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To: Personnel Committee **Date:** 27 January
2010

Subject: Pay Structure

Classification: Unrestricted

SUMMARY Personnel Committee has previously agreed to consider the removal of grade KS1 as part of our local pay bargaining process in early 2009. This document is intended to update Committee on this issue following the ACAS mediation process.

1. Background

- 1.1. As part of the 2009/10 pay bargaining process, KCC reviewed the potential for removing the bottom grade, KS1, from our pay scales. Although agreement in principle was reached, implementation was not carried out as it was conditional on no industrial or potential industrial action being taken by the unions as part of their dispute over the April 2009 pay award.
- 1.2. The other element considered was the payment of registration fees for the Independent Safeguarding Authority (ISA) for existing staff. However both the timetable and precise implications of the ISA registration process are as yet unconfirmed by government and will require such clarity before detailed discussion and assessment can be made within our business. A decision on the payment of registration fees cannot therefore be made at this point in time on an informed basis.
- 1.3. As Members will be aware, the outcome of the ACAS process was that our award of 1%, in the circumstances, was deemed fair and reasonable. However the panel did recommend that the Council consider implementing the abolition of our lowest grade.

2. Considerations

- 2.1. An advantage of removing KS1 is the clearer differential between the national minimum wage (£5.80) and the minimum salary of our pay scales (£6.12) which has been eroded over recent years. The new minimum would be £6.68.

- 2.2. The total full year cost of the abolition of KS1 has been calculated to be £215k with approximately 75% of this falling within the Schools workforce (£158k). Details of the breakdown of staff in KS1 is shown at Appendix A. The funding requirement for schools when considered in early 2009 was expected to be met from the increase in the Dedicated Schools Grant (DSG). The same assumption would apply for 2010.
- 2.3. The concept of “bottom loading” pay settlements, both locally and nationally, is frequently proposed. This tends to be resisted as it is both inequitable and can compromise pay structures by compressing them. However, in a year where there is no proposed cost of living award the abolition of the lowest grade in our pay structure would benefit the lowest paid, albeit a proportionately small number.
- 2.4. It is the Trade Unions view that this could be implemented either retrospectively from April 2009, or the point of recommendation from ACAS, i.e. October 2009. However implementing a change part way through a financial year would cause disruption to budgets and financial planning, in particular with schools. It is therefore recommended that KS1 would be removed from April 2010.

3. Recommendations

- 3.1 Personnel Committee endorses the removal of KS1 from April 2010.

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Appendix A

Added cost of moving individuals to KS2 (point 4) at each KS1 grade point by Directorate.

| Directorate | Grade Point <u>after appraisal</u> | Number of assignments | Total FTE | Extra Cost of moving to KS2 (Point 4) | Total Extra Cost by Directorate |
|-------------|------------------------------------|-----------------------|---------------|---------------------------------------|---------------------------------|
| CED | 2 | 6 | 4.81 | £3,569 | £5,242 |
| | 3 | 5 | 4.45 | £1,673 | |
| CFE | 2 | 63 | 4.5 | £3,339 | £17,593 |
| | 3 | 209 | 37.69 | £14,171 | |
| | 3.5 | 3 | 0.44 | £83 | |
| KASS | 2 | 31 | 6.74 | £5,001 | £25,967 |
| | 3 | 124 | 55.76 | £20,966 | |
| EHW | 2 | 48 | 2.88 | £2,137 | £2,919 |
| | 3 | 6 | 2.08 | £782 | |
| Communities | 2 | 18 | 1.2 | £890 | £5,237 |
| | 3 | 37 | 11.56 | £4,347 | |
| Schools | 2 | 237 | 33.77 | £25,057 | £157,838 |
| | 3 | 1,102 | 352.24 | £132,442 | |
| | 3.5 | 3 | 1.8 | £338 | |
| Total | 2 | 403 | 53.9 | £39,994 | £214,796 |
| | 3 | 1,484 | 463.78 | £174,381 | |
| | 3.5 | 6 | 2.24 | £421 | |

Total extra cost to remove all KS1 assignments would be approximately **£215,000**.

| Grade Point | Salary |
|-------------|--------|
|-------------|--------|

| | |
|---|---------|
| 2 | £12,161 |
|---|---------|

| | |
|---|---------|
| 3 | £12,527 |
|---|---------|

| | |
|-----|---------|
| 3.5 | £12,715 |
|-----|---------|

| | |
|---------|---------|
| 4 (KS2) | £12,903 |
|---------|---------|

Example, CED pay point 2, extra cost of moving to KS2 grade point 4:

$$= 4.81 \times (12,903 - 12,161) = \text{£}3,569.$$