

**COMMITTEE:** COUNCIL REF NO: C/17/19  
**DATE:** 21 MARCH 2018  
**SUBJECT:** HUMAN RESOURCES PANEL  
PROGRESS REPORT  
**PORTFOLIO HOLDER:** COUNCILLOR MARTIN COOK  
**HEAD OF SERVICE:** HELEN PLUCK

**Short description of report content and the decision requested:**

At its meeting on 24<sup>th</sup> January 2018 Council set up a Human Resources Panel to consider a range of issues relating to pay and grading. This report updates Council and seeks funding and authorisation to implement proposals in relation to Grades 1-3 if collective agreement can be reached with the recognised trades unions

***List of Appendices included in this report:***

N/A

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*This report was prepared after consultation with:*

*Chief Executive*

*Chief Operating Officer*

*Members of the Human Resources Panel*

*The following policies form a context to this report:*

*(all relevant policies must also be referred to in the body of the report)*

**LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(papers relied on to write the report but which are not published and do not contain exempt information)*

**OTHER HELPFUL PAPERS**

*(papers which the report author considers might be helpful – this might include published material)*

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## **1. Introduction**

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- 1.1 On 24<sup>th</sup> January 2018, Council set up an all-party Human Resources Panel (Cllrs M Cook (Chair), Ellesmere, Holmes, Riley and Xhareraj) with the following terms of reference:
- a) To consider the grading and remuneration of officers at Grade 11 and above (i.e. up to and including Grade 15 (the Chief Executive));
  - b) To propose, if considered appropriate, a revised pay and grading structure for officers at Grade 11 and above, within the available budget that will be determined by the Medium Term Financial Plan [i.e. at its meeting on 21st February 2018];
  - c) To consider the impact of the Living Wage on Grades 1-3 of the Council's current grading structure;
  - d) To consider and propose any changes needed to the Council's job evaluation scheme;
  - e) To have regard to equal pay legislation when putting forward proposals and making decisions;
  - f) To authorise the Chief Executive (or in his absence the Chief Operating Officer) to consult affected employees and the Council's recognised Trades Unions on any proposals (points b and c);
  - g) To make any decision – following such consultation (as set out in (e)) – to introduce changes to the Council's job evaluation scheme and pay (except for the Chief Executive and Chief Operating Officer) and grading structures to Council; and
  - h) To formally report back to Council on 21st March 2018 on the decisions it has made via the Pay Policy report.
- 1.2 This report focuses on the Panel's proposals around the impact of the Living Wage (i.e. point c) in paragraph 1.1 above).
- 1.3 The HR Panel's work is separate to the national pay award negotiations which have not concluded at the time of writing this report.

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## **2. Background and Proposal**

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- 2.1 The Council is an accredited Living Wage Foundation employer.
- 2.2 As part of its work the Panel considered the impact of the Living Wage Foundation's rate on the lower pay grades, namely grades 2-3 (no employees are on Grade 1). The Living Wage Foundation's rate from 1<sup>st</sup> April 2018 is £8.75 – a rise from £8.45 on 1<sup>st</sup> April 2017. Funding for this increase is provided as part of the salary budgets included in the Medium Term Financial Plan.

2.3 The Council's current (2017/18) pay for Grades 2-3 is:

Grade	Spinal column point	Annual salary	Hourly rate
<b>GRADE 02</b>	<b>12</b>	£16,303	£8.4503
<b>GRADE 02</b>	<b>13</b>	£16,456	£8.5296
<b>GRADE 03</b>	<b>14</b>	£16,764	£8.6892
<b>GRADE 03</b>	<b>15</b>	£17,143	£8.8857
<b>GRADE 03</b>	<b>16</b>	£17,561	£9.1023

2.3 It is proposing that before any national pay award is finalised and added to the payline, that the Council's minimum pay is more than the Living Wage Foundation's rate. This means that the lowest hourly rate for any employee will be £9 per hour. This is achieved by moving all employees on grades 2 and 3 up by one spinal column point and making the minimum amount £9 as shown below

Grade	Spinal column point	Annual salary	Hourly rate
<b>GRADE 02</b>	<b>13</b>	<b>17364</b>	<b>9.00</b>
<b>GRADE 02</b>	<b>14</b>	<b>17364</b>	<b>9.00</b>
<b>GRADE 03</b>	<b>15</b>	<b>17364</b>	<b>9.00</b>
<b>GRADE 03</b>	<b>16</b>	<b>17561</b>	<b>9.10</b>
<b>GRADE 03</b>	<b>17</b>	<b>17790</b>	<b>9.22</b>

2.4 This proposal – which was unanimously agreed by the Panel - has been out to workforce consultation alongside other proposals around senior pay (grades 11 to 13) and the job evaluation scheme.

2.5 These changes can only be implemented if collective agreement can be reached with the Council's recognised trades unions. At the time of writing, Unite the Union has begun to ballot its members on the proposals and Unison is considering its position.

2.6 The HR Panel is authorised, via its terms of reference, to determine and implement the changes to the job evaluation scheme and to the pay and grading of posts within Grades 11 and 13, subject to collective agreement being reached and them being within the budget set for these items within the Medium Term Financial Plan. As a result those elements of the Panel's proposals are not set out within this report. The Panel's proposals for Grades 11 and upwards fall within the relevant budget envelope set out via the Medium Term Financial Plan report (see paragraph 2.7).

2.7 However, the Panel cannot determine changes to pay for Grades 1-3 as outlined in paragraph 2.3 above without Council providing financial resource for implementation. The cost of that specific proposal is around £35,000 per annum and so it is proposed that Council increases the pay contingency budget from £200,000 (the amount allocated to deal with senior pay) by £35,000.

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### **3. Relevant Policies**

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#### 3.1 Pay Policy

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### **4. Options Considered / Under Consideration**

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4.1 The Council has the option not to increase pay for its lowest paid employees other than through the application of the Living Wage Foundation's rate and national pay awards. However, this option, while in keeping with our commitments to the national pay negotiations and to the Living Wage does is not appropriate with our commitment to being a good employer, in the context of increases to senior pay. It could increase the council's pay ratio (lowest to highest) and would not be in the spirit of our ongoing commitment to the Living Wage Foundation and the associated reputational, productivity and recruitment benefits.

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### **5. Consultations**

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5.1 The workforce has been consulted on the proposal for 21 days. At the time of writing, Unite the Union is balloting its members on the proposal and Unison are considering their response.

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### **6. Risk Management**

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<b>Risk Description</b>	<b>Consequence of risk</b>	<b>Risk Controls</b>	<b>Probability of risk occurring taking account of controls (scale 1-6) 6 – very likely 1 – almost impossible</b>	<b>Impact of risk, if it occurred taking account of actions (scale 4 – catastrophic; 1 – negligible)</b>	<b>Actions to mitigate risk</b>
1. Not increasing pay for grades 1-3	Potential recruitment and retention issues  Increase in pay ratios  Inability to lead by example in raising wages in Ipswich	HR Panel proposals to provide £9 per hour minimum guarantee	4	2	Report to Council proposing adoption of £9 per hour minimum and provision of associated budget

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## **7. Environmental Impact Assessment**

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7.1 There is no environmental impact to the proposals in this report.

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## **8. Equalities and Diversity Implications**

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8.1 The proposals have a positive impact on women's pay as a percentage of men's pay within Grade 3 and a neutral effect on Grade 2.

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## **9. Financial Considerations**

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9.1 The implementation of this proposal would provide a minimum of £9 per hour to all employees. The cost of this proposal is shown in the table below:

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
GF	£27,630	£29,350	£33,340	£33,340
HRA	£1,210	£3,160	£3,160	£3,160
SRP (full impact)	£1,830	£1,830	£1,830	£1,830
TOTAL COST	£30,670	£34,340	£38,330	£38,330

9.2 The increase for the General Fund (GF plus IBC element of SRP) in relation to Council Tax Band B and housing rents (HRA element) is:

<b>Council Tax Band B Equiv. (GF + IBC share of SRP)</b>	£0.58	£0.62	£0.70	£0.70
<b>Equivalent Weekly Average Rent Increase/Decrease(-) (HRA)</b>	£0.003	£0.008	£0.008	£0.008

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## **10. Legal Considerations**

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10.1 The Council is committed to applying at least the Living Wage Foundation's rate and to the national pay bargaining process. However, at its January meeting Council recognised that these may be insufficient to deal with all the pay issues facing the Council and so set up an HR Panel to review the Council's pay and grading according to the Terms of Reference set out in section 1 of this report.

10.2 In reaching its conclusions and in proposing a £9 per hour minimum guarantee to its employees the HR Panel has had due regard to the various equality requirements.

- 10.3 The Council needs to reach collective agreement with its recognised trades unions in order to implement its proposals around pay and grading including the £9 per hour minimum guarantee.

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## **11. Performance Monitoring**

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- 11.1 The Council wishes to implement its proposals (relating to pay and grading for grades 11-13, pay for grades 1-3 and the job evaluation scheme) on 1<sup>st</sup> April 2018 but will be unable to do so if collective agreement cannot be reached.
- 11.2 Authorisation is therefore sought from Council for the HR Panel to be able to conclude matters within the budgets allocated with an implementation date of 1<sup>st</sup> April 2018 or the date on which collective agreement is reached with both Unite the Union and Unison – whichever is the later.

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## **12. Conclusions**

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- 12.1 The HR Panel has considered the impact of the Living Wage on Grades 1-3 and proposes to introduce a £9 per hour minimum guarantee. Council is requested to authorise the panel to proceed with this and allocate the necessary budget. It is also requested to authorise the panel to conclude on pay and grading for grades 11-13 and on the Council's job evaluation scheme (e.g. including at any time beyond 31<sup>st</sup> March 2018) - subject to collective agreement being reached on all matters.

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## **13. Recommendations**

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### **13.1 Council is asked to:**

- a) **Authorise the Chief Executive to take all necessary steps to implement a £9 per hour minimum guarantee for employees on grades 2 and 3 with the implementation to take effect on 1<sup>st</sup> April 2018 or on the date that a collective agreement is signed with all necessary parties (whichever is the later).**
- b) **Amend the Council's Medium Term Financial Plan to increase the pay contingency budget from £200,000 to £235,000 with the funding to come from reserves in 2018/19.**
- c) **Authorise the HR Panel to conclude matters on pay and grading for Grades 11-13 and on job evaluation subject to reaching collective agreement; with implementation taking place either on 1<sup>st</sup> April 2018 or the date on which all parties sign a collective agreement – whichever is the later.**