



<b>Classification</b>	<b>Item No.</b>
<b>Open</b>	

<b>Meeting:</b>	Cabinet
<b>Meeting date:</b>	1 September 2021
<b>Title of report:</b>	Real Living Wage Implementation
<b>Report by:</b>	Cllr. Tahir Rafiq, Cabinet Member for Corporate Affairs and HR
<b>Decision Type:</b>	Key Decision
<b>Ward(s) to which report relates</b>	All

### **Executive Summary:**

As part of the 2021/22 budget setting process Council agreed that work should progress with the aim of working towards the organisation becoming an accredited Living Wage employer. In agreeing to this work, Council recognised the significant impact Living Wage accreditation could bring through the Council's role as an employer and commissioner within the borough as well as through the Authority's position as a wider civic influencer. Council also acknowledged the significant cost associated with this step, particularly in relation to commissioned Adult Social Care provision, and made available additional revenue funding of £1.042M to support this work.

Following detailed work over recent months to develop a robust approach to payment of the Living Wage for both staff and providers, this report seeks Cabinet's approval to implement the necessary steps to pay the living wage and progress our formal accreditation via the Living Wage Foundation. It includes a detailed analysis of projected costs over future years and sets-out the proposed approach to meeting these costs.

## **Recommendation(s)**

### **That Cabinet:**

1. Agree that an additional payment should be made to Council employees at grades 1 to 4 via a non-consolidated supplement to align the Council's lowest point of pay for substantive employees to the Real Living Wage and that this change should be backdated to April 2021 and reviewed annually as part of the Council's Pay Policy Statement. (Section 3.1)
2. Agree that the Council should seek to apply the above changes to staff employed in Local Authority maintained schools and commend payment of the Living Wage to other Bury schools. (Section 3.1)
3. Agree that the lowest point of pay for agency staff engaged by the Council should be aligned with the lowest point of pay for substantive Council employees and hence the Living Wage. (Section 3.1)
4. Agree the model for application of the Living Wage to commissioned Adult Social Care staff over a three-year period and ongoing maintenance of this payment. (Section 3.2)
5. Agree that the Council should seek to ensure application of the Living Wage to other commissioned providers in-scope through the contract review process over the coming three years. (Section 3.3)
6. Agree that the Council should look to formally commend payment of the Living Wage to its partners and other employers within the borough. (Section 3.4)
7. Note the overall projected cost of Living Wage accreditation over the next five years of £5.487M and agree that the required funding as yet to be identified of £3.585M be built into the Council's Medium Term Financial Strategy (Section 4)
8. On the basis of the detail contained within this report, agree to progress formal accreditation as a Living Wage employer.

## Key considerations

### 1. Background and Context

#### The Real Living Wage

The Real Living Wage (RLW) is a voluntarily wage paid by nearly 7,000 UK businesses who believe their staff deserve a wage which meets every day needs.

The rate is calculated annually by the Resolution Foundation and overseen by the Living Wage Commission, based on the best available evidence about living standards in London and the UK.

The RLW rate (outside of London) for 2020/21 is £9.50 for those aged over 18 in comparison to the Government's Living Wage of £8.72 for those aged over 25.

Living Wage Foundation (LWF) accredited employers must pay their directly employed staff over the age of 18 the RLW regardless of the hours they work. Accredited employers must also work towards payment of the rate to staff employed by contractors working for the organisation<sup>1</sup>. For contractors, the accreditation process considers plans to apply the payment over a three-year period which are regularly reviewed by the LWF and must be delivered against if accreditation is to be maintained.

The RLW is reviewed annually, in November, with accredited employers having a period of six months to make the necessary changes in rates of pay in order to maintain their accreditation.

#### Rationale

Reducing levels of deprivation in the borough is at the core of the 'Let's Do It' Strategy and payment of the Living Wage will play an important part in supporting this. Payment of the Living Wage could increase the income of a two-person household by up to £5,000 a year.

For the Council, payment of the RLW and accreditation as a Living Wage Employer has a number of specific benefits:

- It will **directly increase pay** for over 4,000 people, supporting their financial stability and opportunity and demonstrate a long-term commitment to ongoing payment at this level, safeguarding workers from in-work poverty. (The majority of the positively impacted individuals are employed by the Council's Adult Social Care commissioned providers.)

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<sup>1</sup> For third party contractors the definition for the purposes of accreditation is those who work regularly, for 2 or more hours a week, for 8 or more consecutive weeks a year. The Living Wage does not apply to contractors that supply the organisation with products e.g., stationery suppliers.

- It will support **productivity, performance and engagement of the Bury workforce**. Research by the Living Wage Foundation in partnership with Cardiff University has demonstrated the tangible impact that RLW payment can have in terms of the retention, motivation and performance of staff<sup>2</sup>. These factors have also been noted in other Local Authorities who have secured accreditation.
- It will **support investment in the local economy**. When workers earn enough to live, they have more income to spend in the local economy.
- It will demonstrate **civic leadership** and position the Council as 'walking the talk' in our conversations with other local employers and work to support improved skills and employment terms for Bury residents and, in turn, reduce deprivation.

It is also worth noting the Greater Manchester Mayor's manifesto pledge to make Greater Manchester into the UK's first Living Wage City-Region. (This commitment is already underpinned by the embedding of the Living Wage into the Greater Manchester Good Employment Charter and supported through the accreditation of the GMCA and three other Greater Manchester Local Authorities).

## 2. Planning for Accreditation

To progress the necessary work to pay the Living Wage and secure accreditation by the LWF a group of officers from across Council Departments have met regularly over recent months to develop detailed proposals. Members were involved in the initial working group meetings and more recently have been part of a Member led update group to discuss the political priorities of achieving accreditation. As part of this process there has been a strong emphasis on engagement with key partners to ensure their understanding of the rationale for this work and drive the development of proposed approaches which mitigate any potential risks and are applicable in practice as well as theory. This has included engagement with Commissioned Social Care providers, Bury Schools and the Trade Unions.

As part of this planning work Officers have made a number of assumptions, on which the detailed proposals below are based:

1. **That the Council wishes to commit to be a living wage employer for the long term.** As such, financial modeling should be multi-year. The formula for calculating the Living Wage is complex and it is impossible to calculate future changes. However, the rate of increase over the last five years has been between 20p and 30p per year with an average of 25p. This average had therefore been used as the basis of our planning assumptions throughout.
2. **That the Council should look to mitigate any potential negative consequences of Living Wage application.** This has included the development of a model for application to the workforce which seeks to maintain the integrity of the pay spine and a proposed implementation plan for Adult Social care which takes account of the wider impact on providers and stability of the market.

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<sup>2</sup> [The Living Wage – Employer Experiences](#): Cardiff University & the Living Wage Foundation (2017)

**3. That the Council should seek to go beyond the minimum level of accreditation.** In support of our wider drive to reduce deprivation we should look to encourage others in the borough to pay the Living Wage and seek to drive this through our procurement processes, even where not explicitly required as part of the accreditation process.

### **3. Approach to Application of the Real Living Wage**

This section of the report sets out the Council's approach to progressing its Living Wage aspirations across four key areas: The Workforce (including agency staff and schools), Adult Social Care Commissioned Staff, Other Contracts and Commending Payment to Our Partners.

#### **3.1 Paying the Living Wage to Our Staff**

A total of 863 positions are currently paid below the 2021/22 Living Wage rate of pay split, roughly equally, across Council services and maintained local authority schools. The individuals occupying these positions are currently paid at the Council's Grade 1/2 (£9.25 per hour) and Grade 3 (£9.43 per hour). In developing a proposed approach to applying the Living Wage for Council staff a number of key factors have been considered:

- Retaining the integrity of the Council's pay structure and alignment with the national pay spine. (This includes the retention of appropriate pay differentials to reflect the results of job evaluation)
- The longer-term impact of applying the Living Wage pay rate to both the pay structure and in budget terms (considered alongside the application of relevant national pay awards)
- Pay rates away from the main NJC pay scale
- Our approach to apprentice pay (which is not covered within the terms of Living Wage accreditation)
- Ensuring application of this rate of pay to individuals engaged through Agencies and on a Casual basis as well as substantively employed colleagues.
- Engaging with Schools to support them in applying new rates of pay.

Taking account of the above considerations the proposal is to realise the RLW through the application of non-consolidated supplements to a number of points within to the nationally agreed NJC pay spine. In order to retain appropriate differentials between pay points and hence the integrity of the pay spine this will require additions to be made at points which are currently above the Living Wage rate. Table 1 below provides the detail of the proposed changes for this financial year.

**Table 1: Living Wage Application to Employed Staff in 2021/22**

Grade	SCP	Positions Impacted		Current Hourly Rate	Annual Full Time Salary	Required non-consolidated supplement	Potential New Hourly Rate	Potential New Full Time Salary
		Services	Schools					
Grade 1/2	1	326	431	£9.25	£17,842	£0.25	£9.50	£18,328
Grade 3	2	52	54	£9.43	£18,198	£0.17	£9.60	£18,521
Grade 4	3	111	20	£9.62	£18,562	£0.08	£9.70	£18,716
Grade 5	4	No Change		£9.81	£18,933	None required	No change	
	5			£10.01	£19,312	None required	No change	

The above proposal has been developed with the aim of ensuring a sufficient differential between grades (10p). In the future, if there is a requirement to apply differentials to different points within a grade then the Council would apply supplements to maintain differentials here also, but at a lower rate of 5p. In line with this principle, as set out above, employees in 131 positions at Grade 4 will see their pay increase as a result of the implementation of this model despite already being paid above the RLW.

The advantage of payment through a non-consolidated supplement is that the Council has more control over the nature and application of these payments and the approach does not interfere with the base pay scale (agreed nationally). If and when any nationally negotiated pay awards are agreed the Council will adjust the value of any non-consolidated supplements accordingly to maintain at-least the overall rates of pay set out above and retain appropriate differentials. Non-consolidated payments are subject to pension and National Insurance deductions in the same way as other elements of pay.

Subject to Cabinet approval, the intention is to make changes to individuals' pay from October. The Council will also apply this change retrospectively (from 1 April 2021) with back-pay made to employees in October also. The total additional cost of this including oncosts will be £174K (inclusive of the projected impact for Casual staff). Details of the funding arrangements for this are set out in section 4 below.

As noted above, approximately half of those staff currently paid below the Living Wage are employed in Local Authority maintained schools. The Council's intention is to apply these changes to staff in schools as well as to those in Council Services and engagement has taken place with schools over recent months via primary school cluster meetings, with Bury Association of Secondary Heads, the Heads Advisory Group, and through engagement with teachers' professional associations and trade unions to discuss the proposed changes. In addition, through the e-briefing to schools, information was shared with both Headteachers and Chairs of Governors, providing them with the opportunity to raise any concerns or questions. School

Heads have been written to provide them with the detailed impact for staff employed by them and will be written to again, following Cabinet's approval of this report, to confirm pay rates for staff will change from October (backdated to April). The financial impact in relation to schools is considered in more detail in section 4 below.

In addition to the above changes to the main (NJC) pay spine set out above, consideration has also been given to other arrangements for workforce pay and the implications of the Council's living wage accreditation. There are three key areas of action resulting from this:

1. Once approved, the Council will ensure any and all agency staff engaged to work for the Council are paid in accordance with the adjusted rates of pay set out above.
2. Two pay points within the JNC Craft Workers terms and conditions currently pay at rates of pay equivalent to those affected by the above proposed changes (SCPs 2 and 3). The Council does not currently employ any staff at these grades and does not intend to make any future appointments at them but instead make use of the NJC pay spine for new appointments.
3. At present Council apprentices are not paid via the NJC Pay. A total of 18 apprentices across the Council are currently paid below the RLW, at or above the national minimum wage for age, between £8.36 and £8.91 an hour. (This is significantly above the national minimum wage for apprentices of £4.30). Payment to apprentices is not in-scope of Living Wage accreditation. However, the Council is committed to aligning apprenticeship pay with the Council's main pay scale. During the course of this financial year, Officers will develop a new approach to paying apprentices which is aligned with the RLW going forwards.

As noted above, it is difficult to accurately project the future value of the Real Living Wage. In terms of the employed workforce, the accuracy of any impact modelling will also be affected by changes in the size and shape of the organisation. However, using the current workforce as a basis and applying an estimated 25p per year uplift the Council has been able to model the potential impact of ongoing compliance with the Real Living Wage. This modelling has taken account of the 2% per annum pay award included within the Council's Medium Term Financial Strategy in 2022/23 and beyond and would see the requirement to apply non-consolidated supplements to pay increase to SCP4 (Grade 5) in 2022/23 but not further within the current modelling period (to 2024/25). The potential financial impact in future years is considered in more detail in section 4 below.

Subject to agreement of this report by Cabinet, the suggestion is that the value of non-consolidated supplements required to be compliant with the Real Living Wage, as agreed the previous November, are proposed in March each year as part of the Council's annual Pay Policy Statement and applied from April.

### 3.2 Adult Social Care Commissioned Staff

Adult Social Care is the most costly and complex area in relation to Living Wage application and this was recognised by Members with an additional £1.042M included within the 2021/22 budget to support payment. It does, however, represent the area where there is the largest direct impact on individuals, with an estimated 3,000 workers likely to benefit from increases in pay.

Since February significant engagement has taken place with providers to develop a model for payment which works in practice as well as theory. This has included:

- 3 introductory provider engagement sessions (care homes, care at home and supported living) which involved open discussions about the launch of the RLW proposals, benefits and potential challenges.
- Re-purposing of the Strategic Engagement Groups (which occur every 3 weeks) with social care providers to bring real focus to the RLW planning and implementation. Providers were invited to join the groups to co-produce the model and implementation plan.
- Engagement with other GM Authorities and providers who have already taken this route to better understand any pitfalls and barriers.

Whilst the most common approach taken by Local Authorities in this area has been to apply the RLW on an incremental basis linked to contract review dates, engagement with providers locally brought into question the suitability of this for the Bury context. Whilst perhaps the most straightforward approach in theory, aligning payment to contract review points may mean differential and inequitable rates of pay across providers, with some staff not benefiting for a period of three years. A model has therefore been developed which seeks to increase pay rates for *all* commissioned Adult Social Care staff each year on an incremental basis until the Living Wage rate of pay is reached in 2023/24 (year 3) and sustained thereafter on the basis of an assumed 25p per year increase.

The detailed funding model in support of this approach has been developed in partnership with social care providers as part of strategic engagement groups. Through this work, this aim has been to capture any unintended consequences, such as staff differentials, and ensure that the Council is supporting providers with these where possible.

The table below summarises the Council's proposed annual uplift to 2024/25. The financial impact is considered in more detail in section 4 below.

**Table 2: Proposed Annual Adult Social Care Minimum Pay Rates**

Year	Current	2021/22	2022/23	2023/24	2024/25
Hourly Rate	£8.91	£9.11	£9.55	£10.00	£10.25

Subject to agreement by Cabinet work will be undertaken to implement the new rates of pay for 2021/22 (i.e. to £9.11) from 1 October with the next uplift implemented (to £9.55) from April 2022. The relevant contractual documentation, including contract monitoring templates, have already been developed to support



this. This proposed approach would see pay rates for all circa. 3,000 in-scope staff increase this year with full payment of the Living Wage rate (as modelled) from April 2023, which aligns with the LWF's requirement for full payment to be achieved within three years.

It is important that payment of the Living Wage to providers is viewed alongside the other inflationary increases (pay and non-pay) that are required. The financial model included at section 4 takes full account of the inter-relation of these areas.

### **3.3 Other Contracts**

The Council has recently updated its contract register to ensure a complete representation of all commissioned provision and dates for contract renewal. In total, excluding Adult Social Care, the register includes 253 contracts of which 121 are contracts for services and potentially in-scope of the requirements of Living Wage accreditation. This includes contracts related to Children's Social Care. Work is well underway to review these contracts in detail to understand the current rates of pay in relation to staff working for Bury and scope the work needed to ensure Living Wage compliance.

The intention is to build payment of the Real Living Wage into supplier terms and conditions of engagement, qualification questionnaires and future supplier communications going forward, subject to the constraints of the public procurement legislation. A full plan is currently being finalised to ensure this is applied to all relevant contracts within the next three years, in line with the requirements of Living Wage accreditation. This plan will form a core component of our accreditation submission to the Living Wage foundation.

The intention would be, wherever possible, to work towards payment of the Living Wage without additional cost to the Council (i.e. driven through market forces). However, analysis suggests there will be some contracts for which there will be an additional cost and details of this are built into the financial model presented below. The vast majority of these costs relate to Children's Social Care contracts.

### **3.4 Driving Wider Application of the Living Wage**

The steps outlined above represent the core requirements of Living Wage Accreditation. However, in its Civil Leadership role, and recognising the broader benefits of the Living Wage to the 'Let's Do It' Strategy and in relation to Community Wealth Building, the Council will undertake a number of further actions to commend payment to its key partners in the short and longer term.

1. Officers will engage proactively to support implementation by the Council's key strategic partners, specifically Bury CCG, Persona Care and Support and Six Town Housing. – Bury CCG and Six Town Housing already pay staff in excess of the Living Wage rate and Persona will move to this position as part of the proposed changes to Adult Social Care commissioned providers noted above. The Council will actively support work to progress formal accreditation by these organisations. - The Executive Director of Strategic Commissioning and new Executive Director of Place & Housing (once appointed) will oversee this work.

2. As well as application to maintained schools, the Council will write to all other Bury Schools (including Academies) to commend payment of the Living Wage as a positive action to support their workforce as well as the local economy. – The Director of Education and Skills will oversee this.
3. As part of the Council's commitment to ethical procurement the Council will look to include payment of the Living Wage within other procurement processes, even when not required for accreditation. - The Executive Director of Finance will oversee this work.
4. We will commend the Living Wage to key employers within Bury through the Bury Means Business brand, including the recruitment and retention merits of employers paying Living Wage. Bury Council's Business Engagement Team will continue to work in partnership with the GM Good Employment Charter, the Living Wage Foundation and Greater Manchester Living Wage Campaign to embed positive promotion through existing and new channels. The Business Engagement Team will promote and support the Real Living Wage Bury businesses. – The Director of Economic Regeneration & Capital Growth will oversee this.

In further support of the above, the Council will look to proactively celebrate its Living Wage accreditation, once achieved, and use this as a further opportunity to encourage payment across the borough during Living Wage Week 2021 in November.

#### **4. Financial Implications**

To deliver a balanced budget over the medium term the Council is utilising c.£27m of reserves over the period 21/22 -22/23 (incl) and delivering a £21.4m efficiency & service reduction saving programme over the period 21/22- 24/25 (incl)

Given the scale of the financial challenge faced by the Council, the successful delivery of the Council's savings programme is critical in not only delivering a balanced budget over the medium term but also to meet the Council's commitment to become an accredited Real Living Wage employer.

Formal monitoring of the £21.4m savings programme is required and reported to Cabinet to ensure that the savings are on track to be delivered and where this is not the case, the financial impact of non-delivery needs to be managed by the responsible service within existing budgets or by the identification of alternative savings schemes.

##### **4.1 Cost of Implementation**

The forecast cost of implementing the RLW over the period 2021/22 – 2025/26 is £5.487m, Table 1 provides an annual analysis of the £5.487m

**Table 3: Projected Living Wage Implementation Costs**

Area		Projected Annual Gross Cost Impact of RLW					
		2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	Total (£000)
<b>Employed Workforce</b>	<b>Mainstream funded</b>	31	50	51	50	50	233
	<b>Traded Services</b>	74	83	83	83	83	404
	<b>Schools</b>	69	75	75	75	75	371
	<b>Sub Total</b>	<b>174</b>	<b>208</b>	<b>209</b>	<b>208</b>	<b>208</b>	<b>1,008</b>
<b>Contracts &amp; Commissioning Costs</b>	<b>One Commissioning Organisation</b>	969	1,161	1,210	202	203	3,746
	<b>Children &amp; Young People</b>	184	220	229	43	43	719
	<b>Operations</b>	3	3	3	3	3	15
	<b>Sub Total</b>	<b>1,157</b>	<b>1,385</b>	<b>1,442</b>	<b>248</b>	<b>248</b>	<b>4,479</b>
<b>Total</b>		<b>1,330</b>	<b>1,593</b>	<b>1,651</b>	<b>456</b>	<b>457</b>	<b>5,487</b>

The costs above are net of the Council's existing pay inflation assumption of 2% per year from 2022/23 onwards.

For Adult Social Care costs, where the majority of the costs lie, in addition to funding the cost of implementing the RLW the Council's annual budget setting process has historically and needs to maintain funding for:

- Non staffing inflationary pressures budgeted at 1% from 2022/23, although 2% was previously budgeted
- Annual uplift to meet the council's existing commitment of ensuring commissioned providers pay the National Living Wage (NLW) to their staff. This is budgeted at 1.7% per annum within the MTFS.

Both of these elements are already built into the MTFS and therefore the future years pressure are only in relation to the uplift required to meet the real living wage.

To put into context the combined cost impact of the annual growth required for RLW, NLW and non-staffing inflation pressures is £12.168m. Table 4 summarises the annual (and total) additional growth the One Commissioning Organisation

Directorate Adult Social Care commissioned provider budgets will require over the period 2021/22-2025/26.

**Table 4: Adult Social Care Provider Budget: Annual Growth Required for RLW, NLW and Non-Staffing Inflation**

<b>Growth Description</b>	<b>2021/22 (£000)</b>	<b>2022/23 (£000)</b>	<b>2023/24 (£000)</b>	<b>2024/25 (£000)</b>	<b>2025/26 (£000)</b>	<b>Total (£000)</b>
<b>OCO RLW Costs</b>	969	1,166	1,214	207	207	<b>3,764</b>
<b>OCO NLW Costs</b>	911	973	941	979	976	<b>4,780</b>
<b>OCO Non-Staff</b>	1,140	600	627	631	673	<b>3,671</b>
<b>Total</b>	<b>3,014</b>	<b>2,729</b>	<b>2,771</b>	<b>1,806</b>	<b>1,846</b>	<b>12,168</b>

## 4.2 Funding Implementation

A number of funding sources will be used to cover the full projected costs of Real Living Wage Implementation:

- The proposal is that Schools will absorb any increased cost because of the Real Living Wage. These costs should be coverable within existing schools' budgets.
- From 2022/23 Traded services will meet the additional cost of the RLW through additional income generation (these costs will be met centrally by the Council in-year to allow time for the necessary changes to contracts).
- Members have already allocated additional funding in-year from the Adult Social Care Precept to cover the costs associated with the Real Living Wage implementation in 2021/22.

The remaining RLW cost are expected to be met and therefore will be built into the Councils Medium Term Financial Strategy (MTFS) as part of a forthcoming MTFS refresh exercise.

Table 5 highlights for the period 2021/22 – 2025/26 that once the 21/22 ASC precept funding and the Schools and Traded services contributions have been netted off, then £3.585m of RLW cost remains to be funded.

It cannot be assumed that there is an ability to raise an ASC precept in future years therefore the costs beyond 2021/22 to fund the Real Living Wage will be built into the MTFS refresh.

**Table 5: Funding Real Living Wage Implementation**

Area	Description of RLW Costs	RLW Gross Cost over 5 Years	Funding	Net Cost as Per RLW Costing Model
<b>One Commissioning Organisation</b>	Mainstreamed Funded Staff & Commissioned Providers	3,768	-1,201	2,567
<b>Children &amp; Young People</b>	Mainstreamed Funded Staff & Commissioned Providers	781	0	781
	Schools	371	-371	0
	Traded Services	22	-20	2
<b>Operations</b>	Mainstreamed Funded Staff & Commissioned Providers	136	0	136
	Traded Services	383	-311	72
<b>Corporate Core</b>	Mainstreamed Funded Staff & Commissioned Providers	23	0	23
<b>Business, Growth &amp; Infrastructure</b>	Mainstreamed Funded Staff & Commissioned Providers	4	0	4
<b>Total</b>		<b>5,487</b>	<b>-1,902</b>	<b>3,585</b>

## 5. Conclusion and Next Steps

Subject to Members' approval, work will progress to put in place the changes set out above:

- Changes to rates of pay for Council staff (including schools' staff) will be included within October payroll and backdated to April 2021. Rates of pay for agency staff will also increase from that point.
- New pay rates for Adult Social Care commissioned providers will go-live from 1 October 2021
- The Living Wage will be included within relevant contract procurement activity with immediate effect
- Activity to commend the Living Wage to key Council partners will be undertaken.

Once approved, this report will provide the basis for the Council to formally apply to be recognised by the Living Wage Foundation. On receipt of a successful response from the Foundation a further report will be provided to update Members. It is worth emphasising that, once accreditation is received, it is crucial that activity continues to deliver against the actions required to apply and assure payment to relevant staff and providers in-line with the timeline prescribed by the Foundation. The Living Wage Task and Finish Group currently established will therefore continue to meet as a Living Wage Quality Assurance Group, on a quarterly basis going forward, chaired by the Director of People and Inclusion.

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## Community impact/links with Community Strategy

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### Equality Impact and considerations:

*Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:*

*A public authority must, in the exercise of its functions, have due regard to the need to -*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

*The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

<b>Equality Analysis</b>	<i>Please provide a written explanation of the outcome(s) of either conducting an initial or full EA.</i>
An initial EA has been undertaken in relation to the proposals set out within this report. This identified only positive or neutral implications across protected characteristics. Positive implications were noted in particular in relation to age, gender and to socio-economically disadvantaged.	

*\*Please note: Approval of a cabinet report is paused when the 'Equality/Diversity implications' section is left blank and approval will only be considered when this section is completed.*

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## Assessment of Risk:

The following risks apply to the decision:

<b>Risk / opportunity</b>	<b>Mitigation</b>
The rate of increase to the Living Wage is greater than the 25p per year cost model.	The position will be kept under close review. Once increases are announced in November the Council will have six months to make the necessary adjustments to remain compliant.
Current rates of pay for apprentices fall below the Real Living Wage	This is not a requirement of accreditation. However, the Council is working towards bring rates of pay for apprentices in line with the Living wage by the end of this financial year.
Providers may not pass on the additional funding to staff and hence may not pay the Living Wage	Contractual documentation and monitoring will seek to assure that this happens.
Maintained schools choose not to apply the Living Wage increase	Strong engagement with schools and limited financial impact per school
Significant costs of implementation	Funding to be built into refreshed MTFS.
<b>Adult Social Care Specific Risks</b>	
Each provider has unique circumstances and one financial model is not likely to work for all (different staffing models/ structures). Unfortunately, lack of complete open book accounting means that Bury Council is not in a position to understand individual provider business models.	Strategic Engagement Groups with providers have enabled Bury Council to co-produce the costing model and implementation plan.
Unintended and unforeseen consequences for providers.	Bury Council has attempted to pre-empt unintended consequences with providers during Strategic Engagement Groups. We will continue to manage the social care market by maintaining dialogue with providers and taking appropriate action as required.
Care homes with a higher proportion of self-funding customers could be inadvertently penalised as any uplift in fee rate is only applicable to LA funded customers. As a consequence, fees could increase for self-funding customers. Top-up fees could also increase.	The model takes into account the make-up of care home occupancy and attempts to mitigate shortfalls for most providers.
Stakeholders could misunderstand/overlook that the RLW will not be fully implemented until year three.	Highlighted through communications and engagement .

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### **Consultation:**

A range of stakeholders have been consulted in the development of these proposals including:

- Adult Social Care providers through provider engagement sessions and re-purposed Strategic Engagement Groups.
- Bury Schools via Bury Association of Secondary Heads, the Heads Advisory Group as well as a direct letter to each school
- Local authority and Schools Trade Unions through the Council Joint Consultative Committee and Schools' Professional Association meeting.
- Members via a dedicated Members Task and Finish Group.
- The Living Wage Foundation through a dedicated relationship manager.

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### **Legal Implications:**

Detailed analysis has been undertaken to support the accreditation application to the Living Wage foundation. The medium and long term financial considerations on adopting the rate of pay for directly employed staff and in some cases reflecting the impact on commissioning budgets will be addressed by the S151 officer. The approach as outlined to Cabinet does not change the nationally agreed pay scales for Council staff. If Cabinet agree to the recommendations Council will then be requested to adopt the amendments to the Council's pay policy. Any changes to pay and back pay arrangements will be dealt with in accordance with the Councils HR policies and procedures.

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### **Financial Implications:**

Funding to support the transition to the real living wage for adult social care was built into the budget for 2021/22 from the adult social care precept but no allowance was made at the time within the medium term financial strategy for the ongoing funding in future years as it cannot be assumed that the Council will be able to raise a precept beyond 2021/22.

The financial impact for none adult social care commissioned staff for 2021/22 excluding schools will be built into the medium term financial strategy refresh which will be brought back to Octobers Cabinet meeting. Future years funding of the real living wage for all service areas with the exception of schools and traded services will be included within the MTFS for future years. The additional cost of funding the real living wage over and above that already budgeted for is £3.585m.

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**Background papers:**

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning
RLW	Real Living Wage
LWF	Living wage Foundation
MTFS	Medium Term Financial Strategy