

## **EMPLOYMENT MATTERS COMMITTEE**

**1 FEBRUARY 2017**

### **PAY NEGOTIATIONS 2017/2018**

Report from: Carrie McKenzie, Chief People Officer

Author: Tim Silver, Assistant Head of HR

#### **Summary**

To present Members with an update on the pay negotiation process and provide a recommendation on the pay award 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 Trades 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 Trades Unions.

2.2 The procedure for pay negotiations was agreed by the Trades 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).

#### **3. Analysis of the MedPay PDR outcomes at April 2016**

- 3.1 Level 1A -17 (This cohort received a lump sum payment of £1000 (Gross) in addition to the pay award\*)  
Level 1B - 185 (This cohort received an additional one day's holiday in addition to the pay award)  
Level 2 - 2097 (This cohort received the pay award)  
Level 3 - 36 (This cohort did not qualify for any pay award)

\*pay award was 0.6% COLA and 0.4% PRP

3.2 Under MedPay, colleagues either at the top of their pay range and/or under MedPay pay protection arrangements are not entitled to receive the performance element of any pay award.

- 3.3 In April 2016, there were 369 colleagues at the top of their pay range and a further 89 on pay protection.

#### **4. Analysis of statutory increases**

- 4.1 Statutory increases are payments which the Council has to make to honour its legal requirement.
- 4.2 Statutory increases to the National Minimum Wage and National Living Wage are applicable in October 2016 and April 2017 respectively. The costs of meeting these statutory increases equates to £36K.
- 4.3 The level of training allowances given to apprentices increases from 1 April 2017. This increase across the whole Council equates to £4,500
- 4.4 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. The costs of meeting these nationally agreed terms is £86K and will be met from the overall budget set aside for pay increases in the financial year 2017/2018.
- 4.5 The total cost of meeting these statutory increases is £126,500.

#### **5. Pay Negotiations Protocol 2017/2018**

- 5.1 Progress to date:

**Action 1:** Completed - The Chief Executive and the Chief People Officer met with representatives from the Trades Unions (TUs) 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 TUs were given the Council's medium term financial plan, which highlighted the need to raise additional income or make savings of £13m to achieve a balanced budget for the next financial year.

The TUs were informed that a budget of c£700k had been provisionally allocated for any pay increases effective from 1 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 TUs 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 MedPay awards where colleagues assessed at Level 1b were

afforded one extra day's annual leave in the leave year ending March 2017.

**Action 3:** 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 TUs 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 in writing by Unison and then acknowledged verbally as a joint claim by GMB.

**Action 4:** Completed - The Chief Executive and the Chief People Officer met with Unison (GMB were invited but did not attend) on 13 December 2016. The minutes of that meeting are at Appendix 5.

**Action 5:** Completed - A meeting of the Joint Consultative Committee and Employment Matters Committee was held on 30 November 2016.

A meeting of the Corporate Consultative Committee was held on 6 December 2016 and an extract of those minutes are at Appendix 4.

A further meeting was held on 11 January 2017 with the Chief People Officer, Tim Silver (Assistant Head of HR) and Trade Union Representatives. Tania Earnshaw (Unison) was the only attendee. The minutes of that meeting are at Appendix 6.

**Action 6:** A meeting 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.

## **6. The joint pay claim**

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

Claim 2 £10 per hour minimum wage

## **7. Analysis of the joint pay claim**

7.1 In relation to claim 1, the costs to implement this equates to £1.5million excluding on-costs.

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

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

## **8. Further claim made by Unison.**

8.1 At the meeting with the TU's on 11 January 2017 (Appendix 6), Unison asked the council to consider 2 alternative claims:

Claim 1- Applying a 1% COLA pay increase to all staff and not have any performance related pay

Claim 2 - Giving an additional one day's leave for staff at the top of their pay range

## **9. Analysis of further claim made by Unison**

9.1 In relation to claim 1, the costs to implement this equate to - £617,823

In relation to claim 2, the costs to implement this equate to - £34,200\*

*\*this figure has been calculated using an average day's salary for staff*

## **10. The Council's pay offer**

10.1 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.

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

## **11. Financial and legal implications**

11.1 The financial implications of the Unison pay claim and the statutory wage increases are shown at paragraphs 7.1, 4.2, 4.3, 4.5, and 9.1.

11.2 The financial implications of applying a 1% increase to the salary bill equates to £558,421.

11.3 It is important that the Council's protocol for annual local pay and conditions negotiations is followed to minimise the risk of legal challenge.

## **12. Risk Management**

12.1 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.

### **13. Recommendation**

- 13.1 That the Committee recommend to full Council that £700k is allocated to pay rises and this is distributed in accordance with paragraph 10.1.

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#### **Appendices**

1. The Protocol for annual local pay and conditions negotiations 2017/2018.
2. An extract from the minutes of the Corporate Consultative Committee held on 6 September 2016.
3. An e-mail from Mark Hammond (Unison, Regional Officer) to Tim Silver (Employee Relations Manager) detailing the Unison pay claim.
4. An extract from the minutes of the Corporate Consultative Committee held on 6 December 2016.
5. Minutes of a meeting held on 13 December 2016 between the Chief Executive, Chief People Officer and Trade Unions.
6. Minutes of a meeting held on 11 January 2017 between the Chief People Officer, Assistant Head of HR and the Trade Unions.
7. Diversity Impact Assessment