

## BOARD OF DIRECTORS MEETING (Open)

Date: 14<sup>th</sup> March 2018

Item Ref:

07

<b>TITLE OF PAPER</b>	<b>Uplift to the Living Wage</b>
<b>TO BE PRESENTED BY</b>	Caroline Parry, Deputy Director of Human Resources on behalf of Dean Wilson, Director of Human Resources
<b>ACTION REQUIRED</b>	To agree the recommendations.

<b>OUTCOME</b>	Agreement to implement the new Living Wage rate as outlined in the paper.
<b>TIMETABLE FOR DECISION</b>	If agreed by the Board the new rate would be back-dated to 6 <sup>th</sup> November 2017.
<b>LINKS TO OTHER KEY REPORTS / DECISIONS</b>	As set out in the paper.
<b>STRATEGIC AIM STRATEGIC OBJECTIVE BAF RISK NUMBER &amp; DESCRIPTION</b>	Strategic Aim: People: Workforce Strategy. Strategic Objective: Staff Reward BAF Risk Number: N/A BAF Risk Description: N/A
<b>LINKS TO NHS CONSTITUTION &amp; OTHER RELEVANT FRAMEWORKS, RISK, OUTCOMES ETC</b>	N/A
<b>IMPLICATIONS FOR SERVICE DELIVERY AND FINANCIAL IMPACT</b>	Financial implications are set out in the paper.
<b>CONSIDERATION OF LEGAL ISSUES</b>	There would be some changes to current and future contracts of employment.

<b>Author of Report</b>	Dean Wilson
<b>Designation</b>	Director of Human Resources
<b>Date of Report</b>	6 <sup>th</sup> March 2018

## SUMMARY REPORT

---

**Report to: BOARD OF DIRECTORS**

**Date: 14<sup>th</sup> March 2018**

**Subject: Uplift to Living Wage**

**Author: Dean Wilson, Director of Human Resources**

---

### 1. Purpose

<i>For Approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information</i>	<i>Other (please state below)</i>
X					

### 2. Summary

The application of the Living Wage was considered by the Board on 2<sup>nd</sup> July 2014 and it was agreed that it should be applied within the Trust with the details of the implementation being worked through with Staff Side.

This was achieved and it was implemented within the Trust from January 2015. The basis of the implementation arrangements were then confirmed in the agreement with Staff Side attached as Appendix 1.

As indicated in the Agreement, any review of the Living Wage would require specific approval of Board. This was in order to ensure the Trust's commitment could be consistent with financial processes relating to service provision.

The introduction of the Living Wage was a significant decision for the Trust to take and so steps were taken (as reflected in the Agreement) to ensure affordability. One of these steps was to initially introduce the payment as a non-consolidated supplement. The fact that it was non-consolidated means that the additional agreement paid to a member of staff to bring them up to the level of the Living Wage does not count for elements such as shift premia or pensions. In 2016, the Board agreed that the Living Wage supplement could be a consolidated payment.

The Living Wage rate was reviewed by the Living Wage Foundation and has been increased from £8.45 per hour to £8.75 per hour with effect from 6<sup>th</sup> November 2017. This potential increase has been costed by our Payroll Department and it is estimated that it will involve an additional expenditure of circa £52k (excluding on-costs) for a full year. The increase may affect a small number of additional staff due to being a higher increase than the 1% agenda for change increase awarded to the NHS.

The actual extent of the additional cost will depend on the nature of the April 2018 award as the supplement will be reduced to offset the increase in basic pay arising from the April award.

It should be noted that the Trust's commitment is to the figure identified by the Living Wage Foundation is different from and higher than the national Living Wage announced by the Government. The former is £8.75 per hour (November 2017) and the latter is £7.50 per hour (April 2017) moving to a figure yet to be determined as the Government move to 60% of average pay from the current 55%, to be paid from April 2018.

A further consideration last year was whether the Living Wage Foundation rate should be extended to those who undertake bank shifts. The Board took the decision last year, that the rate would be paid additionally on bank shifts. This decision costs the Trust an additional £50k p.a. (excluding on-costs). Total c£102k for all staff groups.

It is also noted that the nature of the flexible contract is different in principle as it is more akin to overtime rather than the substantive rate of pay. It has been accepted previously by Staff Side that in paying these rates, the Trust has made a significant commitment and that the Trust will continue to balance its' commitment to staff with that of ensuring service provision. EDG last year recommended to the Board that the £8.45 per hour figure would be applied to bank shifts.

Staff Side were informed at the Joint Consultative Forum on 24<sup>th</sup> May 2017 that the Board would consider the up-rating in March 2018. No issues were raised by Staff Side regarding the other aspects of the current arrangements.

EDG considered a draft of this paper in February 2018 and it was the view of EDG that the rate should be up-rated in accordance with this new figure and back-dated to 6<sup>th</sup> November 2017. It was recommended that it should continue to be applied to bank shifts, although, and in line with the agreement with Staff Side, this will be kept under review.

### **3. Next Steps**

To apply the position agreed to the relevant pay rates.

To share the position agreed.

### **4. Required Actions**

To agree whether the new Living Wage rate identified by the Living Wage Foundation should be applied and whether it should be back-dated to 6<sup>th</sup> November 2017.

To agree whether the Living Wage Foundation rate should continue to be applied to bank staffing shifts.

### **5. Contact Details**

For further information, please contact:

Dean Wilson, Director of Human Resources  
[Dean.Wilson@shsc.nhs.uk](mailto:Dean.Wilson@shsc.nhs.uk), Tel 0114 22 63960

Caroline Parry, Deputy Director of Human Resources  
[Caroline.Parry@shsc.nhs.uk](mailto:Caroline.Parry@shsc.nhs.uk), Tel 0114 22 63960

## Agreement for Application of the Living Wage

---

### APPENDIX 1

(July 2015)

The Trust has committed to implementing the Living Wage for staff members in substantive roles whether that role has a permanent or temporary contract. Furthermore the Trust will aspire to apply the Living Wage to those who are engaged on flexible staffing contracts. In so doing the Trust recognises the need to ensure that its financial commitments are consistent with the maintenance of Trust services and the improvement of the quality of care.

The implementation of the Living Wage (LW) will be undertaken in partnership with Staff Side. The following parameters are identified for application.

### **Initial Implementation**

The date for initial implementation will be 1<sup>st</sup> January 2015. (There will be no backdating).

### **Scope**

It does not apply to those on flexible contracts (updated wef Oct 2016 to include these shifts) or trainees/apprentices.

It applies to directly employed staff in substantive roles whether that role has a permanent or temporary contract.

### **Payment Arrangements**

The LW will be achieved by a non-consolidated supplement to the current point on Agenda for Change for employees whose salary would otherwise be below the LW. The supplement will, therefore, be based on the difference between the point on the Agenda for Change pay-scale which the employee is on and the LW amount. For the purposes of initial implementation it was agreed that the LW should be equivalent to point 4 on the 2014/2015 Agenda for Change pay-scale.

As the LW is a supplement it will not vary the Agenda for Change pay points and there will be no requirement for the supplement to be at a level which corresponds to a particular pay point. As the LW is non-consolidated it does not count for any premia or other purposes.

Any national or other supplements which enhance the relevant Agenda for Change pay point (such as the nationally agreed supplement of 1% during the 2014/15 pay round or the additional increase/uplifts under the 2015/16 pay round) will be taken into account before application of the LW supplement. Where the LW supplement is already in payment prior to such a nationally determined payment then the amount in question will be offset against the level of the LW supplement. This means that the level of the LW supplement will be reduced or even removed altogether depending on whether the level equivalent to the LW has been achieved without the addition of the LW supplement.

### **Review of Living Wage Supplement**

The level of the supplement will be reviewed annually at the time of the national determination of the rate for the LW (usually in the autumn) and any proposed increase in the level of the LW supplement will be presented to the Board for approval of its application. (The actual level of supplement per employee will vary depending on the extent to which their pay point is below the new level of the Living Wage). In approving the application, the date of application will be determined including provision for backdating.

Note – the Board agreed that the 2016 rate of £8.25 per hour should be considered at its meeting on 10<sup>th</sup> February 2016 backdated to 2<sup>nd</sup> November 2016.