below the Living Wage. This made the minimum hourly rate £7.85 per hour. It also recommended that this decision be reviewed on an annual basis.

3.3 The current national minimum wage is a compulsory minimum (set at £6.70) for employees over 21. From April 2016 the government will introduce a new mandatory National Living Wage (NLW). The NLW will pay a premium to the National Minimum Wage (NMW) for those 25 and over, taking the total payment to £7.20 per hour.

3.4 The Living Wage outside of London was increased in November 2015 by 5% from £7.85 to £8.25.

4. Living Wage Supplement in Walsall Council.

4.1 The vast majority of staff that work for Walsall Council already earn a rate of pay at or above the Living Wage. However, the bottom seven points of the national pay scale (scp 06 - 12) are currently below the Living Wage.

4.2 As at 1 November 2015, the Council have 186.79 Full Time Equivalent occupied posts (including Education) that are paid below the Living Wage:-

All FTE	Corporate FTE	Education FTE	Annual FTE £	Hourly rate £	SCP	FTE hrs
18.06	1.00	17.06	13,614.00	7.06	006	37
7.53	0.00	7.53	13,715.00	7.11	007	37
15.51	5.44	10.07	13,871.00	7.19	008	37
54.69	15.78	38.91	14,075.00	7.30	009	37
18.62	15.90	2.72	14,338.00	7.43	010	37
10.80	7.09	3.71	15,207.00	7.88	011	37
61.58	34.75	26.83	15,523.00	8.05	012	37
186.79	79.96	106.83				

The Council also has approximately 188 people that work on a 'casual' basis for the Council at rates less than £8.25.

4.3 A school has the delegated power to decide where to appoint employees on the pay scale and could therefore choose not to apply the Living Wage (even if the council has decided to implement it).

4.4 Foundation or Voluntary Aided Schools or Academies are separate employers so are outside of any decisions the Council may take regarding pay.

5. Options

5.1 There are broadly three options available to Appointments Board with regards to the Living Wage.

1. Continue to pay a supplement to existing roles (and casual roles) that are below the Living Wage. This will mean the minimum rate of pay will be £8.25 per hour with effect from 1st April 2016. This will include all Walsall Council employees (excluding apprentices, including schools but excluding Voluntary Aided, Foundation and Academies).
2. To freeze the current allowance paid (£7.85 per hour).
3. Cease the living wage allowance

Each option is costed out under the next section.

6. Financial implications

6.1 Option 1

	Corporate	Education (school based staff)	Total
Cost in 2016/17 of Living Wage (£8.25 per hour with effect from 1 st April 2016)	£85,730 excluding casuals	£164,490 excluding casuals	£250,220 excluding casuals

Option 2

	Corporate	Education (school based staff)	Total
Cost in 2016/17 of freezing the rate at £7.85 per hour.	£37,970 excluding casuals	£92,810 excluding casuals	£130,780 excluding casuals

Option 3

	Corporate	Education (school based staff)	Total
Cost of not implementing a Living Wage supplement	£0	£0	£0

6.2 The cost of council funded staff (non schools) will be provided for centrally as part of the budget setting process for 2016/17. The medium term financial outlook will be amended to reflect this additional cost. Schools costs would be expected to be funded from schools DSG budgets as they are schools based staff. There would be an increase in overtime costs as the basic rate of pay will have increased, however these will be absorbed within existing council budgets.

6.3 The total indicative annual increase in costs for roles that are currently filled by agency staff, assuming the same level of usage going forward, would also increase. However, these would be absorbed within existing Council budgets.

7. Legal Considerations

7.1 If the Board approves payment of the living wage of £8.25 per hour from April 2016 or agrees to freeze the current hourly rate of £7.85 per hour, there are no legal implications anticipated.

If the living wage is removed altogether from those currently receiving it, there is a risk that, in the absence of any contractual discretion or flexibility clause, claims could be pursued in the employment tribunal for unlawful deductions from wages or in the county court for breach of contract.

8. Citizen Impact

- 8.1 The implementation of the Living Wage will only impact on citizens in terms of budgetary spending power of the Council.

9. Equality implications

- 9.1 None.

10. Consultation

- 10.1 The Council's recognised Trades Unions are nationally supportive of the Living Wage, and wish for the Council to continue with the current arrangement.

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Previous Papers 31st October 2014 Personnel Committee – National Living Wage in Walsall Council.