

North Tyneside Council Report to Cabinet

Date: 10th July 2017

ITEM 6(j)

Title: North Tyneside
Council Living Wage

Portfolio(s): Human Resources

Cabinet Member(s): Cllr Bruce Pickard

Report from Service

Area: Human Resources & Organisation Development

Responsible Officer: Alison Lazazzera – Head of HR&OD (Tel: (0191) 643 5012)

Wards affected: All

PART 1

1.1 Executive Summary:

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 living wage). The current UK living wage is £8.45 per hour and employers can choose to pay the living wage on a voluntary basis without being accredited to the Living Wage Foundation.

The Living Wage Foundation’s living wage amount of £8.45 surpasses the National Living Wage of £7.50 however a number of local authorities across the region and nationally have taken a decision to pay a version of the living wage without being accredited to the Living Wage Foundation.

The purpose of this report is to seek Cabinet approval to pay a North Tyneside Living Wage (NTLW) based on the Living Wage Foundation’s current rate of £8.45 per hour. This would be paid as a supplement to all those earning less than £8.45 per hour on the Authority’s current pay and grading structure. The Authority would not be seeking accreditation to the Foundation that would tie it to any future increases set by the Foundation.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) agree to a North Tyneside Living Wage as outlined in the report;
- (2) authorise the use of the finance allocated via the budget setting process for 2017/18 to enable the implementation of this payment; and

(3) authorise the Head of Human Resources and Organisational Development, in consultation with the Head of Law and Governance and the Head of Finance to take all necessary steps to implement the recommendations above.

1.3 Forward Plan:

It has not been practicable to give twenty eight days notice of this report. However, it is required to be considered without the twenty eight days notice being given because of the delay caused by the General Election on 8th June 2017 and the key communications to schools that need to be distributed prior to the end of term and internal payment systems that need to be finalised and tested to meet a 1 September 2017 implementation date.

1.4 Council Plan and Policy Framework

This report does not relate to the priorities in the 2014/18 Our North Tyneside Plan.

1.5 Information:

1.5.1 Background

The Living Wage is a campaign that began in the USA and moved to Britain in the early 2000's. The Living Wage Foundation has been set up in recent years to promote the Living Wage Campaign.

The Living Wage Campaign is promoted by the Fair Pay Network and calls for every worker in the country to earn enough to provide their family with the essentials of life. The minimum Living Wage is £8.45 per hour for areas outside of London. The level of the 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

The Living Wage has been based on a formula in which the main living cost element is derived from figures determined by the Family Budget Unit (FBU). The FBU calculations, made originally in 1998, are based on lists of essential items in the budget of different types of families. The FBU has noted that based on these calculations the North East had the second lowest budget costs within England, Scotland and Wales. However, there is no regional deviation from the proposed rate of pay other than for inner London.

The Living Wage rates promoted by the UK Living Wage Campaign are set independently and updated annually. The national rate for outside London is calculated by the Living Wage Foundation and economists from Loughborough University. The Joseph Roundtree Foundation funds this work.

1.5.2 A North Tyneside Living Wage

As part of the budget proposals for 2017/18 it was proposed to introduce the equivalent of the Living Wage Foundation's rate of £8.45 per hour and provision has therefore been made within the budget. It would be known as the North Tyneside Living Wage.

The proposed North Tyneside Living Wage amount of £8.45 falls between spinal column points 12 and 13 of the Authority's pay and grading structure and would therefore affect those on grades 1-3 (SCP's 6-12 inclusive) within the Authority and Schools.

This is to be paid as a supplement on an individual's basic hourly rate of pay. It will not change the pay and grading structure of the Authority and will not be paid on any enhanced rates of pay such as shift allowances or voluntary overtime payments. In the future it is likely that decisions on pay awards or changes to the national pay spine will at some point overtake this hourly amount.

1.5.3 Schools Position

The Authority is a residual employer for all employees in Community Schools (18) and Moorbridge Pupil Referral Unit (1). The NTLW will be applied in these schools to avoid any equal pay risks arising. The implementation date has been set as September to mitigate costs for this financial year.

For other maintained schools within North Tyneside (Learning Trust) 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.

1.5.4 Workforce Data and Costs

The current number of Council and all School staff affected on SCP's 6 – 12 is as follows:

| GRADE | SCP | NO OF EMPLOYEES | TOTAL FOR GRADE |
|-------|-----|-----------------|-----------------|
| 1 | 006 | 300 | 300 |
| 2 | 007 | 139 | |
| 2 | 008 | 85 | |
| 2 | 009 | 800 | 1024 |
| 3 | 010 | 52 | |
| 3 | 011 | 58 | |
| 3 | 012 | 553 | 663 |

Forecasted costs for the Council and Schools

- Number of employees affected approx 1987
- Number of council employees approx 678
- Number of all school employees approx 1309
- Grades affected = Grade 1,2,3

| Costs (approx) | 1 Sept 17 to 31 Mar 2018 (7 months) (£'000) | Full Year (£'000) |
|-----------------------|--|------------------------------|
| Authority | 180 | 309 |
| All Schools | 142 | 243 |

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 hourly rate of £8.45 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 and it would also bring us into line with the lowest hourly rate of pay offered by other local authorities within the region.

1.8 Appendices:

Appendix 1: Equality Impact Assessment (NTLW).

1.9 Contact officers:

Alison Lazazzera – Head of HR&OD; Tel. (0191) 643 5012

Carol Murphy – HR Specialist, Pay, Reward and Partnerships; Tel. (0191) 643 5064

Janice Gillespie – Head of Finance; Tel. (0191) 643 5701

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

There has been funding set aside for the costs associated with the implementation of the Living Wage for North Tyneside employees at the level of £8.45 per hour in line with the Living Wage Foundation hourly rate of pay. This cost has been factored into the Council budget agreed for 2017/18.

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 1 September 2017.

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 6-12 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.

In accordance with the Local Government Act 2000 and the Regulations made under that Act, the decision to implement a North Tyneside Living Wage is a matter for Cabinet.

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 and other parties as part of the budget consultation for 2017/18. The 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 the Regional Employer's Organisation and 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.

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

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