

CABINET REPORT

19 February 2015

Cabinet Member: Councillor Peredur Jenkins

Subject: Pay Policy

**Contact Officer: Dilwyn Williams, Chief Executive
Alwyn E Jones, Head of Human Resources**

Decision Sought/Purpose of the Report

Cabinet Members are asked to recommend to the Council that:

- the pay of the Council's lowest paid staff should be increased by deleting the lowest pay point from the Council's pay structure.
 - this change should be incorporated in the Council's pay policy statement for 2015/16 and also to recommend how the change should be financed.
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1. INTRODUCTION

1.1 Last year the Council resolved to delete the two lowest pay points on its pay structure as a step towards introducing the "Living Wage" as a minimum wage. This decision followed a previous request by Cabinet members for officers to investigate the implications of implementing the "Living Wage" as part of the Council's pay structure. It was reported at that time that immediate full compliance would entail substantial costs (of the order of £1m per annum) and would create problems with the pay structure in terms of job evaluation.

1.2 The Living Wage is currently set at £7.85 per hour and the national minimum wage for workers over 21 is £6.50 per hour. As a consequence of deleting the two lowest pay points last year and the 2.2% nationally agreed wage increase for local government workers in January of this year, the minimum wage within the Council now stands at £7.11 per hour.

2. **THE PROPOSAL**

- 2.1 The recommendation is that the Council deletes the lowest point on its pay structure (point 7), which means that the minimum wage the Council pays would increase from £7.11 per hour to £7.19 per hour. In terms of pay grades, this would mean the joining of the GS1 (static point 7) and GS2 (static point 8) grades. There would be no structural implications in terms of staff's responsibility for each other's work emanating from the change and it would not undermine the Job Evaluation Scheme.
- 2.2 This increase in pay would benefit 1,060 individuals within the Council with the vast majority of those being part-time workers.

3. **COST AND FINANCING**

- 3.1 The total cost of the proposal is £45,000 – the eventual cost may be marginally lower as the Council may be able to retrieve some of the costs from third parties. The cost will be fully incurred in 2015/16 as the package has been designed such that staff receive all the benefit in one year.
- 3.2 The Head of Human Resources has ensured a memorandum of understanding with Trade Union representatives during the past year. This memorandum is a commitment by the unions to consider and discuss possibilities to reduce costs emanating from local conditions of service. At present, the Council has an agreement to not act on any amendments to the local conditions of service until April 2016 but the intention behind the memorandum of understanding is that the Council will have prepared for any changes in good time for implementation as from the 1st April, 2016.
- 3.3 There is no certainty at this stage in relation to the exact savings that will be realised as a result of the memorandum of understanding. Therefore, the package needs to be financed by other means, but with the savings realised, from the commitment within the memorandum of understanding, available to help meet the expected financial gap in 2016/17.
- 3.4 There are means of financing the relevant cost from further savings realised over and above the target by reducing senior management in the Council. A report on this matter will be submitted to the Cabinet on the 19th February.

4. **CONCLUSIONS AND RECOMMENDATIONS**

- 4.1 Cabinet Members have already expressed a desire to see “fairness” as one of the Council’s thematic priorities in the Council’s Strategic Plan. There are many areas where the Council is already committed to this thematic priority e.g. welfare changes, health inequalities and closing the gap in educational achievement. This proposal is not only entirely consistent with the fairness agenda but also builds on last year’s action and takes a further step towards the “Living Wage”.
- 4.2 Therefore, it is recommended that the Cabinet recommends approval of this proposed change to the next meeting of the full Council and delete the lowest pay point on the pay structure (point 7) as a further step towards the “Living Wage”.

Opinion of the Statutory Officers

Chief Executive:

Co-author of the report

Monitoring Officer:

There is an inextricable joint dependency between the Cabinet’s role in setting policy direction and the full Council’s role in providing the finance and agreeing on a pay policy statement. The two recommendations in the report appropriately acknowledge the two different, but connected, roles. There are no other propriety issues arising from the report.

Chief Finance Officer:

I have worked together with the authors whilst preparing this report and I can confirm the accuracy of the financial content.
