



CABINET – 19TH OCTOBER 2022

SUBJECT: FOUNDATION LIVING WAGE 2022

REPORT BY: CORPORATE DIRECTOR EDUCATION AND CORPORATE SERVICES

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1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek Cabinet's decision with regard to the implementation date of the Foundation Living Wage payment for 2022 and to agree a proposal to fund the additional in-year cost for the 2022/23 financial year.

2. SUMMARY

- 2.1 The Council has paid the Foundation Living Wage rate since 2012 and is committed to continuing to do so.
- 2.2 The rise for 2022 is higher than that budgeted for, so Cabinet is asked to consider and agree the implementation date and associated funding.

3. RECOMMENDATIONS

- 3.1 Cabinet is asked to agree the implementation date for the Foundation Living Wage rate as either 22nd September 2022 or 1st November 2022
- 3.2 Cabinet is also asked to agree that the 2022/23 additional cost is funded through the Miscellaneous Finance Revenue Contribution to Capital Outlay (RCCO) budget.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The recommendation is made to continue the Council's commitment to the Real Living Wage.

5. THE REPORT

- 5.1 As stated, the Council has paid the Foundation Living Wage rate since 2012 and is committed to continuing to do so.

- 5.2 National increases in the rate of pay are usually agreed in November each year and the Council changes the rate of payment from that date
- 5.3 At the Council meeting held on 2nd March 2021 it was agreed that all future nationally agreed increases to the Foundation Living Wage hourly rate be paid automatically. The rate agreed in November 2021 was £9.90.
- 5.4 This year, the Real Living Wage Foundation announced on 22nd September that the rate would rise to £10.90 with effect from that date. The rate is to be implemented as soon as possible and no later than 14th May 2023.
- 5.5 This increase is the largest in the Foundation's history and exceeds the budget that has been set aside by the council for the 2022/23 financial year. The announcement has been brought forward from November in response to the cost of living crisis.
- 5.6 In previous years the increase has been back-dated to November. However, Cabinet now needs to consider whether this date should also be adopted for 2022/23, or whether the payment should be back-dated to the 22nd September 2022 in line with the earlier announcement made by the Real Living Wage Foundation. The additional costs of the 2 options for the 2022/23 financial year are as follows: -
- Backdating to 22nd September 2022 - £212k
 - Back-dating to 1st November 2022 - £165k
- 5.7 Payment of the Foundation Living Wage rate has an impact on the grades at the bottom of the Pay and Grading structure, where supervisors in some services are paid the same as staff they manage and the rise this year impacts on more grades. This is reflected in the consultation response from GMB and UNISON.
- 5.8 Cabinet will note that paragraph 5.16.7 of the 'Workforce Capacity and Associated Challenges' report presented to the meeting today refers to a '**Payline Assessment** – exploratory work is underway to assess the pay and grading structure to consider whether the Council's salary ranges are competitive.' This will also take account of the issues at the bottom of the salary range caused by the payment of the Foundation Living Wage.

Conclusion

- 5.9 The recommendations are made to continue the Council's commitment to pay the Foundation Living Wage rate.

6. ASSUMPTIONS

- 6.1 No assumptions have been made in this report.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment has not been completed on this report as it is an amendment to the Council's NJC pay and grading structure in accordance with agreed processes.
- 7.2 An Equalities Impact Assessment was undertaken on the revised NJC pay and grading structure implemented with effect from 1st April 2019 and there were no obvious negative impacts on any particular 'protected characteristic' group.
- 7.3 The Council has invested heavily in creating a non-discriminatory, transparent pay and grading structure and conditions of service that fully comply with the Equal Pay Act 1970 and any other anti-discriminatory legislation.

8. FINANCIAL IMPLICATIONS

- 8.1 The 2022/23 additional in-year costs of the two options presented in the report are shown in paragraph 5.6.
- 8.2 It is recommended that the 2022/23 additional cost is funded through the Miscellaneous Finance Revenue Contribution to Capital Outlay (RCCO) budget.
- 8.3 The full year impact of the increase in the hourly rate will need to be factored into the 2023/24 budget setting process.

9. PERSONNEL IMPLICATIONS

- 9.1 The personnel implications are included in the report.

10. CONSULTATIONS

- 10.1 As part of the consultation, GMB and UNISON provided the comments below:
- 10.2 We welcome Caerphilly Council's decision to again implement the foundation living wage, however, many of our members who are employed in posts above the FLW have been seeing erosion to the differentials in pay. GMB is calling for all local authorities to update and review their single status pay and grading structure that was previously implemented to insure fair pay for fair work.

11. STATUTORY POWER

- 11.1 Local Government Act 1972.

Author: Lynne Donovan, Head of People Services

Consultees: Christina Harray, Chief Executive
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Cllr Sean Morgan, Leader of Council
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Stephen Harris, Head of Financial Services and S151 Officer

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Nicola Chapman, HR Service Manager

Lisa Downey, HR Service Manager

Trade Unions – GMB, UNISON, Unite

Background Papers:

Report to Cabinet ['WORKFORCE CAPACITY AND ASSOCIATED CHALLENGES' 19th October 2022](#)