

MINUTES of the meeting of Employment Panel held at Committee Room 1, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Monday 18 January 2016 at 10.00 am

Present: Councillor PM Morgan (Chairman)

Councillors: BA Baker, H Bramer, RI Matthews and AJW Powers

Officers: Annie Brookes, Alistair Neill and TJ Postles

10. APOLOGIES FOR ABSENCE

Apologies were received from Councillor AW Johnson.

11. NAMED SUBSTITUTES (IF ANY)

Councillor BA Baker substituted for Councillor AW Johnson.

12. DECLARATIONS OF INTEREST

There were no declarations of interest.

13. MINUTES

Resolved:

That the minutes of the meeting held on 11 September 2015 be approved.

14. PAY POLICY STATEMENT 2016

The chief executive presented the draft pay policy statement, noting the positive reduction in interim senior management posts since the previous year's report, including appointment to the substantive posts of director of adults and wellbeing, assistant director adults and wellbeing commissioning, assistant director safeguarding and family support, and the director of resources. The success of these appointments demonstrated that the council was able to meet market demand and recruit high quality professionals.

The chief executive provided an update on consideration of options for the introduction of the living wage. Following the government's requirement for employers to adopt the national living wage from April 2016 work had not been progressed on options to introduce the more costly optional living wage foundation rate. Should the national pay negotiations result in adoption of a higher rate of pay for future years, the medium term financial plan would be adjusted accordingly.

The chief executive summarised aspects of the report. Key points included:

- The estimated costs of implementing the £7.20 minimum wage which must be implemented by April 2016 had been accounted for in the 2016/17 budget and in the medium term financial strategy for future years.
- Whilst the council was responsible for the additional costs arising from the statutory national living wage rate introduction for council employees (including schools), in general contractors retained responsibility for the additional costs arising for their own employees.

- Implementation costs are considered for different elements of council business, noting that the greatest absorption of cost is in the use of contractors.
- Very few new employees entering the authority recently were at a level below the national living wage.
- It was concluded that implementing the Living Wage Foundation wage rate of £8.25 would have a significantly greater adverse impact on the council's finances than implementing the statutory national living wage rate of £7.20.
- The national living wage would only be a statutory requirement in relation to employees aged 25 and over; this would create an aged based differential in pay which does not currently exist in Herefordshire, and engagement with trade unions over this issue would be undertaken.
- As negotiations over implementation were still ongoing at a national level, the rate of adoption of the national living wage may be subject to change.

Responsibility for national living wage implementation costs

The council was responsible for the costs of implementing the national living wage in respect of its own employees and for those in council maintained schools. The following additional points were noted:

- Implementation costs for employees of council contractors would only be the responsibility of the council where contracts so specified (eg in cases where TUPE regulations still applied).
- Contractors would otherwise remain liable for the costs of implementing the national living wage for their employees. Any potential impact these additional costs may have on the level or range of service provided would be a matter for negotiation between individual contractors and the council.
- Some provision against such costs had been made in the medium term financial strategy, and projections would be reviewed annually to take account of changes in staffing numbers, contractual commitments, national pay negotiations and any further legislative change

Wage differentials

There was discussion of the potential impact the introduction of the national living wage may have on wage differentials across the pay scale of the organisation, where raising levels of pay for those on low pay grades could require simultaneous adjustments across the whole pay structure. The key points included:

- While only a very small number of staff were not currently in receipt of the national living wage and that there would only be a minor cost involved in resolving this; proportionate adjustment of wage differentials across the organisation, within an objectively job evaluated structure, could have more significant resource implications. It was noted that the fact that those under the age of 25 not being required to be paid the national living wage may mitigate this impact.
- The chief executive emphasised that a proportional adjustment of wage differentials in order to increase director level wages was not being considered.
- Negotiations with trade unions on this issue were at an early stage due to the recent nature of legislative change.
- A proportional increase of wage differentials could constitute a significant increase in payroll expenses for a minimal direct improvement in service provision.
- Changes to the pay spine structure negotiated nationally would have a local impact.

Draft pay policy statement

Panel members queried the inclusion of pay multiples identified in page 33, paragraph 39 of the report. It was explained that these were statistics which it was a statutory obligation to include and the way in which they were presented was also according to obligation.

The head of human resources identified a number of corrections to figures presented in the contract for services table on page 3 of the draft pay policy statement. The following amendments were made:

- The contract for services budget figure for the director of public health was amended to £57,200 with an FTE figure of 0.4
- The contract for services budget figure for public health consultants were amended to £66,000 with an FTE figure of 0.5, and £87,841 with an FTE figure of 0.8 respectively.
- The contract for services budget for the Enterprise Zone programme director was amended to £76,138 with an FTE figure of 0.8.

Members offered a number of ways in which the report could be better presented to council. Among suggestions were:

- Providing clear explanations over the legislative change and how this had affected the work around the report. To do so would better inform discussion between members at council and would also better inform members of the public.
- Providing an explanation over the issues surrounding contractors explaining the obligations of Herefordshire Council as well as making it clear which elements of the report were obligated.
- Providing breakdowns and methodology for statistics included in the report as well as identifying where figures had been projected and where figures were precise estimates, or instead providing a range of alternate projected figures
- The deputy monitoring officer explained that it would be practical to delegate authority to the monitoring officer to make minor amendments to the pay policy statement to keep it up to date. To provide clarity about circumstances in which changes would be undertaken by the monitoring officer it was agreed that the term "in year technical amendments" in recommendation B of the report be amended to "in year technical updates".

Resolved: That the following be recommended to Council:

- (a) The pay policy statement summarising existing council policies (at appendix A) be recommended to Council for approval;**
- (b) Authority be delegated to the monitoring officer, following consultation with the chief executive, to make in year technical updates to the statement to reflect changes to post holder details or approved changes to local or national pay policy; and**
- (c) Having regard to the introduction of the statutory national living wage effective April 2016 no further action be taken in response to Council's resolution to consider how to introduce the Living Wage Foundation living wage.**