

TRAFFORD COUNCIL

Report to: Employment Committee
Date: 20th February 2023
Report for: Information and decision
Report of: Angela Beadsworth, Interim Director of Human Resources

Report Title

Real Living Wage Accreditation

Summary

This report provides an update on the current position, planned action and timeframe, ahead of the Real Living Wage Accreditation application in February 2023.

Recommendations

It is recommended that Employment Committee:

- Notes the necessary work as detailed in the report undertaken to prepare Trafford Council to make a Real Living Wage (RLW) Accreditation application.
- Note the associated expenditure of circa £25,000 in 2022/2023 which will be split 50/50 between the Council and schools.
- Approve the proposal to submit a RLW Accreditation application in February 2023 as detailed in the report.
- Support the uplift to pay via a Real Living Wage supplement and pay for agency workers to the RLW rate of £10.90 per hour.

Contact person for access to background papers and further information:

Name: Angela Beadsworth, Interim Director of Human Resources

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Background Papers: *None*

Implications:

Relationship to Corporate Priorities	One of Trafford Council's key priorities is to support people out of poverty (by maximising people's income) and becoming a Real Living Wage Employer and obtaining the accreditation will support the
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	delivery of the Corporate Priorities.
Relationship to GM Policy or Strategy Framework	Greater Manchester has become the first city-region to be officially recognised for ambitious plans to make Greater Manchester a Living Wage City Region by 2030. The progress towards this target has been recognised by the Living Wage Foundation. Trafford Council becoming accredited as a Real Living Wage employer supports the GM Strategy.
Financial	The financial implications are outlined in the body of the report.
Legal Implications	Legal advice is provided in relation to becoming Real Living Wage Accredited as and when required.
Equality/Diversity Implications	Becoming Real Living Wage Accredited would improve life opportunities of Trafford Council's staff.
Sustainability Implications	There is nothing in the report that would undermine our sustainability plans.
Carbon Reduction	Becoming Real Living Wage Accredited would improve life opportunities which can assist in supporting carbon reduction.
Staffing/E-Government/Asset Management Implications	No direct impact.
Risk Management Implications	Becoming Real Living Wage Accredited will impact our pay structures in ways outlined in the body of the report.
Health and Safety Implications	No direct impact.

1.0 Background

- 1.1 The May 2022 Labour manifesto committed that:
We will seek Real Living Wage accreditation to ensure that we have a plan to deliver the Real Living Wage not just for all council staff but all those employed in the Council's supply chain.
- 1.2 Becoming Real Living Wage Accredited is part of Trafford Council's key priority to prevent poverty (by maximising people's income in the first place) and reduce poverty and as well as being part of the work on the Cost-of-Living Crisis. As the UK economy is potentially entering a recession paying the Real Living wage and encouraging others to do so would also stimulate the local economy.
- 1.3 There are now 4 local authorities in GM who have been accredited by the Living Wage Foundation as paying the RLW. Bury, Salford, Manchester, and Oldham as well as Greater Manchester Combined Authority. Nationally over 7,943 organisations

have Real Living Wage Accreditation. In the North West, 695 organisations have accreditation, with over 500 organisations in Greater Manchester.

- 1.4 Greater Manchester has become the first city-region to be officially recognised for ambitious plans to make Greater Manchester a Living Wage City Region by 2030. The progress towards this target has been recognised by the Living Wage Foundation. Salford City Council is also part of the campaign to make Salford a Living Wage City.
- 1.5 The Trafford Council Executive agreed to progress accreditation and this report details the work undertaken to date.

2.0 Accreditation Process

- 2.1 Organisations who commit to paying the Real Living Wage can become accredited with the Living Wage Foundation. There are two specific requirements for meeting Real Living Wage Accreditation which is to pay the Real Living Wage across both:
 - **Directly Employed Staff** – paying all employed staff the RLW and also agency workers (this includes maintained schools and Trafford Leisure Trust as a subsidiary)
 - **Indirectly Employed Staff** – requires completion of a Procurement Milestone Plan for all procured contracts

This report will focus on the first aspect as decisions around pay of our directly employed staff are within the remit of Employment Committee, whereas the second is not.

- 2.2 Paying the Real Living Wage in future years will be informed by changes to the:
 - **National Living Wage** (£9.50 per hour for workers aged 23 and over, £9.18 for those aged between 22 and 21, £6.83 for the 20 to 18s and £4.81 for under-18s and apprentices.). These are the 2022/23 rates.
 - **Real Living Wage Rate** (now £10.90)
 - **National Pay Scale** for public sector pay for Local Authorities.
- 2.3 The accreditation fee is £480, paid annually.

3.0 Pay Implications for employees of the Council, Schools, and Trafford Leisure Trust

- 3.1 The new Real Living Wage rate of £10.90 was announced on 22nd September 2022 - this was earlier than normal, in part due to ongoing rises in costs for people, as most years they confirm it until November. It was an increase of £1.00 (10.1%) on the previous rate. The point at which Trafford Council apply for Accreditation, the Council will have to be paying all directly employed staff the RLW rate in force at the time. Further to the pay award being agreed on 1st

November, Trafford Council's current lowest hourly rates of £10.72 and £10.81 are both lower than the RLW rate.

3.2 This means that we will have to uplift staff on Spinal Column Points (SCP) 1 and 2 and this will be at a cost in 2022/23. The uplifts will apply to substantive staff and casual workers.

3.3 The numbers of substantive staff both in the Council and schools for whom we will have to pay an uplift are approximately:

- Council employees – 150
- School employees (in maintained schools who use our payroll*) – 170

*There are two maintained schools who don't use our payroll service, so we have contacted their Provider to progress.

3.4 As part of the Real Living Wage Accreditation all subsidiaries of Trafford Council are required to be paying the RLW at the point of applying for the accreditation. This therefore applies to Trafford Leisure Trust. Trafford Leisure Trust are currently working with the council on their approach to pay, as they are striving to be a Real Living Wage employer. It has been agreed with the Living Wage Foundation that the activity underway with Trafford Leisure Trust will form part of the action plan that will be submitted.

3.5 Headteachers at our maintained schools (27 secondary and 76 primary) have been contacted by letter from the Director for Education Standards, Quality and Performance to ensure that they are paying RLW when the Accreditation application is made and the non-Trafford Council controlled schools are also encouraged to pay.

3.6 The HR team have created an element in the ITrent HR and payroll system called the 'Real Living Wage Supplement', which will enable us to pay the supplements. For Council employees and those of maintained schools that use the Council's payroll, the relevant uplift has been applied to the pay of employees in scope directly from January pay. It appears as a separate line on payslips. This supplement will then continue to be paid monthly until their hourly rate exceeds the Real Living Wage. This could happen via them moving to the next point in the scale which is SCP 3 or where the nationally agreed pay award takes all of our hourly rates above the RLW rate.

3.7 Letters have been sent to all employees in receipt of the pay supplement so they are aware and understand what it means for them.

3.8 The Council's umbrella agency was informed that from January the lowest hourly rate to be paid to any workers engaged by the Council is £10.90.

4.0 Financial Position

- 4.1 The additional costs of meeting accreditation were estimated to be no more than £25,000 in 2022/23, split approximately 50/50 between the Council and maintained schools. The Council and schools will need to meet their respective shares from existing budget provision.
- 4.2 Indicative cost financials including historical comparison of the RLW rate with the Council's lowest rate are detailed in the table below:

Year	RLW	Increase on previous year	Council's lowest hourly rate
2018/2019	£8.75	£0.30	£8.67
2019/2020	£9.00	£0.25	£9.19
2020/2021	£9.30	£0.30	£9.44
2021/2022	£9.50	£0.20	£9.70
2022/2023	£9.90	£0.40	£10.72
2023/2024*	£10.90	£1.00	£10.81** (pay award 2022/23 plus another pay award (4% would be £11.24)
2024/2025	£11.60 (forecast)	£0.70 (forecast)	£10.81** (pay award 2022/23 plus two pay awards (2% would be £11.46)
2025/2026	£12.30 (forecast)	£0.70 (forecast)	£10.81** (pay award 2022/23 plus three pay awards (2% would be £11.69)

* Organisations going for accreditation must pay the rate communicated in the autumn announcement - so £10.90 applies from whenever accreditation is made. This would be any point between now and November 2023 (when the next RLW rate is expected).

** In the employer's pay agreement, it is stated that scp 1 will be removed from the pay spine from 1st April 2023 so the starting salary will be what is currently scp 2 with the £1,925 uplift which is £20,441 or £10.81 an hour.

*** MTFP assumes average of 4% pay award for 23/24 (2% for all other years), however if pattern is repeated as in 22/23 it is likely to result in higher rate for lower grades.

- 4.3 It is therefore predicted that:

- 2022/2023 – with the recently confirmed pay award, this would cost an estimated £25,000 and be split 50/50 between the Council and schools.
- 2023/2024 - unless there is a pay freeze or less than 1% Pay Award for our lowest Pay band - there will be no budget impact.
- 2024/2025 onwards – likely to be a budget impact.

5.0 Future years

- 5.1 Each year when the new Real Living Wage is announced in November there will be an exercise to establish whether we need to put in place Real Living Wage supplements and how much these are where required. There may also be an impact on higher Spinal Column Points in our pay scale, for which we must give consideration as to providing a supplement to keep differentials between bands.
- 5.2 It is proposed that an update is provided each year to Employment Committee in the Pay Policy so where a supplement is required and any other changes, sign-off can be provided.

6.0 Recommendations

- 6.1 It is recommended that Employment Committee:
- Notes the necessary work as detailed in the report undertaken to prepare Trafford Council to make a Real Living Wage (RLW) Accreditation application.
 - Note the associated expenditure of circa. £25,000 in 2022/2023 which will be split 50/50 between the Council and schools.
 - Approve the proposal to submit a RLW Accreditation application in February 2023 as detailed in the report.
 - Support the uplift to pay via a Real Living Wage supplement and pay for agency workers to the RLW rate of £10.90 per hour.
 - Agree that an update on the RLW is provided each year in the Pay Policy.