

PERSONNEL COMMITTEE

Monday, 28th March, 2011

9.00 am

Darent Room,
Sessions House,
County Hall, Maidstone





AGENDA

PERSONNEL COMMITTEE

Monday, 28th March, 2011, at 9.00 am
Darent Room, Sessions House, County Hall,
Maidstone

Ask for: **Geoff Mills**
Telephone **01622 694289,**
geoff.mills@kent.gov.uk

Membership (8)

- Conservative (6): Mr P B Carter (Chairman), Mr R W Gough (Vice-Chairman),
Mr D A Hirst, Mr A J King, MBE, Mr K G Lynes Mr J D Simmonds
- Liberal Democrat (1): Mr T Prater
- Labour (1) Mrs E Green

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

A. COMMITTEE BUSINESS

1. Substitutes
2. Membership
3. Declarations of Interests by Members in items on the Agenda for this meeting.
4. Minutes of the meeting held on 25 January 2011 (1 - 4)
5. Interim Senior Manager Appointments (5 - 8)
6. Retirement Age (9 - 14)
7. Change to Terms and Conditions of Employment (15 - 18)
8. Total Contribution Pay Funding (19 - 22)

B. MOTION TO EXCLUDE THE PRESS AND PUBLIC

That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

9. Exempt Minutes - 25 January 2011 (23 - 26)
10. Implementation of Change to Keep Succeeding
11. Senior Officer Conduct

Peter Sass
Head of Democratic Services and Local Leadership
(01622) 694002

Friday, 18 March 2011

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

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KENT COUNTY COUNCIL

PERSONNEL COMMITTEE

MINUTES of a meeting of the Personnel Committee held in the Wantsum Room, Sessions House, County Hall, Maidstone on Tuesday, 25 January 2011.

PRESENT: Mr P B Carter (Chairman), Mr R W Gough (Vice-Chairman), Mr D A Hirst, Mr K G Lynes, Mrs T Dean (Substitute for Mr T Prater), Mrs J A Rook Mr J D Simmonds.

IN ATTENDANCE: Mrs A Beer (Director of Personnel & Development), Mr G Wild (Director of Law and Governance) Mr G Mills (Democratic Services Manager (Executive)).

UNRESTRICTED ITEMS

1. Minutes of the meeting held on 6 December 2010
(Item 3)

The unrestricted minutes of the meeting held on 6 December 2010 were agreed as a true record and signed by the Chairman.

2. Local Pay bargaining 2011/12
(Item 4 -report by Mrs Amanda Beer, Director of Personnel & Development)

(1) This report outlined the current stage of this year's Local Pay Bargaining process and sought the Committee's endorsement to the Cabinet and County Council being recommended that there should be no pay award made for 2011/12. The report also recommended that consideration be given to KCC providing paid time off for staff undergoing IVF treatment.

(2) Following discussion the Committee Resolved: :

(a) to recommend to the Cabinet and County Council that there should be no pay award for the year 2011/12; and

(b) that KCC should provide paid leave for staff undergoing IVF treatment.

3. Update on Change to Keep Succeeding
(Item 5 - report by Mrs Amanda Beer, Director of Personnel & Development)

(1) This report provided the Committee with an update on the latest position regarding populating the new operating framework for KCC following agreement of "Change to Keep Succeeding" at the County Council meeting on 16 December 2010.

(2) During the course of discussion Mrs Beer confirmed that Mr Malcolm Newsam had been employed by the County Council as the interim Director of CFE for a period of 6 months and in accordance with the Constitution any extension to that period would require the approval of the Personnel Committee.

(3) Resolved that the current position with the new operating framework be noted.

Exempt Items

The following are unrestricted minutes of matters which the Committee resolved should be discussed pursuant to Section 100A of the Local Government Act 1972 (as amended) on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 1, 2 and 4 of part 1 of Schedule 12A of the Act.

4. Exempt Minutes

(Item 6)

The exempt minutes of the meeting held on 6 December 2010 were agreed as a true record and signed by the Chairman.

5. Implementation of Change to Keep Succeeding

(Item 7– report by Mrs Amanda Beer, Director of Personnel & Development)

(1) As this item was not available at the time of the despatch of the main agenda the Chairman declared its consideration to be urgent on the grounds that it contained information which the Committee needed to consider at this meeting and therefore could not reasonably be delayed.

(2) This report sought the endorsement of the Personnel Committee to changes to senior manager contracts of employment and provided an up date on the exit arrangements for certain senior staff who had requested voluntary redundancy.

(3) Resolved

(a) that the costs of the redundancy payments to displaced staff be noted;

(b) subject to the views expressed during the course of discussion with regard to paragraph 2.2 of the report needing to be clarified, the changes to the contract terms for senior staff as set out in Section 2 of the report be agreed.

(c) that the Managing Director of Kent Adult Social Services be offered a compromise agreement on the terms agreed by the Personnel Committee; and

(d) the terms detailed in the report for those senior staff leaving KCC employment from 31 March 2011 be agreed.

6. Senior Office Conduct

(Item 8- report by Director of Law and Governance and Director of Personnel and Development)

As this item was not available at the time of the despatch of the main agenda the Chairman declared its consideration to be urgent on the grounds that it contained information which had recently become available and which the Committee needed to consider and reach a view.

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By: Peter Sass – Head of Democratic Services and Local Leadership

To: Selection and Member Services Committee – 22 March 2011
Personnel Committee – 28 March 2011

Subject: **Interim Senior Manager Appointments**

Classification: Unrestricted

Summary:

This report invites the Committee to determine the most appropriate process for notifying Members of all interim senior manager appointments.

1. Appointment of Interim Senior Managers

(1) At its meeting on 3 November, 2010, the Scrutiny Board considered the process for the appointment of interim senior managers (costing £20,000 or more) and how this differs from the process for appointing Consultants.

(2) Paragraph 11(c) of Contract and Tenders Standing Orders (page 126 of the Constitution) states that:

"Being a named individual a 'Consultant' must, by definition, have been sourced via a non-competitive process. All contracts for a Consultant for £20,000 or more must be reported, as a non-competitive procurement, to the Head of Democratic Services within 14 days of the contract being awarded so that s/he may notify Members of the Scrutiny Board."

(3) Paragraph 8 of the Personnel Management Rules (page 47 of the Constitution) states that:

"When a senior manager* ceases to hold that post or is likely to be absent for any length of time, the Group Managing Director, after consultation with the political group leaders, may appoint someone to act temporarily in that capacity and determine the salary to be paid. The temporary appointment shall not extend beyond six months without the approval of the Personnel Committee."

(4) At the present time, any appointment of a senior interim manager which is made at a cost of more than £20,000 is not reported to either to the Scrutiny Board or political group leaders, typically because the individual is:

* defined in paragraph 2 of the Personnel Management Rules as Grade M or above

1. appointed as a result of a competitive process;
2. not a consultant but an interim manager; and
3. not temporarily covering an existing senior manager's post.

(5) The Scrutiny Board accepted that, whilst such appointments do not require notification under either of the parts of the Constitution referred to above, it would be desirable if elected Members were made aware of all senior managerial appointments, including those referred to in paragraph (4), above. Accordingly, the Scrutiny Board suggested the following additional sentence (underlined) be added at the end of paragraph 11(c) on page 126 of the Constitution:

"Being a named individual a 'Consultant' must, by definition, have been sourced via a non-competitive process. All contracts for a Consultant for £20,000 or more must be reported, as a non-competitive procurement, to the Head of Democratic Services within 14 days of the contract being awarded so that s/he may notify Members of the Scrutiny Board. Similarly, the appointment of an interim senior manager (defined in the Personnel Management Rules as Grade M or above) or equivalent for £20,000 or more for the period of the contract (whether undertaken as a non-competitive procurement or not) must also be reported to the Head of Democratic Services within 14 days of the appointment being made so that s/he may notify Members of the Scrutiny Board."

(6) At its meeting on 19 November, the Selection and Member Services Committee agreed that the above-mentioned change to the Constitution should be recommended to the County Council for approval.

(7) However, the Leader considers that it would be more appropriate to amend paragraph 8 of the Personnel Management Rules on the basis that it is the role of the Personnel Committee, not the Scrutiny Board, to be notified about and be aware of all senior manager appointments. Accordingly, the Committee is invited to recommend to the County Council the following amendment (underlined) to paragraph 8 of the Personnel Management Rules, as follows:

"When a senior manager[†] ceases to hold that post or is likely to be absent for any length of time, the Managing Director, after consultation with the political group leaders, may appoint someone to act temporarily in that capacity and determine the salary to be paid. The temporary appointment shall not extend beyond six months without the approval of the Personnel Committee. Similarly, the Managing Director may, after consultation with the political group leaders, appoint an interim senior manager to undertake a specific role that does not currently exist in the Establishment and determine the rate of remuneration. These appointments shall not extend beyond six months without the approval of the Personnel Committee."

[†] defined in paragraph 2 of the Personnel Management Rules as Grade M or above

5. Recommendations

The Committee is invited to recommend to the County Council that the Personnel Management Rules be amended as set out in paragraph 1(7) above so that there is a clear and unambiguous process for notifying Members of all senior manager appointments as described in this report.

Peter Sass
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Background Papers: None

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By: Amanda Beer – Director of Personnel & Development

To: Personnel Committee

Date: 28 March 2011

Subject: Retirement Age

Classification: **Unrestricted**

SUMMARY: The UK's national default retirement age (65) will be withdrawn from 1 October 2011. Employers can opt to retain and operate an 'Employer Justified Retirement Age' provided there are sufficiently robust reasons for doing so. Personnel Committee is asked to consider the issues and recommendations with respect to retirement for KCC's workforce.

1. BACKGROUND

- 1.1 The Government has confirmed its plan to abolish the national, default retirement age (DRA) of 65 from October 2011, with the accompanying statutory notification process ceasing from 5 April.
- 1.2 The DRA allowed employers to require employees to retire on their 65th birthday provided the statutory notification procedure was followed. With the removal of the DRA, retirement will no longer be a potentially fair reason for dismissal within the Employment Rights Act 1996 and employers retaining a retirement age are likely to be challenged on the grounds of age discrimination.
- 1.3 Employers may opt to retain a retirement age, an 'Employer Justified Retirement Age' (EJRA), should it be deemed a proportionate means of achieving a legitimate aim.
- 1.4 In 2006, when the UK regulations on age, now subsumed with the Equalities Act 2010, were originally introduced, KCC opted to retain a retirement age of 65 for a number of reasons, not least because of the need to address the under-representation of younger workers at that time. Our policy to this point has been to consider requests to continue working past retirement age on an individual basis with yearly extensions to employment contracts when a request has been agreed.
- 1.5 The advent of the withdrawal of the DRA requires KCC to reconsider its position with respect to retirement.

2. General Context:

- 2.1 The population of people 65 and over worldwide is expected to double from 523 million in 2010 to around 1.5 billion by 2050. This means that older people will soon outnumber children under 5 for the first time ever. In the UK, by 2020,

nearly a third of the workforce will be over 50 and currently there are around 1.4 million people over the current state pension age in work, including over 800,000 who are 65 and above. UK labour market statistics indicate that the numbers in work aged 65 and above has increased by 13.5% above last year's figures¹. However, the number of those retiring before age 65 has also increased significantly.

- 2.2 The social policy objectives around removing the national retirement age include continuing concerns about the pressure on pensions, skills shortages and the increasing cost of state benefits.
- 2.3 At the same time the number of young people of working age is falling and unemployment amongst school leavers and graduates continues to rise². It is important, therefore, that employers consider the employment needs and impact upon people at both ends of the age spectrum when determining employment policy. There are significantly larger numbers of older workers in the workforce who may need or wish for a short period to work past the traditional retirement age of 65. There is also a significant pressure to provide work opportunities for those starting their working life.

3. Indicators

- 3.1 There have been a number of surveys indicating that many people approaching retirement age are considering continuing working beyond. A Equalities and Human Rights Commission (EHRC) survey in 2009³ of people aged 50-75, detailed the primary reason for continuing working, i.e., beyond state retirement age, for a large proportion of respondents was affordability. Recent research from insurance company Prudential showed that the majority of those surveyed were considering or planning to defer their retirement which is arguably more likely to be a reflection of the current economic environment rather than a real preference for continuing to work.
- 3.2 However the EHRC survey saw around 20% of respondents indicating their reason for wanting to continue to work past 65 was their enjoyment of work although their preferences indicated a desire for more flexible and casual patterns of work.
- 3.3 It would appear that many older people are likely to want to continue² working past 65, at least for a short period of time albeit in a reduced capacity potentially.

4. KCC Context

- 4.1 KCC opted to maintain a retirement age of 65, in common with most Local Authority employers in 2006 and currently staff aged 65-85 represent only

¹ ONS Labour Market Statistics – Jan 2011

² as above

³ Older Workers: employment preferences, barriers and solutions – Policy Studies Institute

⁴ Data - Jan 2011

2.6% of our workforce. Of those, the majority are in part time, lower paid roles although a small minority are in professional roles⁴.

- 4.2 Around 14.5% of our staff is under 30 (just under 7% under 25) and we now have specific initiatives in place to encourage or facilitate the employment of younger workers including apprenticeships, our graduate programme, Grads Kent (internship, work experience and gap year placements). Apprentices also get priority, after redeployees, for vacancies graded between KR2 and KR4 which is part of the positive action in place to allow younger people access to our jobs.
- 4.3 Further positive action, e.g., as part of succession planning, is possible and potentially legally defensible, if KCC identifies the need to address the representation of younger workers. For example, to build capacity longer term in particular occupational groups it would be possible to justify recruitment campaigns specifically to attract younger people. Much of our diversity recruitment advertising in recent years has been directed at younger people.

5. Considerations for retaining an Employer Justified Retirement Age

5.1 Legal Risks

- 5.1.1 Legal commentators have suggested it will be very difficult for employers to justify maintaining a compulsory retirement age. Although technically feasible, the Government is likely to be opposed in all but exceptional circumstances and an EJRA would need to be, demonstrably, a proportionate means of achieving a legitimate aim, for example succession planning. Although there have been some judgements relating to age discrimination that have indicated the possibility of this being a defensible reason, the UK employment tribunals remain sceptical. There will be significant risks for those employers keeping a retirement age as this is an untested area of law.

5.2 Loss of Organisational Capacity

- 5.2.1 The contraction of the public sector, including KCC, is likely to result in a loss of significant numbers of older workers with valuable skills and knowledge. Compulsory retirement would further reduce the capacity of the organisation in this sense.

5.3 Inhibiting Movement

- 5.3.1 There is a perception that not having a retirement age will inhibit the opportunities for movement and progression within an organisation. The indicators from research amongst those approaching retirement suggests that most people will not necessarily continue to work past retirement age if their financial position allows it and the majority who do so aim only to continue working for a short period. Those wishing to continue working are interested in more flexible work patterns rather than a full time capacity. KCC's current older workforce is comprised people working in predominantly lower graded part time or casual posts and irrespective of an EJRA, an individual can opt to

leave the organisation, to 'retire' at state pension age, whenever they wish. The case for the lack of a retirement age inhibiting movement around the organisation is not borne out by the indicators of people's preferences.

5.3.2 KCC has a mature approach to flexible working patterns which reflects the Government's stated intention to extend the statutory right to ask for flexible working to all. Local Government Pension Scheme flexible retirement also offers the opportunity for those achieving pensionable age to opt to continue working in a reduced capacity whilst with accessing or continuing to contribute to a pension. It would seem KCC is suitable equipped to accommodate the work preferences of those wishing to continue working.

5.4 Managing Performance

5.4.1 A commonly held and stereotypical view of older workers is that they may become less effective with age. Since its introduction, the DRA has allowed employers a way of avoiding performance management for those to whom this applies and with its removal that option will no longer be available. Whilst it is true that poor health is one of the key determinants of premature labour market exit, i.e. through early retirement, and this option will still be available, there is no evidence to suggest older people are any less effective than other parts of the workforce. Without a retirement age, employers will have to manage underperformance or ill health of older people in the same way as any other member of staff. Failure to do this, or to treat older workers in a different way, runs the risk of potential discrimination claims.

5.4.2 KCC has and continues to strengthen its performance management framework by reviewing its procedural approach and building line management capacity to handle performance issues. Retirement on ill health grounds remains possible within both the Local Government and Teachers Pension schemes. We are therefore well positioned to deal with any performance issues as they arise without the need to use a retirement age to mask them.

6. Costs

6.1 It is difficult to quantify the actual cost implications of having no retirement age. There are:

6.1.1 **Administrative costs** – those involved in delivering the statutory notification process currently and the management time involved in defending challenges to decisions. Were KCC to maintain a retirement age some those costs would remain.

6.1.2 **Pensions** - Approximately 80% of those currently contributing to the Local Government Pension are aged between 31 and 65³. Without a mandatory retirement age employees are likely to contribute for longer and draw down benefits later. Whilst this is not a major consideration, it is important to note the continuing pensions' contribution made by those continuing to work beyond 65.

6.1.3 **Discrimination** - There is no cap on the compensation for successful age discrimination claims. In the event KCC seeks to justify an employer retirement age it is highly likely to be challenged.

7. Consultation

7.1 Consultation has taken place about both the removal of the DRA and a KCC retirement age with trades unions, external organisations, Headteachers, personnel professionals, directorate equality leads and champions and staff groups. In the main there is a strong view that KCC should not seek to retain a retirement age. UNISON, UNITE the Union and the teachers trade unions all indicated support for the removal of the DRA and further indicated their support for no mandatory retirement age for KCC.

7.2 Personnel professionals and managers, including Headteachers, have expressed some reservations based on two primary grounds: the pressures on staff budgets implicit in continuing to employ people who are likely to be at the top or towards the top of their grade; and the challenges of managing performance. Whilst there is some merit to both points there are alternative ways of managing these challenges without resorting to a mandatory retirement age.

8. CONCLUSION

8.1 As an organisation, KCC is well equipped to manage the challenges identified in this report and to respond to the needs of those wishing to extend their working lives.

9. RECOMMENDATION

Personnel Committee is invited to:

9.1 Endorse the proposal not to seek to justify a mandatory retirement age for KCC employees.

9.2 Recommend to the County Council on 6 April 2011 that it confirms this proposal.

9.3 Review this policy annually in the light of evolving organisational needs, workforce composition and developments in the labour market.

Amanda Beer
Director of Personnel & Development
Ext 4136

Nicola Lodemore
Employment Policy &
Diversity Manager
Ext 4418

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By: Roger Gough – Cabinet Member, Business Strategy & Support
Amanda Beer - Director of Personnel & Development

To: Personnel Committee **Date:** 28 March 2011

Subject: Changes to terms and conditions of employment

Classification: Unrestricted

Summary: This paper seeks Personnel Committee approval for changes to terms and conditions required to meet targeted budget reductions agreed by the County Council in February 2011.

1. BACKGROUND

1.1 Savings identified in the Budget Book for 2011/12 included £2.25m savings described as “Review of terms and conditions of employment”, £0.7m for travel and £0.5m on Personnel & Development policies. The higher amount is to be found from the funding of the authority’s new performance pay system. This report details the proposals to achieve the other £1.2m savings.

2. TRAVEL ALLOWANCES

2.1. **Essential user.** Personnel Committee recommended to County Council the withdrawal of essential user allowance. This generated a significant amount of concern from current “essential users”. The magnitude of this was emphasised by the submission to the County Council of an e-petition with 700 signatories.

2.2. To address these concerns, the Council has agreed that there will be no financial detriment for individuals who are current essential users and continue to drive more than 2,500 business miles and are on grade KR10 or below (paid up to £35,724). This approach preserves and protects the current rate of reimbursement for the lower paid while still delivering cost savings albeit over a longer period if time.

2.3. Under the no detriment provision, the current reimbursement will continue to be received on a frozen, preserved and protected basis. It will only apply to current essential users continuing to meet the eligibility criteria. No one can be added to the group or rejoin if removed due to not meeting the eligibility criteria.

- 2.4. The list of recipients will be reviewed annually and people who have not driven the required business mileage will be reclassified as “casual users” with the associated levels of reimbursement.
- 2.5. **Lease car provision.** Following the recommendation by Personnel Committee, County Council has agreed to the withdrawal of the subsidised lease car provision. As part of this, alternative arrangements which individuals may wish to consider on a voluntary basis continue to be developed. It is intended that these will assist both lease car users find alternative transport when their contract comes to an end and be seen as potentially attractive to other employees.
- 2.6. Discussions with Finance colleagues have indicated that there is scope to provide a ‘parachute payment’ in order to assist individuals with the sourcing of alternative arrangements and also to act as a contractual buy-out.
- 2.7. The amount proposed for the parachute payment is £2,000. This represents less than the full year employer cost of a lease car under the current arrangements and merely defers the full saving to the 2nd year (2012/13) and beyond. This proposal also covers staff who have left the scheme since October 2010 to enable KCC to treat people consistently and fairly during the transition period.

3. ANNUAL LEAVE

- 3.1. Provision exists in our terms and conditions for employees to request to either purchase more leave through their salary or sell leave which they would otherwise have taken. This is not an automatic right and is subject to agreement with their line manager.
- 3.2. The Corporate Management Team has decided to suspend the discretion to sell annual leave, with immediate effect, as this represents a direct cost to the authority. Based on 2009/10 figures the authority will save approximately £600k while retaining an ‘income’ from people buying leave of £170k. The flexibility and employee value placed on this scheme is recognised and retained, at least in part, by continuing to allow the buying of leave.
- 3.3. Leave may still be carried forward in accordance with the provisions outlined in the Blue Book Terms & Conditions up to a maximum of 10 days (pro-rata for part time staff.)

4. SENIOR OFFICER MEDICAL INSURANCE SCHEME (SOMI)

- 4.1 KCC currently offers a facility to managers on grades KR13-15 to opt into a private medical insurance scheme paid for by the Authority. Individuals on grades above KR15 can opt in entirely at their own

expense. The current premium is £750 per annum for each member and individuals incur a tax liability on this amount. Partners and children can be added at the member's expense.

- 4.2 Other Authorities such as Police and Fire also access the KCC scheme
- 4.3 On the basis of financial viability and equity justification it is proposed that this facility be withdrawn. The removal of the scheme will need to take into account a number of factors such as notice period, the drawdown of funds held in Trust, the communication with other authorities who use this scheme and communication to individuals about potential alternative arrangements. In addition the medical treatment of members currently receiving treatment needs to be considered.
- 4.4 The full year savings, taking into account the premium payments and administration costs would amount to £220k per annum. It is recommended that this be delivered in time for full effect by April 2012.

5. **RECOMMENDATION**

Personnel Committee is invited to:

- 5.1 acknowledge the action taken to provide 'no detriment' to some current essential users as a consequence of the decision to remove the essential user provision.
- 5.2 recognise the work being undertaken to identify alternative arrangements for lease car users and agree to the principle of a buy-out payment.
- 5.3 note the suspension of the provision to sell annual leave.
- 5.4 endorse the proposal to withdraw the Senior Officer Medical Insurance Scheme and recommend to County Council for decision.

Paul Royel
Head of Employment Strategy
Ext 4608

Colin Miller
Reward Manager
Ext 6056

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By: Roger Gough – Cabinet Member Business Strategy & Support
Amanda Beer – Director of Personnel & Development

To: Personnel Committee

Date: 28 March 2011

Subject: Total Contribution Pay

SUMMARY: This report provides Personnel Committee with detail on the delivery of the new Performance Management process and how it links to pay taking into account the funding reduction of £2.25m as agreed in the 2011/12 Budget.

1. Background

1.1. The 2011/12 Budget agreed by the County Council in February 2011 included £2.25m savings described as “Review of terms and conditions of employment” (Budget Book page 104). The suggestion is that this should be taken from the funding for the authority’s new performance pay system.

2. Current context

2.1 In preparation for Member consideration of the options, external Counsel opinion was sought. This concluded that options need to be considered with knowledge of their magnitude, impact and grounds for dispute. However, although there are potential risks which vary depending on the options, the Authority should select which one fits business needs best.

2.2 Following discussions with the Corporate Management Team and others, it has suggested that the distribution of available money should be prioritised to lower paid staff whilst recognising the need to reward the contribution of as many people as possible. This is important if we are to deliver the key principles of performance management.

2.3 There is no ‘general’ or cost of living award and individuals will be impacted by other changes to Terms and Conditions so maintaining the ability to include as many people as possible within the payments given is preferable.

2.4 An increment under the previous scheme had an average value of 2.7%

2.5 As part of the consultation process, the Trades Unions remain fundamentally opposed to the introduction of this scheme and see the reduction of the funding for pay progression as a betrayal citing that this would not be an option if national conditions were in place.

3. Pay distribution

- 3.1 To deliver the objective of maximising payments to lower paid staff, a stepped approach has been selected. This enables proportionately more of the available funding to be allocated to lower paid staff. The percentage payments are reduced to nil for higher grades of staff.
- 3.2 Financial modelling, based on confirmed appraisal ratings from this year's performance management process, has been undertaken to assess the percentage award which can be afforded for each step level. This has taken into account both the number of 'not assessed' ratings, where individuals will not receive an increase in the new financial year and the fact that not so many people received the higher ratings as was expected, shown in Appendix 1. These aspects enable a proportion of the overall funding to be distributed more widely. Appendix 2 shows the percentage award which can be afforded by grade. The figures have been confirmed by the Corporate finance team.
- 3.3 An equality impact assessment has been undertaken which indicates that:-
- Proportionately more females will be advantaged due to the higher proportion in KR2-6 in comparison to males,
 - There is no real difference in male and female proportions in KR7-10,
 - Males are negatively impacted due to higher proportions at KR11-13, and similarly for no pay award at KR14-15,
 - BME staff are negatively affected as proportionately fewer BME staff are in KR2-6 than the whole group,
 - DDA staff benefit as proportionately higher numbers are in KR2-6 than the whole group,
 - Part-time staff are favoured as there is a high proportion of this group in KR2-6; they will benefit from the unreduced percentage increase.

4. Conclusion

- 4.1. The model outlined is considered the best solution to balance the desire to reward as many people as possible within the new performance management principles against the current cost pressures and delivery of the required savings.

5. Recommendation

- 5.1 Personnel Committee is asked to endorse the decision to pay the Total Contribution award in a way which favours the lower paid staff and tapers the amount to nil at KR14 and above as shown in Appendix 2.

Paul Royel
Head of Employment Strategy
Ext 4608

Colin Miller
Reward Manager
Ext 6056

Appendix 1.

Appraisal rating and pay increases

Rating	Expected Outcome	Actual Outcome	Full TCP % Pay increase for individual
Outstanding	5%	2%	3.3%
Above	35%	15%	2.5%
Achieved	55%	82%	1.7%
PIR	5%	1%	0%

Notes:

1. In practice more people have received an Achieved rating which reduces budgetary pressure, giving more scope to pay others.
2. There are a proportion of people (Not Assessed) who will not receive an increase which again reduces budgetary pressure

Appendix 2.

Percentage Award by Grade

Appraisal Rating	Pay Award (%)		
	Grade KR 2-6	Grade KR 7-10	Grade KR 11-13
Outstanding	3.3	2.20	1.65
Above Expectations	2.5	1.67	1.25
Achieved Expectations	1.7	1.13	0.85
Performance Improvement Required	0	0	0

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