

EMPLOYMENT MATTERS COMMITTEE

30 NOVEMBER 2016

PAY NEGOTIATIONS 2017/2018

Report from: Carrie McKenzie, Chief People Officer

Author: Tim Silver, Employee Relations Manager

Summary

To present Members with a report on the progress of the pay negotiations for the financial year 2017/2018.

1. Budget and Policy Framework

1.1 This report covers the progress on the annual pay negotiations with the trade unions for the financial year 2017/2018.

2. Background

2.1 The Council came out of the national agreement in April 2013 and this is the third year of formal negotiations on pay awards with the trade unions.

2.2 The procedure for pay negotiations was agreed by the trade unions and this Committee in February 2013 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. Pay Negotiations Protocol 2017/2018

3.1 Progress to date:

Action 1: Completed - The Chief Executive and the Chief People Officer met with representatives from the Trade Unions on 22 September 2016. The Chief People Officer reiterated the requirement for the unions to submit their joint pay claim by the end of October 2016.

Action 2: Completed - The Employee Relations Manager met with the TUs on 6 September 2016 (an extract of the minutes is attached at Appendix 2). At this meeting, the trade unions were given the Council's medium term financial plan, which highlighted the need to raise or make savings of £13ml to achieve a balanced budget for the next financial year.

The trade unions were informed that a 1% budget (c£700k) had been set aside for any pay increases effective from April 2017. That would include any statutory increases to the National Living Wage and National Minimum Wage, increases negotiated nationally to cohorts of staff employed on non-MedPay terms and conditions and any increases resulting from negotiations under the Protocol. The trade unions were invited to consider non-pay elements as part of their joint claim and they were reminded that there was an extra element added to last years PDR awards where colleagues assessed at Level 1b were afforded one extra day's annual leave in the leave year ending March 2017.

Action 3: Outstanding - At the time of writing this report, a pay claim has been received only from Unison on 3 November 2016 (Appendix 3).

Unison confirmed that they had not yet been able to engage with GMB and as such the joint pay claim remains outstanding. Unison had requested on 31 October 2016 an extension to the deadline for the submission of the joint claim to 11 November 2016. This was declined in consideration of a number of factors including that they had been informed on 6 September 2016 at the Corporate Consultative Committee of the timetable, that the unions were further reminded by the Chief People Officer at the meeting with the Chief Executive on 22 September 2016, that the Employee Relations Manager had issued a further reminder via email on 25 October 2016, that officers were bound by other deadlines in the preparation of papers for EMC and that officers were required to complete detailed pay modelling. That pay modelling has been based around the pay claim as submitted by Unison.

Action 4: A meeting with the Chief Executive, Chief People Officer and the unions is scheduled for 13 December 2016

Action 5: A meeting of the Joint Consultative Committee and Employment Matters Committee are scheduled for 30 November 2016.

A meeting of the Corporate Consultative Committee is scheduled for 6 December 2016

Action 6: Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 1 February 2017

Action 7: A meeting of Full Council is scheduled for 23 February 2017

4. The Unison pay claim

4.1 Claim 1 A 3% consolidated increase on all salary points and allowances.

Claim 2 £10 per hour minimum wage

5. Analysis of the Unison pay claim

5.1 In relation to Claim 1, the costs to implement this equates to £1.5ml excluding on-costs.

In relation to Claim 2, the costs to implement this equates to £1ml excluding on-costs.

The costs of implementing both therefore equate to £2.5ml excluding on-costs, equivalent to adding a further 3.1% to the current pay bill.

6. Analysis of Statutory Increases

6.1 Effective from 1 October 2016, the rates payable under the National Minimum Wage (NMW) were increased by £0.25p per hour for workers aged between 18 to 20 (from £5.30 per hour to £5.55 per hour), and a similar increase was applied for workers aged 21 to 24 (from £6.70 per hour to £6.95 per hour). Rates for 16 to 17 year olds were increased by 0.13p per hour to £4.00. Apprentice rates were increased by 0.10p per hour to £3.40. Government are moving the annual NMW October review date and from April 2017 the annual review will cover both the NMW and National Living Wage.

Applying these rates has added an additional £9k to the current pay bill.

6.2 In addition to the increases to NMW rates, the Government is intending to increase the rate of the National Living Wage (NLW) from April 2017. The NLW is applied to workers who are aged 25 (or over) and is currently paid at £7.20 per hour. At the time of writing this report, the Government has not yet published the rate applicable from April 2017, but it is anticipated to be increased to £7.60 per hour and the costs to the Council have been based on this figure.

Applying this rate will add an additional £36k to the current pay bill.

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 of the Unison pay claim and the statutory wage increases are shown at paragraphs 5.1, 6.1 and 6.2.
- 8.2 The financial implications of applying a 1% increase to the salary bill equates to £700k.
- 8.3 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. 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.
- 9.2 A Diversity Impact Assessment is attached at Appendix 4.

10. Recommendation

- 10.1 That the Employment Matters Committee notes the report.

Lead officer contact

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Background Papers

None

Appendices

Appendix 1 - The Protocol for annual local pay and conditions negotiations 2017/2018.

Appendix 2 - An extract from the minutes of the Corporate Consultative Committee.

Appendix 3 - An e-mail from Mark Hammond (Unison, Regional Officer) to Tim Silver (Employee Relations Manager) detailing the Unison pay claim.

Appendix 4 – Diversity Impact Assessment

**PROTOCOL FOR ANNUAL LOCAL PAY AND CONDITIONS NEGOTIATIONS
2017/2018**

	ACTION	TIMEFRAME	COMMENT
1.	The Chief Executive updates trade unions on the budget and financial situation.	September 2016	Next scheduled meeting with CEO and TU's on 27/9
2.	The Chief People Officer will invite the trade unions to submit their claim on pay and conditions of service effective from the following 1 st April. The trade unions will be provided with an analysis of the Council's financial position.	September 2016	Agenda item at the CCC meeting scheduled for the 6/9
3.	The trade unions will first submit their joint claim to the Chief People Officer.	October 2016	
4.	The Chief Executive and the Chief People Officer will meet the trade unions to discuss and respond to the claim(s).	December 2016	Meeting scheduled for the 13/12
5.	Further meetings will take place as necessary during November/ December, including a Corporate Consultative Committee (CCC), Joint Consultative Committee (JCC) and Employment Matters Committee (EMC).	November 2016 & December 2016	JCC/EMC Meeting scheduled for the 30/11. CCC meeting scheduled for 6/12
6.	(a) Subject to 7 below, if agreement is reached, approval to recommend the agreement to full Council will be sought from the first EMC before the annual budget setting meeting of full Council.	February 2017	EMC meeting scheduled for 1/2/17
	(b) If agreement cannot be reached, the matter will be referred to JCC at which officers will outline the negotiations and the trade unions can respond.	February 2017	
	(c) Recommendation(s) from the JCC will be reported to the EMC where a decision will be made for recommendation to full Council.	February 2017	

7.	Decision made and budget approved by full Council.	March 2017	Full Council meet on 23/02/17
8.	Any agreed pay award and/or changes to any terms and conditions implemented.	April 2017	As per the processing of the 2016 increase, it is proposed that this is actioned in May 2017 and backdated

An extract from the minutes of the Corporate Consultative Committee held at Gun Wharf on 6 September 2016

Key: JC (John Chance, Head of Finance Strategy), TS (Tim Silver, Employee Relations Manager), TE (Tania Earnshaw, UNISON), FM (Frank Macklin, GMB), MG (Margaret Gallagher, AEP), LM (Lorraine MacManus, NUT).

3. Briefing from John Chance

TS circulated the Protocol for Annual Local Pay and Conditions Negotiations 2017/18 document. TS advised John Chance, the Head of Finance Strategy has been invited to attend the CCC to provide a brief with regards to the council's mid-term financial position.

JC explained that there are a number of elements impacting on the current year position, including a pressure on budgets particularly within Children and Adults.

The outlook is for continuing pressure on budgets, revenues and the support grant being taken away. There is a need to become self-sufficient through such means as Council tax. Cabinet have been asked to consider a number of strategies to raise the £13 million needed to break even next year. At national level relaxation of the rule regarding Council tax is awaited, which is felt to be the only way out for Local Authorities, but the increase of 2% has been factored in to the current report.

A 1% pay increase for the medium term has been factored in which incorporates any Cost of Living increase, budget for performance related pay and any statutory increases.

The National Minimum Wage/National Living Wage statutory increases are also causing pressure as Norse and many Adult Social Care providers that we pay have many staff affected.

The paper goes to Cabinet on 27th September and will be available on the public website early next week.

TE commented that the pay negotiation will be superficial. JC responded that if there is an argument for a pay increase greater than 1% it needs to be discussed. We have had to budget, the government directive says that the pay increase should be capped, which is the difficulty and has been factored in. MG mentioned that there is a private sector wage increase of 2%. JC mentioned that the private sector wages dropped in the economic downturn of 2008, where as public sector stayed constant. FM noted that there is a gap between private and public sector pay. Medway Council had frozen pay for a long time and now there are very small increases. JC suggested a table of how public and private sector pay have adjusted could be used to support the pay claim argument. FM highlighted that other Local Authorities are giving more, but FM understands the complexity. JC highlighted that district and borough Councils have more freedom as they do not have the social care aspect, we are a unitary authority.

FM raised a query of how staff will be rewarded for achieving all targets when there is insufficient budget. JC advised that as we have a slightly shrinking workforce, and staff

leaving at the top of salary scales, and we may appoint further down, it is hoped that this can be managed.

FM commented that the two schemes have morphed into one, and it should be that MedPay was to replace increments, which is the problem that we will have with members. TS commented that the split in the first two years wasn't all based on performance, we are now in the third year of MedPay and that the council rewarded colleagues at performance level 1B with an extra one day's holiday in the current leave year.

In response to a query from MG with regards to pensions, JC advised that these are dealt with separately and what is currently provided is deemed adequate.

MG raised an issue reported in the media of wage differentials between men and women. TS advised that any challenges around Equal Pay comparisons are managed through the usual protocols. TS reminded the Committee that the NJC job evaluation scheme had been used to evaluate jobs resulting in a MedPay range for the employees, regardless of gender. LM advised that the last breakdown on Equal Pay provided by academy schools who complied with the request was poor in this area.

JC advised that the Governments autumn budget statement will be available in late October/November. It was hoped that there would be some positive news with regards to empowerment for Councils to be self-sufficient.

TS advised that there is a target to have a pay uplift recommendation from the JCC to go to full Council in February, and reminded the Committee that the TUs' joint pay claim should be submitted by the end of October. FM expressed concern with regards to whether it is a worthwhile exercise.

**E-mail from Mark Hammond (Unison, Regional Officer)
to Tim Silver (Employee Relations Manager)**

Subject: RE: Joint Pay Claim 2017/18

Hi Tim

Unfortunately, I haven't been able to confirm a joint pay claim with the GMB as yet but Unison's headline claim is as follows:

- £10 an hour minimum wage
- 3% consolidated increase on all salary points and allowances

Thanks
Mark

Diversity impact assessment

TITLE <i>Name/description of the issue being assessed</i>	Pay Negotiations 2017/2018
DATE <i>Date the DIA is completed</i>	9 November 2016
LEAD OFFICER <i>Name of person responsible for carrying out the DIA.</i>	Tim Silver Employee Relations Manager
1 Summary description of the proposed change <ul style="list-style-type: none"> • <i>What is the change to policy/service/new project that is being proposed?</i> • <i>How does it compare with the current situation?</i> 	
The report updates members on the pay negotiations for implementation in April 2017	
2 Summary of evidence used to support this assessment <ul style="list-style-type: none"> • <i>Eg: Feedback from consultation, performance information, service user records etc.</i> • <i>Eg: Comparison of service user profile with Medway Community Profile</i> 	
TU's are engaged and informed at all stages of the pay negotiations process.	

Diversity impact assessment

3 What is the likely impact of the proposed change?

Is it likely to :

- Adversely impact on one or more of the protected characteristic groups?
- Advance equality of opportunity for one or more of the protected characteristic groups?
- Foster good relations between people who share a protected characteristic and those who don't?

(insert ✓ in one or more boxes)

Protected characteristic groups	Adverse impact	Advance equality	Foster good relations
Age			X
Disability			X
Gender reassignment			X
Marriage/civil partnership			X
Pregnancy/maternity			X
Race			X
Religion/belief			X
Sex			X
Sexual orientation			X
Other (e.g. low income groups)			X

4 Summary of the likely impacts

- Who will be affected?
- How will they be affected?



Diversity impact assessment

There is no impact on any of the protected characteristic groups.

5 What actions can be taken to mitigate likely adverse impacts, improve equality of opportunity or foster good relations?

- *Are there alternative providers?*
- *What alternative ways can the Council provide the service?*
- *Can demand for services be managed differently?*

Not applicable

6 Action plan

- *Actions to mitigate adverse impact, improve equality of opportunity or foster good relations and/or obtain new evidence*

Action	Lead	Deadline or review date
Not applicable		

Diversity impact assessment

7 Recommendation

The recommendation by the lead officer should be stated below.

This may be:

- to proceed with the change implementing action plan if appropriate
- consider alternatives
- gather further evidence

If the recommendation is to proceed with the change and there are no actions that can be taken to mitigate likely adverse impact, it is important to state why.

Not applicable

8 Authorisation

The authorising officer is consenting that:

- the recommendation can be implemented
- sufficient evidence has been obtained and appropriate mitigation is planned
- the Action Plan will be incorporated into service plan and monitored

**Chief People
Officer**

Carrie McKenzie

Date

9 November 2016

Contact your Performance and Intelligence hub for advice on completing this assessment

RCC: phone 2443 email: annamarie.lawrence@medway.gov.uk

C&A: phone 1031 email: paul.clarke@medway.gov.uk

BSD: phone 2472 or 1490 email: corppi@medway.gov.uk

PH: phone 2636 email: david.whiting@medway.gov.uk

Send completed assessment to the Corporate Performance & Intelligence Hub (CPI) for web publication