



## **RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

### **CABINET**

**15th MAY 2023**

### **REAL LIVING WAGE ACCREDITATION**

**REPORT OF THE DIRECTOR OF HUMAN RESOURCES IN DISCUSSIONS THE LEADER OF THE COUNCIL, CLLR ANDREW MORGAN OBE AND THE DEPUTY LEADER OF THE COUNCIL, CLLR MAUREEN WEBBER**

**Author(s):**

**Marc Crumby – Head of Procurement &  
Erin Ryan-Phillips (Graduate Procurement Officer)**

#### **1. PURPOSE OF THE REPORT**

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

#### **2. RECOMMENDATIONS**

- 2.1 It is recommended that Cabinet:
- i) note the content of the report;
  - ii) provide approval to proceed with an application for the Council to become a Real Living Wage accredited employer.

#### **3. BACKGROUND**

- 3.1 By law all employers must pay the National Living Wage to all employees, broken down by age – as follows:

	<b>National Living Wage</b>	
	<b>Rate from April 2022</b>	<b>New rate from April 2023</b>
23 years and older	£9.50	£10.42
21-22 Year Old Rate	£9.18	£10.18
18-20 Year Old Rate	£6.83	£7.49
16-17 Year Old Rate	£4.81	£5.28

3.2 The Real Living Wage Foundation campaigns for employees over the age of 18 to be paid a rate which is based on what is needed to live – the Real Living Wage. This rate is higher than the National Living Wage as it is calculated independently, considering wider factors that are based on what people need to get by.

3.3 Currently, over 17,500 employees in Wales have received a pay rise because of the Real Living Wage campaign and a wide range of employers have become accredited with the Foundation.

#### DIRECT EMPLOYEES

3.4 Whilst not yet an accredited organisation, the Council has a track record of paying the real living wage to its direct employees. In February 2022 for example, in an attempt to help staff with the cost of living the Council uplifted those on GR1 and GR2 to pay them the real living wage (£9.90), this was two months earlier than the required implementation date of 1<sup>st</sup> April 2022.

3.5 Following the pay award for 2022/23, the hourly rates increased (over and above £9.90). This meant that all staff directly employed by the Council received an hourly rate that exceeded the real living wage, as follows:

<b>GRADE</b>	<b>NEW FTE SALARY wef 01/04/22</b>	<b>NEW Hourly Rate</b>
<b>GR1</b>	£20,441	£10.60
<b>GR2</b>	£20,812	£10.79
<b>GR3</b>	£21,189	£10.98

3.6 On 22<sup>nd</sup> October 2022, the new real living wage rate of £10.90 was announced by the Real Living Wage Foundation.

3.7 Whether the Council becomes accredited or not, it has implemented this new rate from 1<sup>st</sup> April 2023, in line with the agreement we have in place with our trade union colleagues. Those staff within the GR1 and GR2 pay scales have benefited from this payment. However, whilst not yet confirmed, based on the initial employers offer to the trade unions, the pay award for 2023/24 will likely take the hourly rates for both of these grades over the real living wage rate again.

- 3.8 During the time that the pay award gets agreed and backdated into staff's pay, the Council will pay a supplement to those staff that come within the GR1 and GR2 banding (GR1's for example will get an extra 30p per hour).
- 3.9 When the pay award materialises during 2023/24, the amount already paid via the supplement will be deducted from the individual's pay in order to avoid any overpayments.

#### SUPPLY CHAIN CONSIDERATIONS

- 3.10 In addition to our direct employees, being an accredited real living wage employer will require the Council to review its supply chain and over a period of time, put arrangements in place that help ensure people who are employed by our contracted third parties are paid the real living wage.
- 3.11 The potential financial impact of any uplifts cannot be accurately determined at this stage, as it will depend very much on the nature of contracts being renewed into the future.
- 3.12 The Council will need to set out a three year plan for the Real Living Wage Foundation to show how it will review the supply chain arrangements.

#### **4. APPLYING TO BE A REAL LIVING WAGE EMPLOYER**

- 4.1 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.
- 4.2 Officers have met with Cynnal Cymru and established a pathway to accreditation. The initial phase is to ensure our own employees are paid the real living wage. Due to our previous commitments, this phase has already been achieved.
- 4.3 The next phase for accreditation relates to the real living wage requirements for procured services. Cynnal Cymru have confirmed that there is no expectation for these services to pay the real living wage before the Council applies for accreditation.
- 4.4 Following accreditation, 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 real living wage.
- 4.5 If approval to applying for accreditation is granted, officers will continue to work 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.
- 4.6 Following accreditation, the Council can use the accredited logo and will be registered on the Real Living wage Foundation's website. Accreditation is subject to annual monitoring whereby updates on progress are needed to

continue our commitment to becoming a full real living wage employer through our supply chain.

## **5. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY**

5.1 There are no equality and diversity or socio-economic implications as a result of the recommendations set out in the report.

## **6. WELSH LANGUAGE IMPLICATIONS**

6.1 There are no Welsh Language implications as a result of the recommendations set out in this report.

## **7. CONSULTATION / INVOLVEMENT**

7.1 There are no consultation requirements emanating from the recommendations set out in the report.

## **8. FINANCIAL IMPLICATION(S)**

8.1 Over future years, as contracts are renewed or new ones awarded, then in the event that any of the supply chain are not already paying the real living wage, then this will likely have an impact on the cost of our contracting arrangements. However the detail of this would have to be determined over the course of implementation (following accreditation).

## **9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

9.1 There are currently no legal implications associated with the application for the Council to become a real living wage Employer.

## **10. CONCLUSION**

10.1 The application to get the Council recognised as an accredited Real Living Wage employer would be beneficial for the Council's reputation as an employer. If formal approval to proceed is given, officers will work with Cynnal Cymru to ensure the Council becomes an accredited Real Living Wage Employer as soon as it is practical to do so.

**LOCAL GOVERNMENT ACT 1972  
AS AMENDED BY  
THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985  
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