

## TRAFFORD COUNCIL

**Report to:** Executive  
**Date:** 23 January 2023  
**Report for:** Information and Approval  
**Report of:** Executive Member for Finance and Governance  
**Report Title**

Real Living Wage Accreditation – Briefing

### **Summary**

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

### **Recommendation(s)**

It is recommended that Executive:

- (i) Notes the necessary work as detailed in the report undertaken to prepare Trafford Council to make a Real Living Wage (RLW) Accreditation application;
- (ii) Note the associated expenditure of circa. £25,000 in 2022/2023 which will be split 50/50 between the Council and schools;
- (iii) Note the annual accreditation fee detailed in the report; and
- (iv) Approve the proposal to submit a RLW Accreditation application in January 2023 as detailed in the report.

Contact person for access to background papers and further information:

Name: Emma Moseley, Policy

Background Papers: None

### Implications:

|   |   |
|---|---|
| Relationship to Policy Framework/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 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.  |
| Resource Implications e.g. Staffing / ICT / Assets    | 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 & Wellbeing Implications                       | Becoming Real Living Wage Accredited would improve life opportunities improving health and wellbeing.   |
| Health and Safety Implications                        | No direct impact  |

## 1.0 Background

- 1.1 A paper was agreed by CLT on the 7 July 2021 on the Real Living Wage (RLW) accreditation, it recommended:

**That a decision is made by CLT as to whether Trafford Council should proceed to becoming Real Living Wage accredited.**

1.2 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**

1.3 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.

1.4 An initial meeting was arranged between Policy and the Living Wage Foundation on the 25 August 2021 to:

- outline the process for accreditation
- set out the requirements needed from Councils
- detail the support offer to Councils from the Living Wage Foundation

Since then, the Policy Team have met regularly with the Living Wage Foundation to discuss the Accreditation and update them on the Council's progress including in person with the North West lead at the Cost-of-Living Conference organised by GM Poverty Action.

1.5 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.

1.6 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.

## **2.0 Current position**

2.1 The new Real Living Wage rate of £10.90 was announced on 22nd September 2022, an increase of £1.00 (10.1%). This is earlier than normal which is typically November, in part due to the ongoing rise in costs for people.

- 2.2 The work undertaken to date has been to look at the accreditation process (summarised below) and follow the project plan (outlined in the planned action and timeframe table). A survey was sent to 'in scope' contracts and is currently being used to create the Milestone Plan.
- 2.3 The schools (27 secondary and 76 primary) have been contacted by letter from the Director for Education Standards, Quality and Performance to ensure that our maintained schools are paying RLW when the Accreditation application is made and the non-Trafford Council controlled schools are also encouraged to pay. There are two schools which don't use the Council's payroll so we have contacted them separately regarding liaising with their payroll provider. Those schools will need to instruct their payroll providers to adjust pay in January.
- 2.4 The HR team have finalised the creation of an element in the MiTrent HR and payroll system which will enable us to pay the supplements. HR notified the Systems Team in GMSS about this uplift. For the schools that use the Council's payroll, Trafford Council will apply the relevant uplift to school employees' pay directly. They will receive the extra money on pay day which is Friday 13th January. It will appear as a separate line on their payslip.
- 2.5 Once Trafford Council apply to pay in January, we will send each school details of which of their employees this applies to and provide a letter to give to staff so they are aware and understand what it means for them.
- 2.6 As soon as the Council achieves accreditation, schools can then start to promote the fact that their school is a Real Living Wage Accredited organisation and include this information in the recruitment process for their entry level posts.
- 2.7 The Council's umbrella agency has been informed that from January the lowest hourly rate to be paid to any workers engaged by the Council is £10.90.

### **3.0 Supplier Survey**

- 3.1 As part of working towards Accreditation, Trafford Council carried out a Supplier Survey for suppliers with a contract in scope (where this involves more than **two hours for eight consecutive weeks**).
- 3.2 The list of contracts across Trafford Council was reviewed in consultation with the Living Wage Foundation and Procurement to determine which contracts were in scope and where further detail was required, suppliers were contacted to check.

- 3.3 The Supplier Survey was then launched and circulated to in scope suppliers to ask them if they currently paid the RLW to employees. It also set out the initial ambition to work towards Accreditation, the reason for paying the RLW to employees and what this meant as a supplier.
- 3.4 The initial survey questionnaire was sent to 17 suppliers in scope. This was followed up with emails to suppliers to remind them. It received 5% direct response rate via citizen space.
- 3.5 A follow up email was sent to 30 suppliers with contracts within Adults Social Care and included a question asking them about paying administrative and ancillary staff. It received 10% responses via email. This also followed the announcement of the latest RLW rate of £10.90 in September 2022, and some suppliers confirmed they were already paying the RLW, others intending to pay this again and some to wait to analyse the latest rate before confirming this further.
- 3.6 Any suppliers who have not yet confirmed back have been included on and form part of the three-year Procurement Milestone Plan to work towards paying the RLW.
- 3.7 Policy and Procurement have met regularly to develop the Milestone Plan. Procurement are currently using the Supplier Survey to populate the Milestone Plan ahead of the Accreditation application in January 2023. This Milestone Plan (currently 75 contracts) will be updated regularly. If suppliers confirm the RLW rate is paid to employees, or their contract ends, there will be no further action required as part of Accreditation. Similarly, any new contracts deemed in scope (two hours for eight consecutive weeks) will also be added.
- 3.8 Further follow up communications will be made to all suppliers on the Milestone Plan to raise awareness of the RLW, the steps taken and to encourage suppliers to consider paying this to employees. We will develop a Communications and Engagement Plan for contracted suppliers to ensure they are aware of the Accreditation and work with colleagues to promote the RLW Accreditation e.g. as part of the wider GM Good Employment Charter.

#### **4.0 Accreditation Process**

- 4.1 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

- **Indirectly Employed Staff** – requires completion of a Procurement Milestone Plan for all procured contracts

4.2 Paying the Real Living Wage 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.

4.3 The accreditation fee is £480, paid yearly.

## 5.0 Actions and timeframe

| Date                            | Key milestones and actions   |
|---------------------------------|--|
| April 2022                      | Established Internal Real Living Wage Task and Finish Group <ul style="list-style-type: none"> <li>• Key Leads: Procurement, Finance, HR</li> <li>• Senior Responsible Officer</li> <li>• Service Leads: Adults, Children’s, Place, Business Intelligence Unit (Policy)</li> </ul> Involvement as relevant – Living Wage Foundation<br><br>Regular meetings arranged |
| August/September 2022           | A survey of Trafford Council contracts launched on Citizen Space and send to the in-scope contracts to assess who currently pays the RLW and what support they would need to pay it. Further survey launched in relation to Adults Social Care contracts and ancillary staff.  |
| 22 <sup>nd</sup> September 2022 | Newly announced Real Living Wage rate of £10.90 and an assessment of the financial and wider impact on Trafford Council carried out jointly with HR, Finance and Policy.   |
| October /November 2022          | Analysed the results from the surveys, reviewed the Financial Position based on intelligence from survey responses to potential impact.  |
| November/December/January       | <b>Populate Procurement Milestone Plan</b><br><br>Work with Procurement Leads to populate the Template Procurement Milestone Plan from the Living  |

|                               |  |
|-------------------------------|--|
|                               | Wage Foundation to identify all relevant contracts that currently don't pay the RLW and would need to consider embedding, with target dates for implementation for the next 3 years.   |
| November/December             | Schools were contacted to advise them that our organisation, which includes maintained schools, are applying to become a RLW accredited employer. Advised that this means that maintained schools must pay the Real Living Wage from January onwards. Contacted other education establishments (where we don't have the power to mandate it) and asked them to consider paying Real Living Wage. |
| 5 <sup>th</sup> December 2022 | Policy met with Living Wage Foundation to update them on Trafford Council's progress   |
| Mid- December                 | Payment uplift to be applied by mid-December (payroll cut-off date) for January payroll  |
| January 2023                  | Report to go to Executive Briefing and Executive explaining the RLW Accreditation and suggested timeframe<br>RLW applied for January pay<br>Meet with Employment Committee   |
| End of January 2023           | <b>Submit application form to Living Wage Foundation</b>   |
| February 2023 onwards         | If application approved, communicate externally  |
| 20 February 2023              | Employment Committee   |

## 6.0 Background to rates

6.1 The Real Living Wage (RLW) calculation takes into account the Joseph Rowntree Foundation Minimum Income Standard in which members of the public identify what is needed for a minimum standard of living. This is combined with an analysis of the actual Cost of Living, including essentials like rent, council tax, childcare and transport for different family types to produce the hourly Living Wage figure. It is therefore a critical guide for paying people a fair wage which enables them to cover their living costs, at a time when the cost of living is increasing for everyone. There are three main types of wage rates.

|  |
|--|
| <b>(1) National Minimum Wage</b> – minimum wage for under 23s (21- and 22-year-olds) and set by Government   |
| <b>(2) National Living Wage</b> – minimum wage for those aged over 23 and set by Government  |
| <b>(3) Real Living Wage</b> – voluntary minimum wage calculated independently according to what employees need to live and set by Living Wage Foundation |

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

7.1 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 1<sup>st</sup> November, Trafford Council's current minimum hourly rate is £10.72 and the RLW currently is £10.90.

7.2 This means that we will have to uplift staff on scps 1 and 2 and this will be at a cost in 2022/23. The uplifts will apply to substantive staff and also casuals.

7.3 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 don't hold data on the number of employees affected.



7.4 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.

7.5 Ensuring Trafford Leisure Trust becomes a Real Living Wage employer is being delivered over 3 milestones so that there is a consistent, manageable and phased approach to ensure the business is maintained, the existing workforce is retained and that new employees can be attracted. The milestones are:

**Milestone 1** – Completed a pay review and award in February 2020. A further pay award was made in December 2021, where all Trafford Leisure staff received a pay increase with a minimum of 2% increase which was backdated to the 1<sup>st</sup> October 2021. The National Living Wage was applied and the pay architecture, recognising the various roles and levels, was re-introduced.

**Milestone 2** – Working towards becoming a real living wage employer completed a further pay review which came into effect in June 2022. This included increasing the minimum rate of pay, maintaining the pay architecture whilst also removing the age criteria for the casual workforce.

**Milestone 3** – Trafford Leisure are currently developing a number of pay award options that will be presented to Trafford Council before the end of 2022, this will allow an informed and considered approach in making the third and final step so that Trafford Leisure can become a Real Living Wage employer by 2023/24. This timeline will also ensure budget setting for Trafford Leisure and Trafford Council are aligned as we move into 2023/24.

7.6 Indicative cost financials including historical comparison of the RLW rate with the Council's lowest rate are detailed in the table overleaf:

| 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 have to pay the rate communicated in the autumn announcement - so £10.90 actually 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.

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 bands - there will be no budget impact.
- 2024/2025 onwards – likely to be a budget impact.

## 8.0 Financial Position

8.1 The latest MTFP includes an increase in RLW related to Social Care suppliers of £1.5m from 2024/25. No figures have yet been included for the RLW for other suppliers. A firm figure will only be known once the supplier engagement exercise being undertaken by STAR procurement has been concluded. The additional £1.5m for social care staff has added to the Budget Gap at this stage.

8.2 The additional costs of meeting accreditation would be £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.

## 9.0 Recommendations

9.1 It is recommended that Executive:

- (i) Notes the necessary work as detailed in the report undertaken to prepare Trafford Council to make a Real Living Wage (RLW) Accreditation application;
- (ii) Note the associated expenditure of circa. £25,000 in 2022/2023 which will be split 50/50 between the Council and schools;
- (iii) Note the annual accreditation fee detailed in the report; and.
- (iv) Approve the proposal to submit a RLW Accreditation application in January 2023 as detailed in the report.

**Key Decision:** No

**Finance Officer Clearance:** GB

**Legal Officer Clearance:** DS

**DEPUTY CHIEF EXECUTIVE & CORPORATE DIRECTOR'S SIGNATURE:** Sara Saleh



To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.