



EMPLOYMENT MATTERS COMMITTEE

30 JANUARY 2019

PAY NEGOTIATIONS 2019/2020

Report from: Carrie McKenzie, Assistant Director - Transformation

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Summary

To present Members with a report on the progress of the pay negotiations for the financial year 2019/2020.

1. Budget and Policy Framework

1.1 This report covers the progress on the annual pay negotiations with the Trade Unions (TUs) for the financial year 2019/2020.

2. Background

2.1 The Council came out of the national agreement in April 2013 and this is the fifth 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. The Foundation Living Wage 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 Foundation Living Wage 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, and is attached to the report (Appendix 7).

3. Pay Negotiations Protocol 2019/2020

3.1 Progress to date:

Action 1: Completed - The Acting Head of HR Services met with the TUs on 11 September 2018 (an extract of the minutes are attached at Appendix 2). At this meeting, the Head of Finance Strategy gave the TUs an overview of the Council's medium term financial strategy, and informed them that a budget equal to 1% of the 2018/2019 salary bill had been set aside for any pay increases effective from April 2019 with a reminder that in addition to any increase resulting from negotiations under the Pay Protocol, that this budget also includes any statutory increases to the National Living Wage and National Minimum Wage, as well as increases negotiated nationally to cohorts of staff employed on non-MedPay terms and conditions.

Action 2: Completed - The Acting Head of HR Services on behalf of the Assistant Director – Transformation, invited the TU's (Unison and GMB) to submit their joint pay claim by no later than 31 October 2018.

Action 3: Completed - The joint pay claim was received on 30 October 2018 and the details of the claim are set out at Section 4 of this report.

Action 4: Completed - A meeting with the Chief Executive, Assistant Director – Transformation, Acting Head of HR Services and representatives from Unison and GMB was held on 6 November 2018 and the minutes of that meeting are at Appendix 3.

Action 5: Completed - Meetings of the Corporate Consultative Committee, Joint Consultative Committee and Employment Matters Committee were held during December and extracts from the draft meeting minutes are at Appendix 4 and 5.

Action 6 a), b), c): Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 30 January 2019.

Action 7: A meeting of Full Council is scheduled for 21 February 2019.

4. The joint pay claim

4.1 The joint pay claim consists of three elements:

- A 5% increase on all pay points.
- The deletion of all pay points below the Foundation Living Wage 2019/2020 OR £9 per hour (NJC minimum wage), whichever is the higher.
NOTE: The Foundation Living Wage for 2019/2020 has been increased to £9 per hour for accredited employers outside of London.
- A return to National Pay Bargaining.

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 Foundation Living Wage.
- 5.3 In relation to the first element of the claim, the costs to implement this equates to c£2.5M excluding on-costs.
- 5.4 In relation to second element of the claim, the costs to implement this equates to c£500K excluding on-costs.
- 5.5 No cost analysis has been completed on the third element of the pay claim.
- 5.6 The impact of applying the 5% increase would raise the minimum full-time equivalent salary to £14,254 excluding on-costs. There are currently 34 colleagues who would benefit from this change.
- 5.7 Meeting the £9 per hour Foundation Living Wage and NJC minimum wage would raise the minimum full-time equivalent salary to £17,316 excluding on-costs, thereby removing the whole of Range 1 from the MedPay pay ranges and increasing the entry level into Range 2 by £1,815 from the current entry level. There are currently 525 colleagues who would benefit from this change. It should be recognised that a greater proportion of these colleagues are engaged on casual contracts.

6. Analysis of Statutory Increases

- 6.1 In October 2018, Government announced statutory increases to both the National Minimum Wage (NMW) and National Living Wage (NLW) to be applied from April 2019. The details of these statutory increases can be seen at Appendix 6.
- 6.2 The costs of applying these statutory increases equates to c£103,000
- 6.3 487 colleagues will benefit from these statutory increases.
- 6.4 The impact of applying the NLW will require a review of the MedPay Range 1 and Range 2 bandwidths as the new rate will exceed the current maximum salary within Range 1 and the entry salary at Range 2.

7. Analysis of the MedPay PDR outcomes at April 2018

Level 1A - 24 colleagues (This cohort received a lump sum payment of £1000 (Gross) in addition to the pay award*)

Level 1B - 213 colleagues (This cohort received an additional one day's holiday in addition to the pay award)

Level 2 – 1920 colleagues (This cohort received the pay award)

Level 3 - 16 colleagues (This cohort received the cost of living element only of the pay award).

*the pay award for 2018/2019 comprised of a 1.1% general cost of living award and 0.4% in accordance with the performance arrangements under MedPay.

8. The Council's pay offer

8.1 Members are reminded that the Pay Award agreed for April 2018 consisted of:

- 1.1% applied as a general cost of living increase;
- 0.40% paid in accordance with MedPay performance arrangements;

8.2 The Council's pay offer to the Trade Unions for the pay year 2019/2020 is:

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

9. Exceptions

9.1 There are 301 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.

10. Financial and legal implications

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

10.2 The financial implications of applying a 1% increase to the salary bill and to fund the increases to statutory awards (National Minimum Wage and National Living Wage) equates to £841,800.

10.3 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.

11. Risk Management

11.1 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.

12. Recommendations

12.1 That the Committee recommend to full Council that £841,800 is allocated for pay awards and that this is distributed in accordance with paragraph 8.2.

11.2 That the Committee recommend to full Council to delegate to the Assistant Director – Transformation the authority to agree the competency based awards for staff assessed under MedPay at Levels 1A, 1B and 2.

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Appendices:

Appendix 1 - The Protocol for annual local pay and conditions negotiations

Appendix 2 - Extract from the minutes of the Corporate Consultative Committee

Appendix 3 - Minutes of a meeting with the Chief Executive, Assistant Director – Transformation, Acting Head of HR Services and representatives from Unison and GMB trade unions.

Appendix 4 - Draft minutes of the Joint Consultative Committee meeting held on 5 December 2019.

Appendix 5 - Extract from the draft minutes of the Employment Matters Committee meeting held on 5 December 2019

Appendix 6 - National Minimum Wage and National Living Wage rates applicable from 1 April 2019.

Appendix 7 - Diversity Impact Assessment

Background papers: None