

EMPLOYMENT MATTERS COMMITTEE

31 JANUARY 2018

PAY NEGOTIATIONS 2018/2019

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Summary

To present Members with a report on the progress of the pay negotiations for the financial year 2018/2019.

1. Budget and Policy Framework

1.1 This report covers the progress on the annual pay negotiations with the Trade Unions (TU) for the financial year 2018/2019.

2. Background

2.1 The council came out of the national agreement in April 2013 and this is the fourth year of formal negotiations on pay awards with the TU's.

2.2 The procedure for pay negotiations was agreed by the TU's 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 TU's

2.3 The TUs' joint pay claim at Section 4 references the Foundation Living Wage (FLW). The FLW is a wage rate calculated by the Living Wage Foundation (LWF) on a basket of goods that the LWF consider to be essential for a healthy, normal family life.

2.4 The FLW has no legal status. Instead, minimum wage levels in the UK are determined by the statutory national minimum wage and national living wage and the council has applied these statutory increases as required.

2.5 A Diversity Impact Assessment has been carried out on the pay negotiations, as set out in Appendix 6 to the report.

3. Pay Negotiations Protocol 2018/2019

3.1 Progress to date:

Action 1: Completed - The Chief Executive and the Assistant Director – Transformation met with representatives from the TUs on 26 September 2017. The Assistant Director – Transformation reiterated the requirement for the unions to submit their joint pay claim by the end of October 2017.

Action 2: Completed - The Acting Head of HR Services met with the TUs on 27 September 2017 (an extract of the minutes is attached at Appendix 2). At this meeting, the TUs were given the Council's medium term financial strategy (Appendix 3). The TUs were informed that a 1% budget (c£829k) had been set aside for any pay increases effective from April 2018. 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 were extra elements added to last years pay award, where colleagues assessed at Level 1b under the MedPay PDR process were afforded one extra day's annual leave in the leave year ending March 2018, and colleagues who were at the top of their respective pay range (who would have otherwise not received the performance element of the pay award) also received an additional one day's leave.

Action 3: Completed, the details of the pay claim are set out at Section 4 of this report.

Action 4: A meeting with the Chief Executive and the Assistant Director - Transformation and the TUs is to be scheduled. Due to diary pressures this meeting was not able to be scheduled. Recognising the timelines for progressing through the Pay Protocol, the Assistant Director – Transformation and the Acting Head of HR met with representatives from UNISON and GMB on 9 January 2018. See Appendix 4 for the summary notes of that meeting. A further element to the Joint Pay Claim (referenced within this report as Claim 3) was received from the TU's with a proposal to delete Range 1 from the MedPay pay ranges and to move all staff within the Range 1 pay range to the entry salary at Range 2, an analysis of implementing this element of the Joint Pay Claim is shown at A meeting between the Chief Executive, Assistant Director – Transformation and representatives from UNISON and GMB has been scheduled for 23 January 2018.

Action 5: Completed, an extract from the Minutes of the CCC meeting held on 12 December 2017 are at Appendix 5.

Action 6: Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 31 January 2018.

Action 7: A meeting of Full Council is scheduled for 22 February 2018.

4. The joint pay claim

4.1 The joint pay claim consists of two elements:

1. A 5% increase on all pay points; and
2. The deletion of all pay points below the Foundation Living Wage (FLW) of £8.45.

4.1.1 At the meeting with the TU's on 9 January 2018 (see Action 4 of the Pay Protocol at Appendix 1), the TU's tabled a proposal to delete Range 1 from the MedPay pay ranges and move staff within Range 1 to the entry salary at Range 2.

4.1.2 An analysis of 4.1.1 is shown at 5.6.

5. Analysis of the joint pay claim

5.1 The pay claim relates to MedPay pay arrangements only and while the joint claim references pay points, members are reminded that MedPay is not based on a pay point system but on staff being paid in accordance with their respective pay range.

5.2 The cost analysis below reflects the effect of the 5% increase before the application of the FLW.

In relation to Claim 1, the costs to implement this equate to c£2.5M excluding on-costs.

In relation to Claim 2, the costs to implement this equates to c£122K excluding on-costs.

5.3 This would raise the minimum full-time equivalent salary to £16,302, which would remove all of MedPay Range 1 and increase the entry level at Range 2 by £970. There are currently 76 colleagues who would benefit from this change.

5.4 At the EMC meeting held on 28 November 2017, Members requested further detail on the breakdown of the costs of meeting Claim 2.

5.5 The costs of meeting Claim 2 was calculated as a separate claim following the assumed implementation of Claim 1. Applying Claim 1, increases the pay for a cohort of staff to a level equal to or greater than the FLW with the costs calculated to bring the remaining cohort up to FLW levels. There are 590 colleagues of which 221 are employed on zero hour casual contracts who make up this cohort.

- 5.6 The joint claim was made before the Foundation Living Wage was increased from £8.45 to £8.75, further analysis based on this new level would raise the minimum full-time equivalent salary to £16,882, increasing the entry level into Range 2 by a further £579. There are currently 529 colleagues who would benefit from this change. It should be recognised that a greater proportion of these colleagues are engaged on casual contracts.
- 5.7 In relation of Claim 3, the costs to implement this equates to c£50K excluding on-costs.

6. Analysis of Statutory Increases

- 6.1 In October 2017, Government announced that they were moving the date of the implementation of any annual statutory increase to both the National Minimum Wage (NMW) and National Living Wage (NLW) from October to April each year, with the first of these being April 2018. Current rates will apply until 5 April 2018.
- 6.2 The Government announced increases to the NMW and NLW from 1 April 2018 in line with the table below:

	National Living Wage		National Minimum Wage		
	Age 25+	Age 21-24	Age 18-20	Under 18	Apprentice
April 2018	£7.83	£7.38	£5.90	£4.20	£3.70
April 2017	£7.50	£7.05	£5.60	£4.05	£3.70

- 6.3 Applying both these statutory increases will increase the current salary costs by £80K (excluding on-costs) of which £42K is assigned for statutory increases to the Apprentice cohort.

6.4 Analysis of the MedPay PDR outcomes at April 2017

Level 1A - 16 colleagues (This cohort received a lump sum payment of £1000 (Gross) in addition to the pay award*)

Level 1B - 178 colleagues (This cohort received an additional one day's holiday in addition to the pay award)

Level 2 - 1940 colleagues (This cohort received the pay award and an additional days leave if at the top of their respective pay range)

Level 3 - 9 colleagues (This cohort received the cost of living element only)

*pay award was 0.6% general cost of living award and 0.4% in accordance with the performance arrangements under MedPay.

7. The Council's pay offer

- 7.1 Members are reminded that the Pay Award agreed for April 2017 consisted of:

- 0.60% applied as a general cost of living increase;
- 0.40% paid in accordance with MedPay performance arrangements;
- Staff assessed at Level 1A under the MedPay performance arrangements received a lump sum payment of £1000 in addition to the pay award;
- Staff assessed at Level 1B under the MedPay performance arrangements received an additional one day's holiday for the holiday year 2017/2018 in addition to the pay award;
- Staff who were at the top of their MedPay pay range received an additional one day's holiday for the holiday year 2017/2018 in addition to the cost of living element of the pay award.

7.2 The Council's pay offer to the Trade Unions for the pay year 2018/2019 is:

- 0.60% paid as a general cost of living increase;
- 0.40% paid in accordance with the performance arrangements as detailed under MedPay.

8. Exceptions

8.1 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.

9. Financial and legal implications

9.1 The financial and legal implications of the joint pay claim and the statutory wage increases are shown at paragraphs 5 and 6.

9.2 The financial implications of applying a 1% increase to the salary bill equates to c£829k. This figure includes on-costs and an estimated impact of the implementation of NMW.

9.3 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.

10. Risk Management

10.1 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.

11. Recommendation

- 11.1 That the Committee recommend to full Council that £829k is allocated to pay rises and this is distributed in accordance with paragraph 7.2.

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Appendices:

- Appendix 1 - The Protocol for annual local pay and conditions negotiations 2018/2019
- Appendix 2 - An extract from the minutes of a special meeting of the Corporate Consultative Committee held on 27 September 2017.
- Appendix 3 - An extract from the MTFs Cabinet paper, 26 September 2017.
- Appendix 4 - An extract from the minutes of a Corporate Consultative Committee meeting held on 12 December 2017.
- Appendix 5 - Summary notes of a meeting held on 9 January 2018 between the Assistant Director – Transformation, the Acting Head of HR Services and representatives from the UNISON and GMB Trade Unions.
- Appendix 6 - Diversity Impact Assessment.

Background papers:

None