

EMPLOYMENT MATTERS COMMITTEE

3 FEBRUARY 2016

PAY NEGOTIATIONS 2016/17

Report from: Tricia Palmer, Assistant Director, Organisational Services

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Summary

To present Members with a report on the pay negotiations 2016.

1. Budget and Policy Framework

- 1.1 This report covers the progress on the annual pay negotiations with the trade unions and makes recommendations to full Council for the payment of an annual cost of living award and performance related payments.

2. Background

- 2.1 The Council came out of the national agreement in April 2013 and this is the second year of formal negotiations on pay awards with the trade unions. Council agreed a £800,000 budget for salary increases for the FY 2015/2016 and this was paid as a 0.60% cost of living increase and 0.40% performance related pay in accordance with the MedPay arrangements. Council further agreed to increase the entry level salary at Range 1.
- 2.2 The procedure for pay negotiations was agreed by the trade unions and this committee in February 2013 (and as amended in agreement with the TU Joint Consultative Committee) and is set out in the attached Protocol for annual local pay and conditions negotiations document (Appendix 1). The Council has followed this procedure in its discussion with the trade unions.

3. Protocol

- 3.1 Progress against the Protocol (Appendix 1) to date:

Action 1: Due to the unavailability of key forum members, this meeting was postponed.

Action 2: Completed - The Assistant Director, Organisational Services and the Head of Finance Strategy met with the TUs on 15 September 2015 to share with the TU's the Council's mid-term financial position. At this meeting, the trade unions were informed as to the anticipated widening of the budget gap due to reductions in the government funding revenue support grant during the period up to 2020. It was confirmed that the medium term financial plan had been approved with a budget of 1% having initially been set aside for salary increases. It was recognised that increases to the statutory National Living Wage in April 2016 and any non-MedPay contractual increases would need to be funded from the salary budget. It was made clear that there was unlikely to be much ability to negotiate around the total pot available for pay given the budget deficit. However there could be room for discussion around the split of the funding between cost of living and performance. The trade unions were reminded that their joint pay claim should be submitted by the end of October. (Minutes are at Appendix 2).

Action 3 & Action 4: Completed. The joint pay claim was received in writing on 19 November 2015 (Appendix 3). The written claim formed the basis of a meeting with the Assistant Director, Organisational Services, Employee Relations Manager and the Regional and local officers of UNISON and GMB. The TU's confirmed that their joint claim reflected the national TU claim and went in some way to address the deterioration in real pay (seen as a consequence of pay freezes and below NJC national pay rises). The TU's reiterated their stance that the Council should make a commitment to meet the UK Living Wage (£8.25 with effect from April 2016) as determined by the Living Wage Foundation. The Assistant Director, Organisational Services reminded the TU's of the on-going budgetary pressures on the Council. It was calculated that the cost to the Council of meeting the TU's claim to meeting the UK Living Wage and then to apply a £1 per hour increase to all staff not impacted by the UK Living Wage would be £4.9ml (approx. 7% of the current pay bill)

Action 5: Completed. Meeting held on 8 December 2015

Action 6: Completed. JCC held on 2 December 2015 (minutes attached at Appendix 4) and a further pay negotiation meeting was held with the Trade Unions on 15 December 2015 (minutes attached at Appendix 5). The Assistant Director, Organisational Services reminded the TU's that the pay claim had been discussed at JCC and that it was expected that a 1% budget (£800K) would be set aside for pay increases. The TU's reiterated the main points of their joint pay claim (see Appendix 3). Officers and the TU's met again on 12 January 2016 (see Appendix 6).

As part of these on-going discussions, Officers have shared with the Trade Unions the costs of applying the statutory increases to the National Living Wage (£7.20) to all staff, and bottom loading any agreed cost of living increase to staff currently within Ranges 1 and 2 of the MedPay pay scales.

Officers advised the TU's that the costs of meeting its statutory and contractual obligations was c£200K and then discussed the outline of a proposal to apply a 0.60% increase to performance related pay and 0.40% to cost of living (COLA) from the balance of the remaining pay budget.

TU's reaffirmed their position that they would prefer that any increase would be applied to COLA only and that performance pay should be funded from a separate budget. TU's asked Officers to review any proposed split to the remaining pay budget and asked that this be weighted towards COLA rather than performance related pay.

JCC met again on 18 January 2016 and the minutes of this meeting are attached at Appendix 7.

Further discussions continued with the trade unions and the Council moved its initial position on the weighting of the award to individual performance and that the split would be formally proposed at 0.60% COLA and 0.40% performance related.

4. The Council's Pay Offer

4.1 The council has a statutory obligation to meet the new National Living Wage of £7.20 per hour for all colleagues (excluding Apprentices) who are over 25 years of age on 1 April 2016, and to further maintain contractual commitments for those colleagues who are not employed under MedPay terms and conditions of employment; these commitments total c£200K.

4.2 The Council is proposing the following to the trade unions:

- 0.60% paid as a general cost of living increase (COLA).
- 0.40% paid in accordance with the performance arrangements as detailed under MedPay.
- To increase the top of salary Range 1 to £15,241 per annum (equivalent to £7.90 per hour). The entry salary at Range 2 would be similarly matched.

In accordance with MedPay, colleagues who are at the top of their current pay range would receive the COLA increase only.

4.3 This committee agreed at the 15 December 2015 to increase the levels of performance assessment from 3 levels to 4 levels, by introducing two sub-levels (A & B) within Level 1. Staff assessed at either Level 1A or Level 1B will receive any award agreed by full council.

5. Non- Pay Benefits

5.1 Employee Benefits

There is already a comprehensive suite of employee benefits provided to Medway employees through the Vectis scheme. These include savings via on-line and high street retail outlets.

5.2 Demographics

- * 72% of employees live within the immediate Medway area.
- * 72% of all employment applications received in the last six months came from applicants with the wider "ME" postcode.

It can be seen then that location is an important factor in retaining and attracting new recruits.

6. The TU joint pay claim

- 6.1 Claim 1 The removal of all pay points below the UK Living Wage (£8.25)*.

*It was identified that the original claim contained an error in the living wage rate and this was corrected to £8.25.

- Claim 2 A flat rate increase of £1 per hour on all other pay points.

- Claim 3 Retention and protection of Green Book Part 2 terms and conditions.

- Claim 4 Fair treatment for school support staff through a joint review of term time working.

7. Exceptions

- 7.1 There are a small number of employees who are engaged under nationally negotiated terms and conditions of employment who are entitled to receive pay increases and automatic incremental pay progression i.e. those engaged under Soulbury, LNFA and NHS (Public and Mental Health) terms. They are therefore not covered by this local arrangement.

8. Financial and legal implications

- 8.1 The financial implications are shown at paragraph 4.2 and have been built into the budget proposals.

- 8.2 It is important that negotiations and decision-making relating to these negotiations follow the council's processes to minimise the risks of any legal challenges.

9. Risk Management

- 9.1 The risks arising from this report relate to the morale and satisfaction of employees. In these times of austerity it is extremely difficult for the Council to allocate significant funds to pay rises. However we wish to remain a good employer and ensure that employees are committed to the Council and continue to enjoy working here.
- 9.2 However the procedural or legal risks will be minimised as all decisions will be made in accordance with the Council's processes and protocol for managing the annual local pay and conditions negotiations.

10. Recommendation

- 10.1 That the Committee recommend to full Council that money is allocated from the budget to implement the recommendations in paragraph 4.2.

Lead officer contact

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Background papers

There are no background papers.

Appendices:

Appendix 1 - Protocol for annual local pay and conditions negotiations
Appendix 2 - Corporate Consultative Committee notes – 15 September 2015
Appendix 3 - Joint pay claim from UNISON and GMB
Appendix 4 - Joint Consultative Committee minutes – 2 December 2015
Appendix 5 - Corporate Consultative Committee notes – 15 December 2015
Appendix 6 - Corporate Consultative Committee minutes – 12 January 2016
Appendix 7 - Joint Consultative Committee minutes – 18 January 2016
Appendix 8 - Diversity Impact Assessment