

	<h2>General Functions Committee</h2> <h3>21 March 2016</h3>
<p style="text-align: right;">Title</p>	<p>Barnet Living Wage Supplement</p>
<p style="text-align: right;">Report of</p>	<p>Graeme Lennon, HR Director</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
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<h2>Summary</h2>
<p>In 2013 the Council agreed to apply a minimum hourly rate of pay known as the Barnet Living Wage Supplement with effect from 1 October 2013. Since then the Barnet Living Wage Supplement has mirrored the London Living Wage. This report updates the General Functions Committee on the current London Living Wage hourly rate of pay and recommends that the Council adopts this as from 1 April 2016.</p>

<h2>Recommendation</h2>
<p>1. That the General Functions Committee agrees to apply the current London Living Wage rate of £9.40 per hour to be its minimum rate of pay for all employees with effect from 1 April 2016.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 This report is needed to authorise the increase in value of the Barnet Living Wage Supplement to the value of the London Living Wage.
- 1.2 The report estimates the cost of this proposal both for directly employed employees and those affected in Community Schools.

2. REASONS FOR RECOMMENDATION

- 2.1 The hourly rate of pay for the London Living Wage was increased in October 2015 to £9.40 per hour for participating organisations to apply on or before 1 April 2016. The Council therefore needs to authorise the increase in its minimum hourly rate with effect from 1 April 2016.
- 2.2 Council agreed the 2016/17 pay policy statement earlier this month which states that:

‘The Council has developed a fair pay policy to ensure that it applies a minimum wage for Council employees.

“London Borough of Barnet is a fair pay employer and will apply the principles of a living wage (including taking into account the National Minimum Wage, National Living Wage, London Living Wage and national pay awards in the public sector), subject to affordability.”

Employees whose pay rate is less than the agreed amount will receive a pay supplement to bring their pay up to an equivalent of the published Barnet Living Wage rate. The minimum rate will be reviewed on an annual basis.’

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 As the Council has not sought formal accreditation to be a London Living Wage organisation the Council is under no obligation to apply the latest increase in the minimum hourly rate from £9.15 to £9.40 per hour. As such it could decide to continue with the current rate of £9.15 or another amount.
- 3.2 These options have not been recommended taking into account the pay policy statement and the fact that the Council has mirrored the London Living Wage since 2013.

4. POST DECISION IMPLEMENTATION

- 4.1 The Barnet Living Wage Supplement will apply from 1 April 2016 to 31 March 2017. A report to this committee will be produced in February 2017 that updates members of the situation as it stands at that time.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

The Council believes that no-one should do a hard day’s work for less than they can live on, and that all our staff deserve to be paid at least the Living Wage. Council considers that if everyone in London on low pay were paid at least the living wage it could potentially save the government money by increasing the tax base and reducing spend on welfare benefits.

- 5.2 In addition, the Council believes that the added benefit to the Council of paying at least the living wage include increased productivity and lower staff

turnover, which would reduce recruitment costs.

5.3 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability).

The London Living Wage increased from £9.15 to £9.40 per hour (2.7%) in October 2015. Accredited organisations have until 1 April 2017 to apply the revised value.

5.4 Based on the Council's current rates of pay it has been calculated that applying the rate of £9.40 per hour will cost the Council an additional £180,000 per annum on top of base pay (including on-costs at 30%) for directly employed council employees. However, it already costs the Council c£202,000 (including 30% on-costs) for the Barnet Living Wage Supplement in 2015/16. The reason for the reduction is that the cost projection does not include Education & Skills. So even after the rate has increased there is a reduction in overall costs associated with the Barnet Living Wage Supplement.

5.5 Based on the Council's current rates of pay it has been calculated that applying the rate of £9.40 per hour will cost Community Schools an additional £45,000 per annum on top of base pay (including on-costs at 30%). However, it already costs the Council c£17,000 (including 30% on-costs) for the Barnet Living Wage Supplement in 2015/16.

5.6 Although unknown at the time of writing this report the additional cost will reduce after April 2016 as the Council is expecting a nationally negotiated wage increase from the National Joint Council of around 1%. This will increase base pay rates and reduce the amount of the Barnet Living Wage 'top up'.

5.7 Social Value

Paying employees a living wage has a significant social benefit. It sends a signal to employees, prospective employees and the wider community that staff at the Council are important and valued assets.

5.8 Legal and Constitutional References

5.8.1 In accordance with [Appendix A to the Responsibility for Functions section of Barnet Council's Constitution](#) the General Functions Committee has responsibility for staff matters (i.e. salaries and conditions of service) other than those within the remit of Chief Officer Appointment Panel.

5.8.2 The Committee is also responsible for taking account of the Reward and Employment strategies of the Council with a view to ensuring that it is fully briefed on the prevailing organisational approach. In accordance with its terms of reference, the Committee must keep under review the terms and conditions as they relate to pay for all Council employees and where changes have a significant impact on the Pension Fund and/or Council budget, those decisions will also be subject to agreement by the Pension Fund Committee and/or Policy and Resources Committee.

5.8.3 The Committee takes account of forward plans and the impact of remuneration on workforce planning, talent management and succession planning.

5.9 Risk Management

Not applicable

5.10 Equalities and Diversity

Ensuring the Council's pay arrangements are fair, equitable and comply with equalities legislation are key considerations. The impact of applying the London Living Wage is a positive one for staff and no one is adversely affected.

5.11 Consultation and Engagement

Not applicable

5.8 Insight

Not applicable

6. BACKGROUND PAPERS

6.1 None