

Foundation Living Wage

Councillor Richard Cox, Cabinet Member for Human Resources

Date: 23 November 2023

Agenda Item:

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Key Decision? NO

Local Ward n/a

Members



EMPLOYMENT COMMITTEE

1. Executive Summary

- 1.1 In February 2023 Full Council committed that Lichfield District Council should adopt the 'Real' Living Wage, also known as the Foundation Living Wage (FLW) for all staff and workers employed by the authority.
- 1.2 This paper sets out the assurance to members of those payments being made to staff and progress in the authority being accredited as a 'Real' Living Wage Employer.

2. Recommendations

- 2.1 None, members have asked for assurance from officers and may make comments or observations on the update as they see fit.

3. Background

- 3.1 The FLW rates we are currently paying all staff are £10.90 per hour but announcements have just been made to increase these rates to £12.00 and £13.15 for London respectively from 1 November 2023. This is an increase of 10.1% and places the FLW as being 15.2% more than the statutory National Living Wage (NLW).
- 3.2 The FLW applies to everyone over the age of 18 and is a voluntary higher rate of base pay. It provides a benchmark for responsible employers who choose to pay their employees a rate that meets the basic cost of living. It is higher than the government's National Minimum Wage rates, including the minimum wage rate for over-23s because it is calculated according to the cost of living.
- 3.3 The accreditation is a signed licence between the Foundation and the employer and was applied for at the end of October. It commits us to paying all of our directly employed staff at the current FLW rates. This includes any staff who operate on our behalf under our control, so would cover agency and support workers on our premises and employees of our wholly owned company, LWMTS. We are in discussion with the Foundation about finalising the agreement for public launch.
- 3.4 The Living Wage does not apply to contractors that supply the organisation with products e.g. stationary suppliers, however this may be an aspect members may wish to comment on to feed into our social value requirements for procurement.
- 3.5 Accreditation does not require employers to break away from nationally agreed pay-scales and it is possible to keep pay scales in place and pay a top up pay for those in the lower salary brackets that are below Living Wage, this is how LDC have achieved this currently for directly employed staff. These

rates are normally applied in April in line with the Pay Policy review, however this is being reassessed in light of the recent announcement and significant increase.

- 3.6 It is likely that accreditation will come through shortly and this will prompt a communications campaign to all staff and contractors and then feed into our external comms and recruitment advertising.

Alternative Options	1. Full Council has decided this course of action, no alternatives have been considered.
Consultation	1. No consultation has been undertaken on the commitment to become a Foundation Living Wage Employer, this is a natural extension of the decision made by Full Council.
Financial Implications	1. Current supplements to FLW have been subsumed by existing budget assumptions based on the recently agreed 2023 pay offer. 2. The increase to £12.00 per hour, scheduled to be implemented from 1 April 2024, may need to be reviewed and approved outside of the budget model. This information is currently being collated for a decision to be made to finalise the agreement. In future years it is likely that the increase in cost will be met from within existing salary budgets with some flexibility within existing revenue budgets to fund the differential.
Approved by Section 151 Officer	Yes/no*
Legal Implications	1. This is a voluntary payment, however the agreement to accreditation legally binds the authority to pay the FLW going forward within 6 months of the announced rate one approved. As we are not yet approved it is likely we would need to be paying the 1 November 2023 FLW rates before the accreditation can be completed.
Approved by Monitoring Officer	Yes/no*
Contribution to the Delivery of the Strategic Plan	1. A committed workforce is key to delivery of the Strategic Plan
Equality, Diversity and Human Rights Implications	1. The Equal Pay audits provide assurance of the impact of all Pay Policies.
EIA logged by Equalities Officer	Yes/no* Equalities Officer confirmed not required.
Crime & Safety Issues	1. none
Data assessment	1. none
Environmental	1. none

Impact (including Climate Change and Biodiversity).	
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GDPR / Privacy Impact Assessment	1. none
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	We fail to pay employees fairly	State if risk (pre mitigation/management) is Yellow (material) or the Likelihood Yellow and Impact Assessment Yellow	Seek accreditation to FLW amongst a range of measures to audit pay and its impact	State if risk (post risk mitigation/management) Green (tolerable) as determined by the Likelihood Green and Impact Assessment Green
B	FLW increases more than budgets allow	Yellow (material) or the Likelihood Yellow and Impact Assessment Yellow	Better modelling and assumptions built into salary models and MTFS	Green (tolerable) as determined by the Likelihood Green and Impact Assessment Green

	Background documents Agenda for Council on Tuesday, 11th July, 2023, 6.00 pm (lichfielddc.gov.uk)
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	Relevant web links Living wage.org.uk
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