

Meeting of:	Cabinet
Date of Meeting:	Thursday, 16 February 2023
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Cost of Living: The Living Wage & Pay Rates for Grades One and Two Staff
Purpose of Report:	This report seeks approval from Cabinet to uplift the lowest paid pay scales (Grade 1 and 2) to adopt the current Living Wage rate of £10.90 per hour
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Tracy Dickinson, Head of Human Resources
Elected Member and Officer Consultation:	<p>Rob Thomas, Chief Executive</p> <p>Tom Bowring, Director of Corporate Resources</p> <p>Matt Bowmer, s151 Officer</p> <p>Strategic Leadership Team</p> <p>Relevant Heads of Service</p> <p>Trade Union Representatives</p>
Policy Framework:	This matter is for Executive decision by Cabinet
Executive Summary:	<ul style="list-style-type: none"> • Following the previous Cabinet paper presented on 9th June, 2022 which approved the increase of Grade 1 and 2 to receive the uplift to the Real Living Wage (RLW), agreement is sought to increase Grades 1 and 2 to the new RLW of £10.90. • It is recommended that the increase be effective from 1st December, 2022, with backdated payments made to relevant staff in March 2023.

Recommendations

1. That Cabinet approves the proposals set out in this report for the Council to adopt the latest Real Living Wage of £10.90 per hour for our lowest paid grades (Grade 1 and Grade 2 who are currently paid £10.60 and £10.79 per hour respectively) with effect from 1st December, 2022.
2. That Cabinet receives a further report on the approach to becoming a Living Wage accredited employer in quarter one of the new financial year.

Reasons for Recommendations

1. To reflect the latest Real Living Wage rate announced in September 2022.
2. To enable Cabinet to consider the approach to becoming a Living Wage accredited employer in due course.

1. Background

- 1.1 A cross functional working group has been established to consider the current Cost of Living Crisis and what the Council can do to support citizens and employees.
- 1.2 As part of this working group, a focus has also been placed on how the Council can support Council employees with rising living costs in line with our continual review of staff pay and benefits.
- 1.3 In June 2022, Cabinet approved proposals to reflect the Real Living Wage of £9.90 with immediate effect (minute C9 refers). The Real Living Wage (RLW) is different to the National Minimum Wage which is a statutory provision.
- 1.4 The national minimum wage (currently £9.50) is based on recommendations from the Low Pay Commission. The Real Living Wage is discretionary and is a separate rate calculated independently each year by the Resolution Foundation and overseen by the Living Wage Commission. The rate is based on the best available evidence about living standards in London and the UK. A basket of goods is used to benchmark and draws on the Minimum Income Standard to identify everyday living costs through public consensus. The RLW is normally higher than the national minimum wage. The national minimum wage is due to increase to £10.42 from April 2023.
- 1.5 Ordinarily the RLW is calculated and announced in November, with accredited organisations having six months to make arrangements to reflect the new rate.
- 1.6 However, in 2022 this was announced on 22nd September, 2022 at £10.90 due to the high level of inflation and considerations around cost of living. Accredited employers have until 14th May, 2023 to implement the increase. It is noted that the Council is not yet fully accredited but working towards accreditation. That said, the Council's Strategic Leadership Team consider that due to the significant cost of living challenges affecting many of our colleagues on the lowest pay

grades, it is appropriate and indeed desirable to move to the new rate in advance of the May 2023 date.

- 1.7 This report sets out proposals to continue to reflect the RLW rate for relevant Council employees.

2. Key Issues for Consideration

- 2.1 This report seeks Cabinet approval to adopt the Real Living Wage rate of pay (of £10.90) for staff paid on our lowest paid grades (Grade 1 and 2) with effect from 1st December, 2022.
- 2.2 The NJC pay scales for the 2022/23 year were agreed in November 2022 following national negotiations. These increases (of £1,925 per spinal point) were reflected in the December 2022 pay for staff.
- 2.3 Adopting the Living Wage rate would mean uplifting the rate of pay for the first two grades to £10.90 per hour. Therefore, any hours and enhancements would be paid at the new hourly rate.
- 2.4 Any agency workers will also receive the new rate of £10.90 per hour.
- 2.5 Consideration has been given to the impact of doing so on those supervisory roles (for example, charge hand supervising cleaners who generally occupy grade three roles). A differential would be maintained, albeit of eight pence per hour.

	Spinal Point	Full Time Annual Salary	Hourly Rate
Grade 1	2	£20,441	£10.60
Grade 2	3	£20,812	£10.79
Grade 3	4	£21,189	£10.98

- 2.6 The total annual cost in increasing the rates of Grades 1 and 2 to £10.90 per hour will be approximately £112k.
- 2.7 The annual cost is split across the following Council areas:
 Schools = £43k
 Environment and Housing Directorate = £50k
 Social Services Directorate = £19k
- 2.8 As indicated in the previous report, 90% of workers in Grade 1 and 2 are female, therefore this is likely to have a positive effect of reducing our Gender Pay Gap, which has reduced from 13.9% in 2018 to the current level of 5.7%.
- 2.9 The Cabinet Report from 9th June, 2022 (minute C9 refers) also outlined proposals for the Council to actively work towards becoming an accredited Living Wage Employer. It is recommended that Cabinet receive a further report considering accreditation during the first quarter of 2023/24.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** The Council's Annual Delivery Plan 2022/23 has a theme specifically relating to hardship and draws together a series of actions across the Council focused on providing support, advice and assistance to those most in need. This includes our own staff.
- 3.2** A collaborative approach has been taken to identify how we best support those who could be impacted most harshly by the cost-of-living crisis. An Officer working group was established to fully understand the impact of the Cost-of-Living crisis on the residents and staff of the Vale and to make connections in an integrated way between the objectives of the Council's different departments. This has been cross-functional, integrated and collaborative, in line with the Five Ways of Working with input from all directorates.

4. Climate Change and Nature Implications

- 4.1** There are no direct Climate or Nature Implications in relation to this report.

5. Resources and Legal Considerations

Financial

- 5.1** There will be an additional cost to the Council in increasing its wage budget. Details of the implications are outlined above and considering an element of modelling on any projected overtime and cost of agency staff, the total annual cost at 2022/23 pay scales is £112k. As payments will be backdated to 1st December, 2022, the cost in this financial year will be £37k.
- 5.2** The pay rates from 1st April, 2023 are currently being negotiated at a national level and as such any further increase will need to be considered once announced.
- 5.3** It is proposed to meet the cost for the 2022/23 backdated payments initially from in year balances with any residual sum from reserves. The new rate will be reflected within the base budget from 2023/24 onwards, provision for which is included in the Council's draft budget proposals for 2023/24.

Employment

- 5.4** The employment considerations are set out in the body of this report.
- 5.5** As accreditation is voluntary any additional uplift to the Living Wage would be reviewed by the Council on an annual basis, considering aspects such as potential pay differentials as highlighted above.
- 5.6** Cabinet will note that the Big Fresh trading company is responsible for determining pay rates for its employees.

- 5.7** In preparing these proposals, discussions have taken place with the Council's trade union representatives who have indicated support for the proposals set out within this report.

Legal (Including Equalities)

- 5.8** There are no direct legal implications relating to this report. Paying the Real Living Wage is voluntary and as such there are no legal implications to the Council's adoption of the pay rate.
- 5.9** These proposals are consistent with the socio-economic duty and have considered the impact on the staff demographic who will benefit from the increase in pay rates. The report highlights particularly the impact on female staff.

6. Background Papers

Cost of Living: The Living Wage & Pay Rates for Grades One and Two Staff, Cabinet, 9th June, 2022

[https://www.valeofglamorgan.gov.uk/Documents/ Committee%20Reports/Cabinet/2022/22-06-09/Cost-of-Living.pdf](https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Cabinet/2022/22-06-09/Cost-of-Living.pdf)