

The background of the slide features the coat of arms of the Government of Nunavut. It consists of a shield divided into four quadrants. The top-left quadrant shows a yellow sun with rays. The top-right quadrant shows a white caribou head with antlers. The bottom-left quadrant shows a white sailing ship on blue wavy lines representing water. The bottom-right quadrant shows a white eagle with spread wings. Above the shield is a crown with four white flowers. Below the shield is a banner with the text "ANE FOR A'".

Agenda Item 14

Living Wage Implementation

Falkirk Council

Title: Living Wage Implementation
Meeting: Executive Committee
Date: 15 January 2019
Submitted By: Director of Corporate & Housing Services

1. Purpose of Report

- 1.1 The Council is a Living Wage employer and this report makes recommendations on how the Council implements the Living Wage Foundation's (LWF) confirmed living wage rates of pay.

2. Recommendation

2.1 It is recommended that the Executive agree:-

- (1) The LWF pay rate of £8.75 per hour be implemented for those employees to whom this would apply, with effect from the January pay run, back dated to 31.03.18;**
- (2) The Living Wage Foundation's confirmed hourly rate of pay, normally announced in November each year, be automatically implemented on the 31st March of the following year, if the national pay award has not been implemented by this date to accommodate this.**

3. Background

- 3.1 The Council is currently accredited as a Living Wage Employer by the LWF. For its workforce, this means that the Council must implement the LWF's confirmed hourly living wage within 6 months of this being announced. This is normally announced in November each year. There are currently c1220 employees on the living wage.
- 3.2 Due to the time taken in negotiating a national pay award, there is however, often a delay in the implementation, beyond the 6 month period. The LWF recognise the issues faced by Councils in this regard, which are due to the often lengthy time taken for negotiations.
- 3.3 As an example, the Council currently pays £8.51 per hour as its minimum hourly rate. This is the lowest rate agreed as part of the national pay award for the period 1st April 2017 to 31st March 2018 and incorporates the LWF rate at that time (and announced in November 16). The pay award which will apply from 1st April 2018 is still under negotiation and until this is concluded, employees on the living wage are still receiving £8.51 per hour.
- 3.4 The LWF's confirmed hourly rate (announced in November 17) that the Council should be applying for the period 1st April 2018 to 31st March 2019, i.e., the next negotiated period, is £8.75.

- 3.5 The LWF continue to recognise the Council as a Living Wage employer as the anticipated pay award for the April 18 to March 19 period will incorporate the LWF rate. This however, does not help those employees currently in receipt of the Living Wage until such times as the pay award is implemented.

4. Considerations

- 4.1 Given the current delay in implementing the national pay award, and the resulting living wage discrepancy for the period to which the pay award applies, i.e., the rate of £8.51 being paid compared to the LWF's confirmed rate of £8.75, it is suggested that the rate of £8.75 be implemented in the next available pay run (likely to be January subject to an early decision). It is further suggested that this be backdated to cover the period of the anticipated pay award (see paragraph 4.4).
- 4.2 It is suggested that this be applied to those employees currently in receipt of the living wage, and any employees who will subsequently be covered by this when the £8.75 is applied (c50 further employees).
- 4.3 Once the pay award is agreed nationally, this will be implemented for the same period, and if due to the level of pay award, the lowest spinal column point is higher than £8.75 which is anticipated, further backdating of the difference will be put in place.
- 4.4 Technically, to ensure employees receive the correct level of back pay, the LWF rates of £8.75, and the pay award, require to be implemented on different dates. It is therefore suggested that the LWF rate be implemented with effect from 31st March, i.e., 1 day earlier than the pay award which is due from 1st April. This will have a minimal cost of c£600. To pay both on the same date of 1st April would have significantly higher resource costs due to the additional administration requirements, as manual interventions to achieve implementation would be necessary.
- 4.5 This approach recognises the potential financial pressures that some of our lowest paid employees may have, as a result of the delay in implementing the pay award.
- 4.6 To ensure this issue does not arise in future years, it is also suggested that the LWF's confirmed hourly rate is implemented each year on 31st March, following its announcement in the November of the previous year. This would only be required if a pay award has not been agreed in time for the LWF rate to be applied by 1st April. Any subsequent agreement of the pay award would then be applied on the agreed date and backdated accordingly.

5. Consultation

- 5.1 This proposal to ensure the lowest paid employees in our workforce receive the LWF's confirmed hourly rate within an appropriate period, has been discussed with Services and shared with Trade Unions.

6. Implications

Financial

- 6.1 There are no financial implications arising from this proposal as provision has been built in to the budget to accommodate a future pay award in line with the LWF rates. There is however, a cost of c£600 to pay the LWF rate one day prior to the implementation date of the pay award. This does however, ensure that appropriate backdating arrangements can be implemented through the payroll system without manual intervention.

Resources

- 6.2 There are resource implications flowing from a requirement to implement the LWF's rate of pay earlier than the pay award, meaning two pay changes each year for the lowest paid employees in the workforce. There are also resource implications arising from letters being issued to advise employees on the living wage that this is happening.

Legal

- 6.3 There are no legal implications arising from this report.

Risk

- 6.4 There is a risk that the national pay award is lower than the LWF's rate of pay. In such circumstances, a report will be brought to Members to seek a decision on the actions, if any, they wish officers to take. Whilst this could have financial consequences, it is anticipated that this risk is currently low.

Equalities

- 6.5 It is likely that this proposal has a positive impact on lower paid female employees.

Sustainability/Environmental Impact

- 6.6 There are no sustainability or environmental issues arising from this report.

7. Conclusions

- 7.1 This report is proposing timely implementation of the LWFs rate of pay to ensure that our lowest paid employees receive this within a reasonable timescale of this being announced.

Director of Corporate & Housing Services

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Appendices None

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- None