

SUBJECT: ACCREDITED LIVING WAGE INCREASE SEPTEMBER 2022

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: CLAIRE BURROUGHS, HR AND WBL MANAGER

1. Purpose of Report

- 1.1 To recommend to Executive the proposed increase to the real living wage announced by the Living Wage Foundation in September 2022.

2. Background

- 2.1 The Council is committed to maintaining its Living Wage accreditation and to do so the Council has six months to implement the accredited living wage following an increase.
- 2.2 In September 2022 it was announced that the real living wage would increase from £9.90 an hour to £10.90 an hour.

3. Implementation

- 3.1 The aim of implementing the accredited living wage is to ensure that no employees are paid below the accredited living wage hourly rate.

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

In November 2020, the government introduced a higher minimum wage rate for all staff over 23 years of age and by law all employers must pay at least £9.50 per hour with effect from April 2022. 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.

Currently there are sixteen employees who are paid less than the proposed living wage rate of £10.90. Twelve employees are on Scales 1 (1) and 2 (11) with the remaining on different terms and conditions through TUPE transfers.

4. Strategic Priorities

- 4.1 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.

4.2 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.

5. **Organisational Impacts**

5.1 Finance

Current Position

The additional gross cost to the Council to implement the real living wage for these employees effective April-23 would be £1,435, as detailed in the following table.

	Gross Cost 23/24
CoLC T&C's	£0
TUPE T&C's	£1,435
	<u>£1,435</u>

For those employees on the Council's Terms & Conditions, a budgeted pay award of 3% has been forecast, which takes the affected pay scales above the proposed real living wage rate of £10.90 with effect from 1st April 2023, therefore there is no budgetary pressure for 2023/24.

For those employees on alternative Terms & Conditions, through TUPE transfers, a budgetary increase of 3% has also been forecast from 1st April 2023, in line with the Council's assumptions. This falls short of the proposed increase from £9.90 to £10.90 (10%) resulting in a budgetary pressure of £1,435 in 2023/24 assuming the previous employer implements a pay award in line with the new real living wage.

5.2 Equality, Diversity and Human Rights

There are currently sixteen employees who are paid under the living wage rate of £10.90.

The breakdown of these is 3 male and 13 females.

6. **Recommendation**

6.1 To recommend to Executive implementation of the latest living wage uplift during April 2023.

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? None

List of Background Papers: None

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