

‘A’ and ‘K’ ITEM

	REPORT TO CABINET TO BE HELD ON 13 FEBRUARY 2018
	Key Decision YES Forward Plan Ref No 19
Corporate Aims People/Place/Prosperity/Council	Cabinet Portfolio Holder Cllr Turner

REPORT OF: CHIEF EXECUTIVE – 18/35**WARDS AFFECTED: ALL****SUBJECT: THE LIVING WAGE – ANNUAL REVIEW****RECOMMENDATION (S):**

Noting the issues raised in this report paying particular attention to the budget implications of any decision and to the impact that it could have on the Council's pay differentials decide whether to continue with the Living Wage pay supplement and if so to; consider:-

- What which hourly rate;
- The criteria when it is applied;
- The effective date;

REASON FOR RECOMMENDATION (S):

This report provides an update on the implementation of the UK Living Wage and invites Members to consider a number of issues as part of the annual review that is required to be undertaken in relation to the continued payment of the UK Living Wage.

HIGHLIGHTED RISKS:

Increasing the UK Living Wage pay supplement will impact on the Council's pay differentials. The outcome of the ongoing national pay negotiations and review of the local government pay spine will have a significant impact on the future of local

government pay. Failure to continue with the UK Living Wage pay supplement could however have a negative impact on employee relations.

1. INTRODUCTION

- 1.1 The UK Living Wage (UKLW) is an hourly rate set independently by the Living Wage Foundation and updated annually in the autumn each year. Employers choose to pay the UKLW on a voluntary basis.
- 1.2 The UKLW is not a legally enforceable minimum level of pay, but rather an informal benchmark which is calculated by the Centre for Research in Social Policy at Loughborough University and reviewed annually. The Centre for Research and Social Policy is an academic body independent of political affiliation. The UKLW is currently £8.75 per hour and is reviewed in November of each year.
- 1.3 The statutory 'National Living Wage' (NLW) which was introduced with effect from 1 April 2016 added further complexity to the issue. The table below summarises the different rates of pay that are currently in place:-

Pay Rate	Definition of Cohort	Hourly Rate	Comments
National Minimum Wage (NMW) (Statutory)	Workers aged 21 and over.	£7.05	Recommended by the Low Pay Commission.
	Workers aged 18 to 20	£5.60	
	Workers under the age of 18	£4.05	
National Living Wage (NLW) (Statutory)	Workers over 25	£7.50	From April 2016 a Living Wage Premium (LWP) was applied on top of the National Minimum Wage (NMW) for employees aged 25 and over to deliver a National Living Wage (NLW). Anticipated that the NLW for employees over 25 should reach around £8.75 per hour by 2020. It has been announced that this rate will increase to £7.83 per hour from 1 April 2018.
UK Living Wage (UKLW) (Living Wage Foundation)	All workers (higher rate for London)	£8.75	The UKLW is an aspirational wage which is announced every November by the Living Wage Foundation. In setting the Living Wage rate, the Living Wage Foundation calculate minimum living costs based on a "minimum income standard", rent, childcare costs and Council Tax. This is then translated into a wage requirement. The UKLW was increased from £8.45 on 6 November 2017.
Current Council Living Wage (Pay Supplement)	All qualifying employees	£7.85	Reviewed annually, taking account of various factors such as staff turnover, any national pay awards, the rates for the National Minimum Wage and the "UK Living Wage" at the time, affordability, pay differentials, employee relations etc.

- 1.4 This report asks for consideration to be given to a number of issues as part of the annual review that is required to once again be undertaken in relation to the continued payment of the Living Wage supplement.

2. CORPORATE AIMS

- 2.1 This decision supports the Council's corporate aim to develop a prosperous and innovative Borough with a highly skilled and aspirational workforce.

3. BACKGROUND AND ISSUES

- 3.1 The Council implemented the UKLW with retrospective effect from 1 July 2013 through the addition of a temporary pay supplement to the hourly rates of pay for qualifying employees who were paid at Grade Scales 1A, B and C. At that time the UKLW (outside of London) was £7.45 per hour. Qualifying employees had to complete twelve weeks continuous service before they were eligible to receive the pay supplement and this criteria has been applied ever since.
- 3.2 As part of the implementation of the Living Wage pay supplement the Council also gave a commitment to undertake an annual review in relation to its continued payment. The outcome of the first review was that the pay supplement should continue and that the hourly rate be increased to £7.65 with effect from 1 July 2014.
- 3.3 The 2015 review again confirmed that the pay supplement should continue but as a result of issues in relation to affordability, the on-going national pay debate, the potential impact on pay differentials etc. it was also decided that the existing hourly rate should not be increased and therefore should remain at £7.65 per hour.
- 3.4 The review carried out in 2016 gave consideration to the affordability of increasing the rate in line with the UKLW. It was recognised that such an increase would have an impact on pay differentials and result in a significant increase in cost. In addition, at the time the National Employers had also started working with the Trade Unions to find a way that fairly and affordably met the longer term objective of the NLW to achieve the Government's earnings target, with a view to restructuring the national pay spine.
- 3.5 Consideration was also given to the fact that the £7.65 per hour rate paid by the Council would also be overtaken by the 1 April 2017 national pay award (minimum spinal column point (SCP) £7.78 per hour). Taking all of this into account, rather than increasing the Living Wage pay supplement to £7.78 per hour Members decided to increase it to £7.85 per hour which was consistent with what a number of other Council's in the region were paying. This decision resulted in the lowest paid Council staff receiving an hourly rate, slightly above the statutory minimum, that the the Council could afford but also protected pay differentials in light of the outcome of the ongoing national

pay negotiations. This also enabled the Council to demonstrate the value it places on the work undertaken by its lowest paid employees, along with potential associated benefits of lower turnover and absenteeism, higher morale, retention and retaining key front line skills.

- 3.6 In recent months the National Employers have held discussions with Trade Unions in an attempt to develop a revised national pay spine that would be legally compliant with the NLW, future proofed to absorb yearly increases in the NLW rate, maintain pay differentials and would not create equal pay issues. In December 2017 National Employers made a final pay offer to the Trade Unions covering the period 1 April 2018 to 31 March 2020.

4. CONSULTATION

- 4.1 The GMB, UNISON and Unite Trade Unions are all committed to the principle of the UKLW and in favour of the Council paying the increased hourly rate. They accept that there are some advantages in applying it within the Council, including the achievement of a minimum standard of living, some reduction in financial insecurity, an improved quality of life for the lowest paid staff, and it could potentially stimulate the local economy, by increasing the disposable income of those directly affected.

5. ASSESSMENT

- 5.1 There are a number of issues that require consideration by Members in making their annual assessment as to the continued payment of the Living Wage pay supplement and details of these are set out below.

The Local Government Position Nationally

- 5.2 On 5 December 2017 the National Employers made a final pay offer covering the period 1 April 2018 to 31 March 2020. The offer made is as set out below:-

1 April 2018:-

- 5.3 Bottom loading on SCP's 6-19 - The Employers considered it was necessary for higher increases on the lower pay points in order to continue to close the significant gap with the NLW. Therefore this part of the offer would result in a new bottom rate of £8.50 per hour on SCP 6.
- 5.4 Increase on SCPs 20 and above - A flat-rate increase of 2.0%.

1 April 2019:-

- 5.5 The Employers agreed that the bottom rate of the new pay spine should not be pegged to the NLW rate but should allow for some 'headroom'. Therefore the offer is for a bottom rate of £9.00 per hour. In order to deal with the

compacting of differentials at the lower end of the spine it is proposed that the existing bottom twelve pay points are 'paired off' into six new pay points, i.e. current SCP's 6 and 7 become the new SCP 1; current SCP's 8 and 9 become the new SCP 2 etc. until the current SCP's 16 and 17 which become the new SCP 6. To further dilute the impact of compacting the lower pay points, the offer also includes 'ironing out' the current random gaps between pay points and having even increments of 2.0% between new SCP's 1 to 22 including (equivalent to SCPs 6 to 28 on the current spine).

- 5.6 From the new SCP 23 onwards a flat-rate increase of 2.0% and retention of the current random differentials.

Anticipated Impact of the Proposal on the Council:-

- 5.7 Since the pay offer was made work has been carried out to assess the potential impact of the proposals* on the Council should they be accepted:-

- The proposals for 2018/19 would result in an increase of 3.21% to the Council's current pay bill (£590,000).
- The proposals for 2019/20 would result in an increase of 3.05% to the Council's current pay bill (£580,000).
- As such a percentage increase was not anticipated, in order to implement the proposals the Council would be required to find an additional £320,000 for 2018/19 and £220,000 for 2019/20. These increases in costs have been reflected in the Medium Term Financial Plan and to address this shortfall the draw from the General Fund that is required to balance the revenue budget over the period up to 2020 has been brought forward to address the more immediate budgetary issue.
- Should the proposals be approved then further work will be also need to be undertaken prior to 1 April 2019/20 in order to determine and agree how the new pay rates will be implemented and the principles by which staff will be assimilated onto the revised pay spine.

**Please note that a number of assumptions have been made to to determine the financial impact of the proposals including; the predicted future SCP's for existing staff should the changes to the pay spine be implemented and that the Chief Executive and Chief Officer national pay negotiations will also result in these Officers receiving a similar percentage increase in pay.*

Next Steps:-

- 5.8 The three Trade Unions commenced their consultation exercises in January 2018 and it is anticipated that this process will be completed by early/mid-March 2018. UNISON's NJC Committee and Unite's National Industrial Sector Committee for local authorities have both voted to recommend that its members reject the offer whereas the GMB is advising its members that the offer is the best that can be achieved by negotiation. In the event that agreement is not reached by 1 April 2018 then any changes to payments would be implemented as soon as possible and backdated. In addition, the

Council would however be required to implement the statutory increase in the NLW to £7.83 per hour as this is higher than the bottom SCP of the current pay spine although this would not result in an additional cost as the rate is slightly less than the Council's current Living Wage pay supplement.

The Increased UKLW Payment, The Council's Pay and Grading Structure, The Impact on Pay Differentials and Affordability

- 5.9 As the Council's hourly rate for SCP 8 is £7.90 per hour, (i.e. just above the Council's current Living Wage rate) only employees on SCP 6 and 7 currently receive the pay supplement. As a result the cost to the Council of maintaining the Living Wage at £7.85 per hour is therefore minimal (less than £1,000 per annum).
- 5.10 In November 2016 the UKLW was increased from £8.25 to £8.45 per hour, an increase of 2.4%. From 6 November 2017 the UKLW was increased to £8.75 per hour, a further increase of 3.5%. Therefore, based on a full-time employee working 37 hours per week, the new UKLW is £16,881 per annum.
- 5.11 Based on current pay rates adopting a Living Wage of £8.75 would extend the staff eligible to receive the pay supplement to employees paid at the bottom SCP of Scale 3. This would therefore result in a large increase in the number of employees receiving the pay supplement i.e. approximately 165 from 22 at the present level and also have a significant impact on pay differentials.
- 5.12 If the Council wishes to apply the current UKLW rate it will result in an additional cost of approximately £104,000 per annum. It is important to note that whilst the UKLW is focused on gross hourly pay, the Council also offers additional benefits to support our employees, most notably:-
- A defined benefit pension scheme.
 - Generous sick pay entitlement.
 - Generous holiday entitlement.
 - Childcare voucher scheme offering significant tax/national Insurance reductions.
 - Enhanced payments for weekend, Bank Holiday and night working.
- 5.13 As indicated making such a change would mean that staff currently paid at SCP's 6 to 14 would receive the same hourly rate and this may therefore create difficulties for example, where a Scale 3 employee is required to undertake first line supervision for someone paid the same as them. In order to address this, pay differentials could be adjusted for all staff in line with the UKLW percentage increase although this would be extremely expensive+; an approximate annual cost of between £938,000 and £1.7 million per annum (between a 6.8% and 12.4% increase)+, depending on how the bottom of the pay spine was structured. This is unaffordable for this Council without significant cuts to Service.

+Please note that a number of assumptions have been made in relation to the exact number of staff that would be eligible at the time of implementation and the likely pension, National Insurance etc. costs that would be payable.

- 5.14 As outlined previously, the proposed national pay award and revised pay structure would result in the lowest SCP from 2018/19 increasing to £8.50 per hour. In the event that the pay award was implemented then increasing the existing Living Wage payment to the UKLW rate of £8.75 per hour from 1 April 2018 would result in an additional cost of approximately +£5,000 per annum as the proposed new minimum pay rates would only be applied to staff on SCP's 10 and below. Should a decision be taken to backdate the commencement of a higher Living Wage rate then this would however incur a further additional as a result of a large proportion of the staff that would be eligible for the payment working on a seasonal basis and therefore at certain times during the year the number people it would be applied to would be significantly higher. In addition to the increase in basic salary costs, the continued adoption of the UKLW pay supplement increases employer pension and National Insurance contributions and these have been taken into account in the above cost.
- 5.15 Adjustments have already been made to increase salary budgets for 2018/19 and 2019/20 in order to take into account the impact of the proposed national pay award in the event it is implemented. Should however the Living Wage rate be increased over and above this and backdated then further additional funding, beyond that which has already been budgeted for, would need to be found i.e. up to +£90,000 depending on the rate agreed and date it was applied.
- 5.16 In the event that the Council were to pay the UKLW rate then this would also mean that in the event that the new national pay rates were implemented staff receiving the increased pay supplement for 2018/19 would not receive any further increase in pay from 1 April 2018 as their hourly rate would already be higher than the new minimum SCP. This may have a negative effect on morale for those members of staff who, despite hearing that a national pay award has been agreed which includes substantial percentage increases in salary for the lowest paid, are receiving nothing additional.
- 5.17 As outlined above the final two year national pay offer seeks to introduce a new pay spine from 2019/20 which is legally compliant with the NLW, future proofed to absorb yearly increases in the NLW rate, addresses the issue of pay differentials and reduces the risk of equal pay issues. National Employers agreed that the bottom rate of the new pay spine should not be pegged to the NLW rate but should allow for some "headroom". Should the proposal be accepted by the Trade Unions then this would address many of the key issues highlighted within the report. Specifically it would raise the minimum hourly rate to £8.50 per hour from 1 April 2018 and £9.00 per hour from 1 April 2019 which is not only above the statutory NLW rate (£7.83 per hour from 1 April 2018) but also closer to the UKLW rate (£8.75 per hour from 6 November 2017). Going forwards this will also result in ensuring that pay

differentials are maintained in relation to future pay awards and increases in the NLW.

- 5.18 The Council's Financial Strategy has projected a funding gap of over £5 million over the period from 2018/19 to 2020/21. Members will therefore be required to consider the impact on future budgets of increasing the Living Wage pay supplement and this will obviously be of significance in reviewing the Council's Living Wage pay supplement next year.

Criteria for Payment

- 5.19 As outlined above the pay supplement is currently applied once an employee has worked for the Council for twelve consecutive weeks. As a high number of the staff eligible to receive the Living Wage are employed on seasonal basis (approximately 60 staff) this has a significant impact on this staff group. Although there is a statutory requirement to pay these staff the NLW from their first day of employment there is no reason why they should not receive the Council's Living wage rate from day one of employment and it is requested that consideration be given to this.
- 5.20 In the past where the Living Wage pay supplement has been increased it has been retrospectively applied from 1 July of the relevant year (this date is based on the month when the payment was initially introduced by the Council). Due to this timetable annual reviews have therefore been out of sync with when the UKLW rate is announced in November each year and the Council's budget setting process, which is finalised in February each year. Consideration as to when the Living Wage should be reviewed and effective from each year so that it takes into account current national rates and can be more effectively be incorporated into the budget setting process is therefore requested. Not having to backdate the pay supplement would also reduce the significant resource required within Payroll to apply these changes.

The Benefits of Continuing to Apply the UKLW

- 5.21 There is a body of research which identifies benefits of a UKLW not only for the individual but also employers and society in general. Research identified that in addition to the reputational benefits of being an ethical employer, the most significant impacts of paying the Living Wage were found to be:-
- An improvement in the quality of work.
 - Reduction in absenteeism.
 - Easier recruitment and retention.
 - Consumer awareness and reputation.
 - Reduction in turnover of contractors.
 - Improved morale motivation and commitment.

The Potential Impact on Employee Relations

- 5.22 In the event that the Council decided to remove the payment of the Living Wage supplement, the national pay spine, with effect from 1 April 2017 is

already higher than the NLW. Retaining the payment at the current rate would therefore enable the Council to continue demonstrate the value it places on the work undertaken by its lowest paid employees, along with potential associated benefits of lower turnover and absenteeism, higher morale, retention and retaining key front line skills.

- 5.23 Although it is difficult to anticipate, as outlined above, there is a need to consider the potential impact on employee relations of applying pay increase to some employees and not others in the longer term. There are potential employee relations implications, particularly in the current economic climate, as paying a Living Wage to the lowest paid workers may lead to pressure from other groups of staff to maintain pay differentials, especially those performing duties that are additional or at a higher level of responsibility. The impact on pay differentials will therefore need to be closely monitored to see if there are any recruitment and retention issues that need to be addressed.

What Other Local Authorities are Doing

- 5.24 Latest figures available from November 2016 provided by the Regional Employers Organisation show that:-

Local Authority	Living Wage Hourly Rate
York	£8.45*
Calderdale	£8.45*
Barnsley	£8.45
Doncaster	£8.45
North East Lincolnshire	£8.45
Sheffield	£8.25
Harrogate	£8.25
Leeds	£8.25
Kirklees	£8.04
Wakefield	£7.85
Bradford	£7.85
Rotherham	£7.85
Ryedale	£7.85
Scarborough	£7.85
Hambleton	£7.65
Hull	£7.50
North Lincolnshire	£7.50
East Riding	£7.50
North Yorkshire	£7.50
Craven	£7.50
Local Authority	Living Wage Hourly Rate
Selby	£7.50
Richmond	£7.50

* Accredited to the Living Wage Foundation and therefore duty bound to pay the UKLW rate and likely to increase the November 2016 rate of £8.45 to £8.75 per hour.

5.25 Nationally, 153 local authorities have implemented the UKLW but only 38 are accredited to the Living Wage Foundation.

Potential Options

5.26 Taking into account the above issues there are a number of potential options for Members to consider:-

- **Retain the Status Quo** – Make no changes to the Council’s current Living Wage pay supplement of £7.85 per hour and wait for the outcome of the national pay negotiations to be implemented. In the event that this is not achieved by 1 April 2018 to revise the minimum hourly rate to £7.83 per hour in line with the statutory NLW.
- **Apply the UKLW Rate** – Apply the current UKLW rate. Consideration should also be given as to what date any increased payment would be applied from as this will impact on the cost implications.
- **Apply the UKLW Rate and Adjust Pay Differentials Accordingly** – In addition to the previous option to review the Council’s existing pay spine in to reflect the UKLW rate percentage increase and enable pay differentials to be retained. Consideration should also be given as to what date any increased payment would be applied from as to make such a fundamental change to the existing pay structure would require significant time to develop, consult and implement. This option is currently unaffordable to the Council so significant cuts in Service would be required if this option was chosen.
- **Increase the Council Living Wage Pay Supplement** – Increase the Living Wage pay supplement to a slightly higher rate of either £8.25 or £8.45 per hour as paid by a number of other Local Authorities in the region (see paragraph 5.24). Adopting this rate would provide a further small increase in pay for those employees at the bottom of the Scale and minimise the impact on pay differentials. These staff would also then receive a further increase in pay as and when the new national pay rates were implemented. Again consideration should also be given as to what date any increased payment would be applied from as this will have an impact on the cost implications (see paragraphs 5.14 and 5.15 above).

6. IMPLICATIONS

Policy

6.1 If the Living Wage pay supplement continues then this will need to be reflected in the Council’s Pay Policy Statement.

Financial

- 6.2 The financial implications are mainly contained in the body of the report. The ongoing cost of the proposals will also need to be built into current and future budget setting proposals.

Legal

- 6.3 It is important to stress that payment of the UKLW is discretionary and not contractual or in pursuance of any other legal obligation. It is recommended therefore that the payment of the Living Wage should continue to be reviewed periodically to ensure that any anomalies that have developed can be addressed.

Equality and Diversity

- 6.4 The Council does not anticipate any vulnerability to equal pay claims as a result of the continued payment of the Living Wage supplement. It is important to stress that the UKLW is not about the role or the job; it is about the cost of living. To ensure that any potential equal pay risks are mitigated it is, however, essential that the principles of the UKLW are applied consistently across the Council to all employees and workers. On the balance of probabilities, it is also likely that the Council will be able to justify the differential treatment compared to other employees on the basis that the application of the Living Wage is a proportionate means of achieving a legitimate aim, i.e. paying a Living Wage.

Staffing

- 6.4 The human resources implications are mainly contained in the body of the report. Although continuing to pay the Living Wage supplement and increasing the hourly rate would be welcomed by the Council's lowest paid employees, it is not without difficulties and risks to the organisation in terms of the long term impact on pay structure and grading arrangements. The impact on pay differentials will therefore need to be closely monitored and considered as part of any future reviews.

Communications

- 6.5 Changes to current arrangements will be communicated within and outside of the Council. In relation to internal communication staff should be made aware of the reasons for any changes and the impact on them personally. Communication should however make it clear that Living Wage payments are subject to annual review and be careful not to set any unrealistic expectations about future payments.

Crime and Disorder, Health and Safety and Environment and Planning

- 6.6 I have considered whether any of these implications arise from this report and I am satisfied that there are no identified implications that will arise from this decision.



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Chief Executive

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Background Papers:
None.

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT THE AUTHOR.

Risk Matrix

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	January 2018	Impact on employee relations.	Potential negative impact on employee relations in the event that no further increase in hourly rate was to be paid. Also potential detrimental impact should rate be increased and staff in higher graded posts paid the same as colleagues below them.	If the current rate is retained, payment of a supplement of £7.85 per hour is already above the statutory NLW rate and therefore enables the Council to maintain pay differentials and demonstrate the value the Council places on the work undertaken by its lowest paid employees. If the rate is increased then communication with the workforce as to the reason for this will need to be effectively managed to reduce employee relations issues being raised.	B2	A1	DT/HRM	None

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
2	January 2018	Payment of the UKLW pay supplement at the full rate of £8.75 per hour would distort the Council's pay and grading arrangements.	This will increase Council costs and and therefore additional funding will need to be obtained. That the current job evaluation process could be compromised by the hourly rate of staff being the same or more than staff on higher evaluated grades. As a result the grade differentials at the lower level would be lost resulting in groups of employees being bunched together on the same pay rate doing different jobs where the perceived values were different.	The impact on pay differentials will need to be closely monitored and considered as part of the 2018/19 and any other subsequent reviews of the Living Wage pay supplement. This risk would however be minimised should the final pay offer be accepted.	C2	B2	DT/HRM	None

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
3	January 2018	The outcome of the national pay negotiations is not yet known	The national pay negotiations and review of the local government pay spine continues to be ongoing and it is anticipated that it will result in fundamental changes being made and potentially significant costs for the Council. This information is critical as it may address many of the issues around accommodating future Living Wage payments and maintaining pay differentials in the longer term.	The aim of the national pay negotiations is to ensure that the national pay spine continues to be legally compliant with the NLW, future proofed to absorb yearly increases in the NLW rate, maintain pay differentials and not create equal pay issues. The outcome of the negotiations therefore needs to be closely monitored and the impact of these on the payment of the Living Wage pay supplement considered as part of any future reviews.	D4	B2	DT/HRM	None

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
4	January 2018	Increasing pay for all staff in order to retain pay differentials and establishing a new pay structure which is unaffordable.	This will significantly increase Council costs and therefore additional funding will need to be obtained. Finding such significant funding may also place jobs/Service delivery at risk. As this will require a local pay structure to be put in place there will be a potentially lengthy consultation process to complete before anything can be implemented. There is also the risk that in the absence of the outcome of the national pay negotiations being concluded such a change is premature as the proposals, if accepted, address the immediate and future issues around pay differentials. In addition to move away from national pay bargaining would also require adequate appropriate resources to be allocated to manage the process in house.	In order to make such changes the Council would need to find appropriate funding for the current and coming years. The Council will also need to work with Trade Unions to reach a local agreement to moving away from the national pay structure to a local one. In the future the Council will also need to ensure that the necessary skills and capacity is in place to conduct local pay negotiations each year.	D4	B2	DT/HRM	None

Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring

Impact	5					
	4					
	3					
	2					
	1					
		A	B	C	D	E
	Likelihood					

Likelihood:

A = Very Low
 B = Not Likely
 C = Likely
 D = Very Likely
 E = Almost Certain

Impact

1 = Low
 2 = Minor
 3 = Medium
 4 = Major
 5 = Disaster