

SUBJECT:	LIVING WAGE INCREASE NOVEMBER 2017
DIRECTORATE:	CHIEF EXECUTIVE
REPORT AUTHOR:	CAROLYN WHEATER, CITY SOLICITOR

1. Purpose of Report

- 1.1 To recommend to Executive the proposed increase to the living wage announced by the Living Wage Foundation in November 2017.

2. Executive Summary

- 2.1 The Council became an accredited member of the Living Wage Foundation in October 2013. Since then the Council has implemented the annual living wage increases as an uplift in salary for affected staff. In November 2017 it was announced that the living wage would increase from £8.45 an hour to £8.75 an hour, representing a 3.43% increase.

3. Background

- 3.1 The Council is committed to maintaining its Living Wage accreditation and in order to do so the Council has six months to implement the living wage following an increase.

4. Main Body of Report

- 4.1 The aim of implementing the living wage is to ensure that no employees are paid below the living wage hourly rate. The table below sets out the current national pay scales, the uplift applied to implement the living wage in 2017 and the uplift required to implement the living wage in 2018.

Since achieving accreditation, the council has taken an active role externally to encourage Lincoln businesses to also pay the living wage.

In April 2016 the government introduced a higher minimum wage rate for all staff over 25 years of age, so by law all employers must pay at least £7.20 per hour. This calculation is through a percentage of median earnings currently at 55%. The calculation for the living wage is made through the cost of living, based on a basket of household goods and services.

As can be seen from the table below, by implementing the increase of the living wage by 30 pence per hour means that scales 1b, 1c, 2 and the bottom point of scale 3 will be paid the same rate.

Grade	Spinal column point	National Scales 1.1.2017	1.4.2017 including Living Wage 2016	Hourly rate	% Diff from national scale	1.1.2018 including Living Wage 2017	Hourly rate	% Diff from national scale
S1b	6	£15,033	£16,302	£8.45	8%	£16,881	£8.75	12%
S1b	7	£15,147	£16,302	£8.45	8%	£16,881	£8.75	11%
S1b/c	8	£15,270	£16,302	£8.45	7%	£16,881	£8.75	11%
S1c	9	£15,411	£16,302	£8.45	6%	£16,881	£8.75	10%
S2	11	£15,876	£16,302	£8.45	3%	£16,881	£8.75	6%
S2	12	£16,194	£16,302	£8.45	1%	£16,881	£8.75	4%
S2	13	£16,557	£16,557	£8.58	-	£16,881	£8.75	2%
S3	14	£16,866	£16,866	£8.74	-	£16,881	£8.75	0%

- 4.2 The HR and Trade Union working group met early December and discussed the increase together with the implications for those staff affected. It was also noted at this meeting that should the pay negotiation proposals for 2018 become agreed this would impact on the number of employees in receipt of the living wage. Preliminary work based on the proposed offer suggests that this could reduce the number of those affected to approximately 32 members of staff.
- 4.3 A final pay offer covering the period 1 April 2018 to 31 March 2020 has been made following national pay negotiations detailed below.

1 April 2018 Spine Points 6 – 19

Higher increases on the lower pay points have been offered in order to continue to close the significant gap with the Living Wage. This part of the offer would result in a new bottom rate of £8.50 per hour on SCP6.

Spine Point 20 and above

A flat-rate increase of 2.0%.

1 April 2019

A revised pay spine has been offered to be introduced from 1st April 2019. The new pay spine has not been pegged to the Living Wage rate and allows for some 'headroom'. Therefore the offer is for a bottom rate of £9.00 per hour.

In order to deal with the compacting of differentials at the lower end of the spine it has been proposed that the existing bottom twelve pay points are 'paired off' into six new pay points.

5. Strategic Priorities

5.1 Let's drive economic growth

Provision of the living wage to employees supplies them with a higher disposable income which is likely to be spent locally.

5.2 Let's reduce inequality

Provision of the living wage protects the poorest people in Lincoln by providing a wage which is considered to be at a level to provide a living, in contrast to the minimum wage.

6. **Organisational Impacts**

6.1 Finance

Current Position

In 2018/19 the cost of implementing the living wage will be £27,323 of which £20,398 is General Fund and £6,925 is HRA. The cost of implementing this is already provided for with the General Fund and HRA budgets.

Pay Offer Position

Should the pay offer be accepted the cost of implementing the living wage to the 32 employees (indicative) is £14,910 in total, £11,490 General Fund and £3,420 HRA.

6.3 Equality, Diversity & Human Rights

There are currently 83 employees who would receive an increase in line with the living wage. The breakdown of these is 39 males and 44 females.

7. **Recommendation**

7.1 To recommend to Executive implementation of the latest living wage uplift during April 2018.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? N/A

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