



Agenda

Meeting: **Personnel Committee**
Date: **5 September 2019**
Time: **1.00 pm**
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Personnel Committee**

The Committee will consider the matters listed below at the date, time and place shown above. The meeting will be open to the press and public.

Members of the Committee who wish to have information on any matter arising on the agenda which is not fully covered in these papers are requested to give notice prior to the meeting to the Chairman or appropriate officer.

This meeting will be webcast live to the council's website at <https://shepway.public-i.tv/core/portal/home>. Although unlikely, no guarantee can be made that Members of the public in attendance will not appear in the webcast footage. It is therefore recommended that anyone with an objection to being filmed does not enter the council chamber.

1. **Apologies for Absence**

2. **Declarations of Interest**

Members of the Council should declare any interests which fall under the following categories*:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);
- c) voluntary announcements of other interests.

3. **Minutes (Pages 3 - 6)**

To consider and approve, as a correct record, the minutes of the meeting held on 13 June 2019.

Queries about the agenda? Need a different format?

Contact Jemma West – 01303 853495
Email: committee@folkestone-hythe.gov.uk or download from our
website
www.folkestone-hythe.gov.uk

4. **Transformation update**

To receive a presentation from the Chief HR Officer.

5. **Performance framework for the Corporate Leadership Team (Pages 7 - 18)**

This report presents a suggested performance framework for the members of the Corporate Leadership Team (CLT).

6. **Implications of raising the minimum hourly rate to £10 per hour (Pages 19 - 28)**

This report provides the Committee with information relating to the item raised as opposition business at a recent council meeting, namely that our minimum hourly rate should be increased to £10 per hour, in order for the Committee to give appropriate consideration to the proposal.

7. **Exclusion of the Public**

To exclude the public for the following item of business on the grounds that it is likely to disclose exempt information, as defined in paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 –

‘Information relating to any individual.’

Part 2 – Exempt Information Item

8. **Pay negotiations 2020/21**

To receive a presentation from the Chief HR Officer.

*Explanations as to different levels of interest

(a) A member with a discloseable pecuniary interest (DPI) must declare the nature as well as the existence of any such interest and the agenda item(s) to which it relates must be stated. A member who declares a DPI in relation to any item must leave the meeting for that item (unless a relevant dispensation has been granted).

(b) A member with an other significant interest (OSI) under the local code of conduct relating to items on this agenda must declare the nature as well as the existence of any such interest and the agenda item(s) to which it relates must be stated. A member who declares an OSI in relation to any item will need to remove him/herself to the public gallery before the debate and not vote on that item (unless a relevant dispensation has been granted). However, prior to leaving, the member may address the meeting in the same way that a member of the public may do so.

(c) Members may make voluntary announcements of other interests which are not required to be disclosed under (a) and (b). These are announcements made for transparency reasons alone, such as:

- membership of outside bodies that have made representations on agenda items, or
- where a member knows a person involved, but does not have a close association with that person, or
- where an item would affect the well-being of a member, relative, close associate, employer, etc. but not his/her financial position.

Voluntary announcements do not prevent the member from participating or voting on the relevant item



Minutes

Personnel Committee

Held at:	Council Chamber - Civic Centre Folkestone
Date	Thursday, 13 June 2019
Present	Councillors Mrs Ann Berry, Keen, David Monk (Chairman), Terence Mullard and Shoob
Apologies for Absence	Councillor Danny Brook
Officers Present:	Susan Priest (Head of Paid Service)*, Andrina Smith (Chief HR Officer) and Jemma West (Senior Committee Services Officer)
Others Present:	Councillor Rolfe*

* for part of the meeting

1. **Declarations of Interest**

There were no declarations of interest at the meeetnig.

2. **Minutes**

The minutes of the meetings held on 7 March 2019 were submitted, approved and signed by the Chairman.

3. **Appointment to the Joint Staff Consultative Panel for 2019/20**

It was agreed that Councillors Mrs Berry, Keen, Monk, Mullard and Shoob be appointed to the JSCP for 2019/20.

4. **HR Annual Review**

The report presented a review of the HR function over the last financial year 2018-2019.

Proposed by Councillor Mrs Berry,
Seconded by Councillor Mullard; and

RESOLVED:
That Report P/19/01 be received and noted.

(Voting figures: 5 for, 0 against, 0 abstentions).

5. Gender Pay Gap Report

The report outlined the Council's statutory obligations regarding the publication of gender pay gap data and provided the data for this reporting year.

Proposed by Councillor Mrs Berry,
Seconded by Councillor Shoob; and

RESOLVED:

- 1. That report P/19/02 be received and noted.**

(Voting figures: 5 for, 0 against, 0 abstentions).

6. Annual report of the Head of Paid Service

The report from the Head of the Paid Service was in relation to the adequacy of staffing resources across the Council.

Proposed by Councillor Mullard,
Seconded by Councillor Keen; and

RESOLVED:

- That Report P/19/03 be received and noted.**

(Voting figures: 5 for, 0 against, 0 abstentions).

7. Exclusion of the Public

Proposed by Councillor Mrs Berry,
Seconded by Councillor Keen; and

RESOLVED:

- That the public be excluded for the following item of business on the grounds that it is likely to disclose exempt information, as defined in paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 – 'Information relating to any individual.'**

(Voting figures: 5 for, 0 against, 0 abstentions).

8. Senior Pay & Grading

The report presented a review of the Council's current pay and grading arrangements along with a proposal to ensure that the Council is positioned to remain competitive in attracting and retaining talented officers now and in future years.

Proposed by Councillor Mrs Berry,
Seconded by Councillor Keen; and

RESOLVED:

- 1. To receive and note Report P/19/04 be received and noted.**

2. That the new pay and grading structure for Head of Paid Service set out in the report be agreed to take effect from the next payroll.
3. That the new pay and grading structure for Corporate Directors set out in the report be agreed to take effect from the next payroll.
4. That an additional pay grade be added to the main Council pay scale for Assistant Directors to take effect from the next payroll.

(Voting figures: 5 for, 0 against, 0 abstentions).

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This Report will be made public on 28 August 2019

Report Number **P/19/06**

To: Personnel Committee
Date: 5th September 2019
Status: Non-executive Decision
Chief Officer: Dr Susan Priest, Head of Paid Service

SUBJECT: PERFORMANCE FRAMEWORK FOR THE CORPORATE LEADERSHIP TEAM

SUMMARY: This report presents a suggested performance framework for the members of the Corporate Leadership Team (CLT).

REASONS FOR RECOMMENDATIONS:

Personnel Committee is asked to consider the proposed performance framework with a view to formally adopting the framework.

RECOMMENDATIONS:

1. To receive and note Report P/19/06.
2. To approve the introduction of the performance framework for members of the Corporate Leadership Team from April 2020.

1. INTRODUCTION

- 1.1 The Council has a process of performance appraisal in place for all staff and the following framework has been prepared to ensure a robust approach is taken for officers that are part of the Corporate Leadership Team (CLT). Members of Personnel Committee are asked to approve the framework.
- 1.2 At the last Personnel Committee meeting In June 2019, Report P/09/04 stated that a report would be brought to the next Personnel Committee meeting with proposals for the robust performance management of senior management roles. This report contains the process for the Head of Paid Service and members of the Corporate Leadership Team.

It is the intention of the Head of Paid Service, in conjunction with the Chief HR Officer, to also now review the performance management framework of the Senior Leadership Team, encompassing both Assistant Directors and Chief Officers, from April 2020.

2. BACKGROUND

- 2.1 There is agreement at national level that councils should establish performance frameworks for their chief executives/senior teams. This is also considered to be good practice in public and private sector organisations. The appendices to this report provide general advice on appraisal matters (appendix A) and the proposed frameworks for both the Head of Paid Service (appendix B) and for CLT (appendix C).
- 2.2 Other Local Authorities appraisal processes were reviewed as part of the research undertaken to ensure that the proposals here are current good practice used elsewhere. As an example, Midlothian Council, Eden District Council, Maidstone Borough Council and West Berkshire Council all have very similar processes to the one outlined below. Ashford Borough Council run a more informal version of the suggested process involving the Leader of the Council and Group Leaders meeting with the Chief Executive to discuss the previous year and agree objectives for the forthcoming year.
- 2.3 The purpose of a performance framework includes, but is not limited to:
- Provide support and to ensure that the Head of Paid Service and members of CLT continuously improve their performance to achieve their full potential;
 - Identify and recognise achievements along with areas for further development; and to
 - Demonstrate the shared responsibility of both the Head of Paid Service and the Leader of the Council in setting relevant objectives and performance standards.

3. PROPOSED PERFORMANCE FRAMEWORK

- 3.1 The proposed performance framework has been broken down and is contained in the appendices as follows:
- Appendix B – proposed performance framework for the Head of Paid Service

- Appendix C – proposed performance framework for other members of the Corporate Leadership Team (CLT).
- 3.2 Throughout the proposed frameworks there is reference to an external facilitator. It is recommended that South East Employers provide the external facilitator and initial discussions have taken place with Jennifer McNeill, Regional Director, as to the costs involved in using SEEmp.

4. LEGAL / FINANCIAL AND OTHER CONTROLS / POLICY MATTERS

4.1 Legal Officer's Comments (AK)

There are no legal implications arising directly out of this report.

4.2 Finance Officer's Comments (LW)

The use of an external facilitator will be at cost to the council therefore there will need to be £2,000 budget provision identified. It is likely that this will be met from the corporate training budget.

4.3 Diversities and Equalities Implications (ASm)

There are no specific Diversities and Equalities Implications arising from this report.

5. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Andrina Smith, Chief HR Officer
Tel: 01303 853405
Email: Andrina.smith@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendices

Appendix A – Joint Guidance on Appraisal of the Chief Executive
Appendix B – proposed performance framework for the Head of Paid Service
Appendix C – proposed performance framework for other members of the Corporate Leadership Team (CLT)

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JOINT GUIDANCE ON APPRAISAL OF THE CHIEF EXECUTIVE**INTRODUCTION**

This guidance is intended for use by senior elected members and the chief executive when agreeing a process for appraising the performance of the chief executive. The focus of this process should be on clarifying what the chief executive is expected to achieve and on identifying any continuing developmental needs which, if met, would maintain a high level of performance. The process of setting objectives should be by agreement and the result should be to identify objectives which are relevant and challenging but achievable.

The process should not become complex. At all times it needs to focus clearly on a few basic issues: what the chief executive's job is; what has been done well; what could have been done better; the major issues over the next year; and what developmental needs the process clearly identifies.

RESPONSIBILITY FOR APPRAISAL

The responsibility for appraising the chief executive lies with senior elected members. It is a contractual obligation on the part of both the chief executive and the employing council to engage in a regular process of appraisal.

It will be for local decision in the light of local circumstances whether the appraisal should be carried out by a small committee representing all political groups or by a senior representative or representatives of the controlling group. Whichever approach is adopted, those conducting the appraisal need to bear in mind at all times that the chief executive is employed by the council as a whole, not by the controlling group, and is therefore required to serve all of the council.

AIMS OF APPRAISAL

1. To identify and clarify the key objectives, priorities and targets of the council and appropriate timescales for their achievement over the next (e.g. twelve) months.
2. Agree what the chief executive should personally achieve over the next (e.g. twelve) months and identify required standards of performance, in order to deliver the council's key objectives, priorities and targets. Wherever possible standards of performance should be expressed in ways which can be monitored objectively.
3. Discuss positive achievements over the past (e.g. twelve) months and identify reasons for good performance.
4. Discuss instances over the past (e.g. twelve) months where targets have not been met, identifying the factors preventing the achievements of agreed goals.
5. Discuss developmental requirements. The chief executive will have strengths and weaknesses and the parties should identify the professional development necessary to equip the chief executive with the requisite skills to meet the

council's objectives. The parties should be proactive and anticipate future developmental needs in the context of the council's changing priorities. This discussion could lead to the design of a formal programme of continuous professional development (CPD). Equally this discussion may lead to agreement on changes to the working relationship between leading members and the chief executive. It should not be assumed that it is only the chief executive who may need to adjust his/her approach to the working relationship.

Appraisal should be set in the context of the council's objectives, priorities and targets, generally expressed in the community and corporate plans. Appraisal targets when taken as a whole should be related to agreed targets for the council as a whole.

THE APPRAISAL CYCLE

Appraisal should take place on a predetermined date, *at least annually* backed up by monitoring meetings on a regular basis at which targets can be reviewed for continuing relevance. A formal system of appraisal should not prevent the continuous review of progress and performance.

KEY ELEMENTS OF THE APPRAISAL PROCESS

1. Continuous two-way monitoring of performance against objectives.
2. Preparation for an appraisal interview.
3. An appraisal interview where recent and current performance, future objectives and development needs are discussed.
4. Agreement should be reached on action required from either party to ensure required performance is achievable.
5. The process of informal discussion regarding performance should continue.

The appraisal interview and afterwards...

1. Both parties should be well informed and prepared for the interview.
2. The process should be two-way.
3. The interview should be free from interruptions and notes should be taken when necessary.
4. The parties should concentrate as far as possible on established facts rather than unsubstantiated opinions.
5. Targets which are realistic and capable of being monitored should be agreed.
6. Any agreed development plans should be implemented within the agreed timescale.
7. The chief executive should be given a reasonable opportunity to correct any shortfalls in performance.

8. A date for the next review should be agreed.

EXTERNAL ASSISTANCE

External assistance in facilitating the appraisal process can be helpful in providing an independent perspective.

Within the local government 'family', it may be sought from Local Government Employers (LGE) jo.fowles@lge.gov.uk or by contacting the Employers' Secretary sarah.messenger@lge.gov.uk or from the appropriate Regional Employers' Organisation www.lge.gov.uk/lge/core/page.do?pagelid=120016 or ALACE www.alace.org.uk/ or SOLACE www.solace.org.uk

Such assistance from the aforementioned organisations may take the form of them either directly participating in the process for which a fee may be requested to cover staff time or the recommendation of, for example, a suitably experienced recently retired senior officer or other independent individual.

Alternatively such assistance may be available from commercial services, such as consultancy firms eg. SOLACE

Note: If external assistance is sought, it must have the agreement of both sides.

OTHER MATTERS

The content of appraisal interviews should be treated as confidential to the participants. However, it may be useful to report to an appropriate committee meeting that an appraisal interview has taken place.

This may be useful in acting as a reminder that the chief executive and members need to ensure that chief officers are in their turn appraised.

It should, however, not be assumed that the process for appraising the chief executive should be followed in precise detail for other staff. There is a fundamental difference between elected members appraising the chief executive and managers appraising subordinates. The principles, nevertheless, are the same.

Performance Framework for the Head of Paid Service

- 1.1 The performance framework should be a two way process between the Head of Paid Service and a panel of elected members and will provide a structured opportunity to review annual performance during an appraisal, set agreed objectives and development opportunities for the forthcoming year, and to provide a mechanism for reviewing the objectives during the year.
- 1.2 The panel of elected members would comprise the following:
 - The Leader of the Council (Chair)
 - The Deputy Leader of the Council
 - A nominated opposition member who is also on Personnel committee

The panel will be supported by an external facilitator who will act as advisor to the panel. The external facilitator should be formally appointed by the Leader of the Council in conjunction with the Chief HR Officer; however the Head of Paid Service should have final authority over the appointment.
- 1.3 The Head of Paid Service should prepare 2 presentations in advance of the annual appraisal meeting (see 1.5 and 1.7 below), and submit these in accordance with committee timescales to the panel. The Head of Paid Service may choose to discuss the presentations with the external facilitator prior to the meeting. The content of the presentations should clearly link to both the Council's Corporate Plan and to the Council's Core Values and Behavioural Framework.
- 1.4 The panel should hold a pre-meeting to discuss and formulate a shared view of the major challenges facing the Council and begin to turn these into objectives to be discussed with the Head of Paid Service.
- 1.5 During the annual appraisal, the Head of Paid Service should firstly present a review of his/her achievements and outcomes compared against the objectives set for the preceding 12 month period.
- 1.6 The panel should then have the opportunity to feedback to the Head of Paid Service on the presentation content and highlight any areas that they believe may require further attention along with a discussion on lessons learned during the period being reviewed.
- 1.7 The second presentation from the Head of Paid Service should then focus on his/her understanding of the objectives and challenges to be achieved within the forthcoming 12 months (or longer depending on the nature of each objective) and any personal development requirements.
- 1.8 The panel should then enter into a discussion with the Head of Paid Service around the suggested objectives and personal targets with a view to reaching agreement on the objectives from all parties.

- 1.9 Following the appraisal meeting, a report will be written by the external facilitator for signature by the Head of Paid Service and the Leader of the Council (on behalf of the panel). A copy of this report will be sent to the Chief HR Officer to keep on the Head of Paid Service's personal file.
- 1.10 After the appraisal, the Head of Paid Service should prepare an action plan and personal development plan outlining how he/she plans to achieve each of the agreed objectives ready for a discussion with the Leader of the Council in order to reach a final agreement on the content of the action plan and personal development plan. The action plans could include methodology, timescales, milestones, dependencies and success criteria. A copy of the action plan and personal development plan should be sent to the Chief HR Officer to keep on the Head of Paid Service's personal file.
- 1.11 Within the performance framework, the objectives agreed during the annual appraisal should be formally reviewed mid way through the 12 month period; however they should also form the basis of any 1-2-1 meeting between the Leader of the Council and the Head of Paid Service.

**Performance Framework for Other Members of the
Corporate Leadership Team (CLT)**

- 1.1 The performance framework should be a two way process between the CLT member and an agreed panel and will provide a structured opportunity to review annual performance during an appraisal, set agreed objectives and development opportunities for the forthcoming year, and to provide a mechanism for reviewing the objectives during the year.
- 1.2 The panel would comprise the following:
- The Head of Paid Service (Chair)
 - The Leader of the Council

The panel will be supported by an external facilitator who will act as advisor to the panel. The external facilitator should be formally appointed by the Head of Paid Service in conjunction with the Chief HR Officer; however the CLT member will be consulted over the choice of the external facilitator.

- 1.3 The CLT member should prepare 2 presentations in advance of the annual appraisal meeting (see 1.5 and 1.7 below), and submit these in accordance with committee timescales to the panel. The CLT member may choose to discuss the presentations with the external facilitator prior to the meeting. The content of the presentations should clearly link to both the Council's Corporate Plan and to the Council's Core Values and Behavioural Framework.
- 1.4 The panel should hold a pre-meeting to discuss and formulate a shared view of the major challenges facing the Council and begin to turn these into objectives to be discussed with the CLT member.
- 1.5 During the annual appraisal, the CLT member should firstly present a review of his/her achievements and outcomes compared against the objectives set for the preceding 12 month period.
- 1.6 The panel should then have the opportunity to feedback to the CLT member on the presentation content and highlight any areas that they believe may require further attention along with a discussion on lessons learned during the period being reviewed.
- 1.7 The second presentation from the CLT member should then focus on his/her understanding of the objectives and challenges to be achieved within the forthcoming 12 months (or longer depending on the nature of each objective) and any personal development requirements.
- 1.8 The panel should then enter into a discussion with the CMT member around the suggested objectives and personal targets with a view to reaching agreement on the objectives from all parties.

- 1.9 Following the appraisal meeting, a report will be written by the external facilitator for signature by the CLT member and the Head of Paid Service (on behalf of the panel). A copy of this report will be sent to the Chief HR Officer to keep on the CLT member's personal file.
- 1.10 After the appraisal, the CLT member should prepare an action plan and personal development plan outlining how he/she plans to achieve each of the agreed objectives ready for a discussion with the Head of Paid Service in order to reach a final agreement on the content of the action plan and personal development plan. The action plans could include methodology, timescales, milestones, dependencies and success criteria. A copy of the action plan and personal development plan should be sent to the Chief HR Officer to keep on the CLT member's personal file.
- 1.11 Within the performance framework, the objectives agreed during the annual appraisal should be formally reviewed mid way through the 12 month period; however they should also form the basis of any 1-2-1 meeting between the Head of Paid Service and the CLT member.



This Report will be made public on 28 August 2019

Report Number **P/19/05**

To: Personnel Committee
Date: 5th September 2019
Status: Non-executive Decision
Chief Officer: Andrina Smith, Chief HR Officer

SUBJECT: IMPLICATIONS OF RAISING THE MINIMUM HOURLY RATE TO £10 PER HOUR

SUMMARY: This report provides the Committee with information relating to the item raised as opposition business at a recent council meeting, namely that our minimum hourly rate should be increased to £10 per hour, in order for the Committee to give appropriate consideration to the proposal.

REASONS FOR RECOMMENDATIONS:

Personnel Committee is asked to note the contents of the report and give consideration to the options and recommendations contained within the report.

RECOMMENDATIONS:

1. To receive and note Report P/19/05.
2. To approve Option 1 within section 4.1 of the report.
3. To recommend to the Joint Staff Consultative Panel that consideration be given to Option 2 within section 4.1 of the report as part of the pay negotiations for 2020/2021.

1. INTRODUCTION

- 1.1 At the Council meeting on 24 July 2019, the Labour Group raised an item of opposition business stating 'that while [the Council] is one of the district's leading employers, it can always look to improve. That paying staff above the minimum requirement improves work ethic, productivity, loyalty and retention....That in offering a minimum of £10 per hour to its staff it sends a strong message to other local employers, with the aim of leading to a more economically secure community...That in having a fixed limit between top and bottom grades of pay promotes fairness, equality, transparency and sense of working as a team.' The opposition business concluded by asking Council to resolve to recommend to Personnel Committee that a minimum of £10 per hour be awarded to all permanent and temporary staff and the incorporation of a fixed pay ratio in the next pay policy statement.
- 1.2 Following discussion, Council resolved and approved that the wording of the motion be amended to read 'That the Council ask the Personnel Committee to consider that a minimum of £10 per hour or £19,300 per annum be awarded to all permanent and temporary staff. Also that a fixed pay ratio be incorporated into the next pay policy statement.'

2. BACKGROUND INFORMATION

- 2.1 The Council has one main pay scale for all staff, with the exception of Corporate Directors and the Head of Paid Service. The main pay scale is attached as **Appendix A**.
- 2.2 Each role within the council is evaluated using the national NJC job evaluation scheme to determine the grade of the role. Each grade has a number of salary points to enable progression. Employees are appointed to a salary point within a grade in accordance with the approved Pay Policy. The table below sets out the number of employees within each of the salary grades.

Grade	Minimum	Maximum	No of Staff
A	£16,078	£16,961	4
B	£17,473	£18,793	28
C	£19,261	£21,161	54
D	£21,941	£24,716	64
E	£25,506	£29,259	84
F	£29,944	£34,225	48
G	£35,196	£40,432	25
H	£41,440	£46,486	22
I	£47,486	£51,709	13
J	£52,828	£58,828	4
K	£59,741	£72,828	4
L	£79,308	£91,248	4

- 2.3 What is the minimum wage?

There can often be confusion over the minimum wage as there are several variations. For clarity, the 3 variations are set out below:

2.3.1 National Minimum Wage

The National Minimum Wage (NMW) is the minimum wage per hour a worker is entitled to in the United Kingdom. These rates are reviewed yearly by the government and are advised by the independent body Low Pay Commission.

The hourly rate increases according to age. For example, the current NMW rates from 1 April 2019 are as follows:

Apprentice	£3.90 per hour
Under 18	£4.35 per hour
18-20 years old	£6.15 per hour
21-24 years old	£7.70 per hour
25 years and over	£8.21 per hour

2.3.2 National Living Wage

In 2015 the Chancellor of the Exchequer announced a new 'National Living Wage' (NLW) which in effect is a national minimum wage for people over the age of 25 introduced to raise pay and productivity. This was implemented via an amendment to the National Minimum Wage Act 1998. Therefore, the current hourly rate for the NLW is as follows:

25 years and over £8.21 per hour

The original forecast was to phase in the NLW between April 2016 and April 2020 and was projected to rise to at least £9 per hour by April 2020. However, over the last 4 years increases have not been as high as originally forecast and the hourly rate is unlikely to be £9 from April next year.

The Low Pay Commission has recently consulted across a wide range of sectors with particular interest in sectors employing a large number of minimum wage workers (retail, hospitality and care) seeking views on the affordability of an increase in the NLW to £8.67 per hour.

2.3.3 Real Living Wage

The real living wage is based on the cost of living and is voluntarily paid by over 5,000 UK employers, it is not governed by statute.

The Living Wage Foundation state that 'the government's NLW is not calculated according to what employees and their families need to live.' The real Living Wage rates are higher than the NLW because they independently calculate the cost of living based on a basket of household goods and services.

The current hourly rate for the living wage is £9.00 per hour from 1 April 2019.

Based upon previous annual increases it is likely to reach in the region of £9.40 per hour. The rate is announced in November each year with those organisations who subscribe to the living wage being expected to implement the increase within 6 months of the announcement.

- 2.3.4 At Folkestone & Hythe District Council there has never been any distinction between the ages of our employees and for at least the last 10 years there has only ever been one salary scale applicable to employees. The only exception to this is where we have employed apprentices or trainees who are paid the appropriate NMW.

The Council currently pays its lowest paid employee the equivalent of £8.55 per hour (Grade A, Point 5) and three others are paid £8.79 per hour (Grade A, Point 6) and historically we have removed any pay points that are below the NLW. The employee on £8.55 per hour will automatically increase to £8.79 per hour in April 2020 which, even if the NLW rises to £8.67 per hour and we do not have a pay award, still means we are compliant with the NLW.

3. CONSIDERATION OF £10 PER HOUR

- 3.1 The proposal put forward as opposition business requesting £10 per hour for all permanent and temporary staff needs careful consideration not only for the potential costs involved in implementing the request but also in terms of awareness to the potential legal implications. In addition, the Council is about to enter into pay negotiations with the staff side.
- 3.2 The request of £10 per hour has similarities to the pay claim lodged by the NJC trade unions (GMB, Unison and Unite) with the National Employers. The 2020 pay claim submitted on 24 July includes the following:

- A real living wage of £10 per hour to be introduced for NJC spine point 1 and a 10% increase on all other NJC/GLPC pay points

Further information relating to the national pay claim and considerations for Personnel Committee will be discussed in a later item on this agenda.

3.3 The cost of implementing £10 per hour

Moving to a minimum of £10 per hour would in effect mean an uplift to any workers in Bands A and B as the bottom of Grade C, Point 11 is currently £19,261 which is only a few pounds away from the requested annual £19,300 or £10 per hour. If a pay award is agreed for April 2020 then the bottom of Grade C will be above the £10 per hour requested.

- 3.3.1 There are currently 4 staff in Grade A and 28 employees in Grade B. If Personnel Committee took the decision to move these 32 staff to the equivalent of Grade C, Point 11 this would mean an increase of £31,627 per annum to the salary budget (including on-costs).

- 3.3.2 Whilst this increase may seem relatively small when compared with the total salary budget of £12million, it does not take account of temporary staff costs in Grades A and B as Grounds Maintenance have seasonal workers via local agencies during the peak period April – October each year. These workers are currently paid the NMW (£8.21) via the agencies which means that the Council pays a higher hourly rate of approximately £12.30 to encompass statutory annual leave etc.

Currently the cost to the Council is in the region of £300,000 per annum, however this would increase by £105,000 to £405,000.

- 3.3.3 In addition, over the course of the year the Council engages agency workers either on a temporary basis to cover for absence or on a temporary to permanent basis when recruiting to a vacancy. The costs of these have not been included in this report.

3.4 Potential legal implications of implementing £10 per hour

- 3.4.1 Equal Pay was first legislated in the UK with the Equal Pay Act 1970 and prohibited any less favourable treatment between men and women in terms of pay and conditions of employment. It has now been mostly superseded by Part 5, Chapter 3 of the Equality Act 2010.

To bring a claim of equal pay an employee must prove one of the following –

- That the work done by the claimant is the same, or broadly the same, as the other employee
- That the work done by the claimant is of equal value (in terms of effort, skill, decision and similar demands) to that of the other employee
- That the work done by the claimant is rated (by a job evaluation study) the same as that of the other employee.

In 1999, trade unions negotiated single status job evaluation for local government to avoid potential pay claims being taken to an employment tribunal. Single status was intended to establish whether jobs were of equal value. Jobs which had previously been classed as manual or administrative / clerical would be brought together under one pay scale and one set of terms and conditions.

- 3.4.2 If £10 per hour was implemented and employees in Grades A and B increased to Grade C, this would almost definitely raise challenges of equal pay.

For example, should a gardener (Grade B) or park keeper be paid the same as a Revenues & Benefits Officer carrying out technical tasks in relation to council tax legislation or housing benefit claims (Grade C)? Or should a gardener (Grade B) be paid at the same grade as the Senior Gardener (Grade C)?

If the answer to these questions is ‘no’ then consideration would need to be given to the resulting effect of increasing all of the salaries across the

council with £10 per hour being the lowest hourly rate. Whilst this is the basis of the national pay claim, the implication of re-evaluating every role with £10 per hour as the starting point could result in an increase to the salary budget in excess of £1million.

- 3.4.3 The other important piece of legislation is the Agency Worker Regulations 2010 which protects workers who are assigned to temporarily work for a third party through a temporary work agency. From day one of the assignment agency workers have a right to be treated no less favourably than a comparable directly employed employee. After 12 weeks they are also entitled to the same basic working and employment conditions that they would have been entitled to had they been recruited directly. The same basic working and employment conditions relate to pay, working time, rest periods and holiday.

This reinforces the fact that if we adopt a minimum £10 per hour rate then this would need to be applied to agency workers in addition to our employees.

4. POTENTIAL OPTIONS FOR CONSIDERATION

- 4.1 There are several options that could be considered by Personnel Committee:

Option 1:

Do nothing and leave the hourly rates as they are and remain compliant with the NLW.

Option 2:

Remove Grade A and move the staff occupying roles evaluated as Grade A to the bottom salary point of Grade B with no incremental progression available. The cost of this would be approximately £3,250 per annum.

This option would mean that we should remain compliant with the NLW increases for at least the next 4-5 years.

If Personnel Committee were to adopt this option, it would also mean that the Council could choose to be formally accredited as a Living Wage employer by the Living Wage Foundation – there is however an annual cost associated to becoming accredited of £480 plus VAT.

Option 3:

Apply a minimum of £10 per hour and move all affected staff to Grade C of the pay scales. As outlined in sections 3.3 and 3.4 above there could be substantial costs as a result of this, not only for the hourly rates for the employees and workers moved to £10 per hour but also for the entire workforce.

Option 4:

Make no changes to the hourly rates on the pay scale but introduce a section within our annual pay policy statement that recognises the base level at which the Council wants to reward its staff by adding a

supplement to the hourly rates of Grades A and B bringing them up to £10 per hour.

This would still incur the costs outlined in section 3.3 above however would not undermine our current job evaluation scheme or leave any risk of equal pay claims from other employees (section 3.4).

This option could be implemented either as a temporary amendment applied by the current administration for the duration of the administration or reviewed annually or alternatively it could be implemented until each individual salary point hourly rate catches up to the £10 per hour minimum rate.

Recommendation to Personnel Committee:

The recommendation at this stage would be to follow Option 1 with the employers side of the Joint Staff Consultative Panel delegated authority to include Option 2 as part of the pay negotiations for 2020/21.

5. LEGAL / FINANCIAL AND OTHER CONTROLS / POLICY MATTERS

5.1 Legal Officer's Comments (AK)

The legal implications associated with the implementation of £10 per hour for all permanent and temporary staff have been included within the body of this report.

5.2 Finance Officer's Comments (LH)

Any financial implications arising from any reward strategy will need to be considered within the council's Medium Term Financial Strategy process. Estimated costs of the impact of introducing £10 per hour as a minimum hourly rate have been included within the body of the report under section 4.1. The cost in 2020/21 would be £3,730 and, if approved, would need to be built into the current Budget process.

5.3 Diversities and Equalities Implications (ASm)

Issues relating to the Equality Act 2010 have been included within the body of this report.

6. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Andrina Smith, Chief HR Officer
Tel: 01303 853405
Email: Andrina.smith@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report:

None

Appendix:
Appendix A: Folkestone & Hythe District Council's Pay Scale

Grade	Point	Effective Date			
		1st April 2017	1st April 2018	1st April 2019	
A	3	£14,863	Salary Point Removed		
	4	£15,302	£15,685	£16,078	£8.33
	5	£15,700	£16,093	£16,496	£8.55
	6	£16,143	£16,547	£16,961	£8.79
B	7	£16,630	£17,046	£17,473	£9.06
	8	£17,024	£17,450	£17,887	£9.27
	9	£17,437	£17,873	£18,320	£9.50
	10	£17,886	£18,334	£18,793	£9.74
C	11	£18,332	£18,791	£19,261	£9.98
	12	£18,699	£19,167	£19,647	£10.18
	13	£19,415	£19,901	£20,399	£10.57
	14	£20,140	£20,644	£21,161	£10.97
D	15	£20,882	£21,405	£21,941	£11.37
	16	£21,435	£21,971	£22,521	£11.67
	17	£22,058	£22,610	£23,176	£12.01
	18	£22,789	£23,359	£23,943	£12.41
	19	£23,524	£24,113	£24,716	£12.81
E	20	£24,276	£24,883	£25,506	£13.22
	21	£25,091	£25,719	£26,362	£13.66
	22	£25,924	£26,573	£27,238	£14.12
	23	£26,952	£27,626	£28,317	£14.68
	24	£27,848	£28,545	£29,259	£15.17
F	25	£28,500	£29,213	£29,944	£15.52
	26	£29,344	£30,078	£30,830	£15.98
	27	£30,216	£30,972	£31,747	£16.46
	28	£31,083	£31,861	£32,658	£16.93
	29	£31,729	£32,523	£33,337	£17.28
	30	£32,575	£33,390	£34,225	£17.74
G	31	£33,499	£34,337	£35,196	£18.24
	32	£34,484	£35,347	£36,231	£18.78
	33	£35,611	£36,502	£37,415	£19.39
	34	£36,555	£37,469	£38,406	£19.91
	35	£37,524	£38,463	£39,425	£20.43
	36	£38,482	£39,445	£40,432	£20.96
H	37	£39,442	£40,429	£41,440	£21.48
	38	£40,412	£41,423	£42,459	£22.01
	39	£41,325	£42,359	£43,418	£22.50
	40	£42,326	£43,385	£44,470	£23.05
	41	£43,305	£44,388	£45,498	£23.58
	42	£44,245	£45,352	£46,486	£24.09
I	43	£45,197	£46,327	£47,486	£24.61
	44	£46,172	£47,327	£48,511	£25.14
	45	£47,164	£48,344	£49,553	£25.68
	46	£48,185	£49,390	£50,625	£26.24
	47	£49,216	£50,447	£51,709	£26.80
J	48	£50,281	£51,539	£52,828	£27.38
	49	£51,218	£52,499	£53,812	£27.89
	50	£52,255	£53,562	£54,902	£28.46
	51	£53,292	£54,625	£55,991	£29.02
	52	£55,357	£56,741	£58,160	£30.15
K	53	£56,861	£58,283	£59,741	£30.97
	54	£58,915	£60,388	£61,898	£32.08
	55	£60,283	£61,791	£63,336	£32.83
	56	£62,541	£64,105	£65,708	£34.06
	57	£64,802	£66,423	£68,084	£35.29
	58	£67,056	£68,733	£70,452	£36.52
	59	£69,318	£71,051	£72,828	£37.75
L	60			£79,308	£41.11
	61			£81,483	£42.23
	62			£83,613	£43.34
	63			£88,127	£45.68
	64			£91,248	£47.30

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