

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

16 NOVEMBER 2021

REPORT OF THE CHIEF OFFICER LEGAL AND REGULATORY SERVICES, HR AND CORPORATE POLICY

REAL LIVING WAGE

1. Purpose of report

- 1.1 The purpose of this report is to update Cabinet on the progress taken on the implementation of the Real Living Wage (RLW) and seek Cabinet approval to apply to become a Real Living Wage accredited employer.

2. Connection to corporate well-being objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective/objectives under the **Well-being of Future Generations (Wales) Act 2015**:

- **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focussed on raising the skills, qualifications and ambitions for all people in the county borough.
- **Helping people and communities to be more healthy and resilient** - taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 By law all employers have to pay the national living wage to all employees aged 23 and over, and national minimum wage to employees under 23. The current national living wage rate is £8.91 per hour (April 2021).
- 3.2 The Real Living Wage Foundation campaign for employees to be paid a rate which is based on what is needed to live. This rate is calculated independently taking into account wider factors than those used to set the national living wage.

3.3 The RLW foundation announces the annual rate rise in November of each year. Since November 2020 the rate has been £9.50 per hour. Accredited organisations should implement the rise as soon as is possible and within a six-month period.

4. Current situation/proposal

- 4.1 Whilst not an accredited organisation BCBC have committed to paying the RLW to its own employees for the last two years. This has been achieved with the agreement of the trade unions, by uplifting grades 1 and 2 in anticipation of a national pay award.
- 4.2 Since April 2021 employees on grades 1 and 2 have been paid £9.50 per hour. Without this uplift they would have remained on their substantive rates of £9.25 per hour (grade 1) and £9.43 per hour (grade 2), pending the pay award.
- 4.3 In November 2021 the Real Living Wage Foundation will announce the rate for 2022/23. If we become accredited, we will implement this from April 2022. To achieve this we will adopt the same approach and, if necessary, uplift the relevant grades pending the national pay award.
- 4.4 In Wales, Cynnal Cymru works in partnership with the Real Living Wage Foundation to support employers with accreditation and work towards achieving the Real Living Wage for all workers in Wales.
- 4.5 Officers have met with Cynnal Cymru and established a pathway to accreditation. The initial phase is to ensure our own employees are paid the RLW. Given the commitment over the last two years this position can be formalised and agreed moving forward.
- 4.6 The more difficult aspect of accreditation relates to the requirements for commissioned and procured services. Cynnal Cymru confirmed that there is no expectation for these services to pay the RLW before BCBC applies for accreditation.
- 4.7 An action plan will be developed with support from Cynnal Cymru to set out the steps we will take to encourage contractors and suppliers to pay the RLW. As we cannot make it a mandatory requirement of the tender we will incorporate fair work provisions into our tender specification, and will encourage contractors and suppliers to adopt fair working practices. This is also in accordance with our commitments under the Ethical Employment in Supply Chains Code of Practice.
- 4.8 As part of our Corporate Procurement Strategy we are committed to increasing community benefits delivered by suppliers; this includes making the 'community benefit offer' of the successful tenders a contractual commitment and contract managing delivery, raising awareness of community benefits internally to address any organisational culture barriers, reviewing community benefit implementation and adapting the approach as required and encouraging tenderers to provide employment, training and work placement opportunities.
- 4.9 Whilst we could encourage current suppliers to become RLW employers this is not a condition we could mandate part way through a contract. Cynnal Cymru do not expect organisations to vary contractual terms and conditions and it is not a

requirement of accreditation. RLW in our procured and commissioned services will be addressed via social value conditions when contracts are being renewed or when new services are procured or commissioned. This is also in accordance with our procurement approach as set out in the Corporate Procurement Strategy.

- 4.10 If Cabinet are in agreement with applying for accreditation officers will continue working with Cynnal Cymru on the application process. An application and action plan will be submitted. Officers will work with Cynnal Cymru to resolve any queries. Following accreditation BCBC can use the accredited logo and will be registered on the RLW website. Accreditation is subject to annual monitoring whereby updates on progress towards the milestones set out in the Action Plan is reported. Cabinet will also receive annual updates.

5. Effect upon policy framework and procedure rules

- 5.1 There is no adverse impact of the policy framework or procedure rules.

6. Equality Act 2010 implications

- 6.1 An initial EIA screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

7. Well-being of Future Generations (Wales) Act 2015 implications

- 7.1 The well-being goals identified in the Act were considered when writing this report. It is considered there will be no significant or unacceptable impacts upon the achievement of the well-being goals / objectives as a result of this report.

8. Financial implications

- 8.1 The cost to date of implementing the RLW for BCBC staff has not been significant (circa £100k in 2021-22) as the NJC pay award has mostly kept pace with the increases. However, projections for the RLW increase are currently higher than the projected pay award going forward, so this could increase the cost.

- 8.2 In addition, by implementing the RLW at the bottom of the pay scale there will inevitably be a knock-on effect to the lower pay grades on the current pay scales to ensure there are salary differentials between the various grades, and, given the number of staff who are paid on the lower grades, any such changes could again create a significant budget pressure, potentially millions of pounds, which is not currently factored into the Medium Term Financial Strategy.

- 8.3 The Council outsources a number of its services, and therefore does not pay these staff directly, so given the number of externally commissioned services that the Council has in place, implementing it across the board will have significant financial implications and create a large recurrent budget pressure, which is currently unknown.

9. Recommendations

- 9.1 Cabinet is recommended to:

- i) note the content of the report;
- ii) delegate authority to the Chief Officer Legal, Regulatory, HR and Corporate Policy to make an application for RLW accreditation.

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Background documents:

None