

SOUTH YORKSHIRE PENSIONS AUTHORITY

30th November 2017

The Living Wage

1. Purpose of the Report

To seek Members approval to incorporate the living wage supplement into our agreed pay structure with effect from 1st October 2017

2. Recommendations

Members are recommended to approve the implementation of the living wage supplement with effect from 1st October 2017

3. Background Information

- 3.1 The Living Wage is an informal benchmark and is not legally enforceable. It is promoted by the Living Wage Foundation and is based on the amount that it has been calculated that an individual needs to earn to cover the basic costs of living.
- 3.2 The living wage rate is calculated annually each November by the Resolution Foundation and overseen by the Living Wage Commission based on the best available evidence about living standards in the UK. Because living costs can vary there is a rate for London and a different rate for the rest of the UK.
- 3.3 The current rest of UK rate is £8.75 per hour and was announced on 6th November 2017. For employers wishing to pay the Living Wage the new rate has to be implemented within six months of the announcement. The 2016 rate is £8.45 per hour.
- 3.4 There are over 3500 employers who have signed up to pay the Living Wage and this includes all four of our district councils.
- 3.5 The national living wage is £7.50 per hour for employees over age 25. Employees under age 25 are subject to the national minimum wage for 17/18 which has a range between £4.05 and £7.21 per hour depending on age.

4. Implementation

- 4.1 Although the Living Wage Foundation announce their revised annual hourly rate in November it is intended that our implementation will align with the annual local government pay agreement and increment progression within our salary scale which coincide on 1st April. Therefore an implementation from 1st October 2017 would be at the 2016 rate of £8.45 per hour.

- 4.2 Our current salary scale is attached at Appendix A. We do not have any posts under Grade A and therefore our lowest paid roles start at point 11 under Grade B. The 2016 rate of £8.45 per hour equates to £16303 per annum which is greater than points 11 and 12 of our current pay scales.
- 4.3 The 2017 rate of £8.75 per hour equates £16,881 per annum on the assumption that the 1% pay award restriction remains in place it will be greater than point 13 on our revised pay scales.
- 4.4 Where payable the increased pay will be identified as a living wage supplement leaving the current pay scales unaffected and separately identifiable for identification of future incremental progression.

5. Impact

- 5.1 There are currently twelve employees who are paid less than the living wage. This number is unusually high as a consequence of recruiting nine new members of staff following the restructure in April 2017. These are mainly career graded posts within the range scale point 11 to 27 and progression out of the living wage range is likely after they have been in post for two years.
- 5.2 The cost of implementation from 1st October 2017 is £3,300 for 17/18 and £7,400 for 18/19. It is anticipated that both could be absorbed within turnover in current budgets.
- 5.3 In addition to the financial benefits to employees, research into those organisations who have introduced the living wage has reported a range of business and wider economic benefits including reduced absenteeism, increased productivity and improved 'employer of choice' perceptions. Whilst we are undoubtedly smaller in scale than many of the employers that participated in the research there is no reason to suggest that some of these benefits wouldn't also apply to SYPA.

6. Implications and risks

- **Financial** - Costs absorbed within existing budgets.
- **Legal** - There are no specific legal considerations.
- **Diversity** - None

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Background papers used in the preparation of this report are available for inspection in the Pensions Administration Unit.