



## EMPLOYMENT MATTERS COMMITTEE

29 JANUARY 2020

### PAY NEGOTIATIONS 2020/2021

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 2020/2021.

#### 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 2020/2021.

#### 2. Background

2.1 The Council came out of the national agreement in April 2013 and this is the sixth 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 TUs.

2.3 A Diversity Impact Assessment has been carried out on the pay negotiations, and is attached to this report (Appendix 6).

#### 3. Pay Negotiations Protocol 2019/2020

3.1 Progress to date:

**Action 1:** Completed - The Head of HR Services met with the TUs on 24th September 2019 (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 2019/2020 salary bill had been set aside for any pay increases effective from April 2020 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 TUs (Unison and GMB) to submit their joint pay claim by no later than 31st October 2019.

**Action 3:** Completed - The joint pay claim was not received. A pay claim from Unison was received on 31st October 2019 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, Head of HR Services and representatives from Unison was held on 6 November 2019 and the minutes of that meeting are at Appendix 3.

**Action 5:** Completed - Meetings of the Joint Consultative Committee and Employment Matters Committee were held on December 4<sup>th</sup> 2019 and extracts from the draft meeting minutes are at Appendix 4 and 5. It was during this meeting GMB confirmed the pay claim is a joint one.

**Action 6 a), b), c):** Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 29th January 2020.

**Action 7:** A meeting of Full Council is scheduled for 20th February 2020.

#### **4. The joint pay claim**

4.1 The joint pay claim consists of four elements:

- A 7% increase on all pay points over 2 years (3.5% per year).
- A 35 hour working week (no decrease to salary)
- A commitment to reassess job profiles
- 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 No cost analysis has been completed on the second, third or fourth element of the pay claim.

- 5.3 The impact of applying the 3.5% increase would raise the minimum full-time equivalent salary to £14,277 excluding on-costs. There are currently 67 colleagues who would benefit from this change.
- 5.4 The financial implications of applying a 3.5% increase to the salary bill equates to c£2,132,356.53

## **6. Analysis of Statutory Increases**

- 6.1 In January 2019, Government announced statutory increases to both the National Minimum Wage (NMW) and National Living Wage (NLW) to be applied from April 2020.
- 6.2 The rates for the National Living Wage and National Minimum Wage are set out in the table below:

<b>Year</b>	<b>25 and over</b>	<b>21 to 24</b>	<b>18 to 20</b>	<b>Under 18</b>	<b>Apprentice</b>
April 2019	£8.21	£7.70	£6.15	£4.35	£3.90
April 2020	£8.72	£8.20	£6.45	£4.55	£4.15

- 6.3 The costs of applying these statutory increases equates to c£278,328.
- 6.4 681 colleagues will benefit from these statutory increases.
- 6.5 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, making the Range 2 bandwidth very small.

## **7. Analysis of Medpay PDR outcomes**

- 7.1 Analysis of the MedPay PDR outcomes at April 2019

Level 1A - 22 colleagues (This cohort received a lump sum payment of £1000 (Gross) in addition to the pay award\*)

Level 1B - 253 colleagues (This cohort received an additional one day's holiday in addition to the pay award)

Level 2 – 1622 colleagues (This cohort received the pay award)

Level 3 - 10 colleagues (This cohort received the cost of living element only of the pay award).

\*the pay award for 2019/2020 comprised of a 1.6% 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 2019 consisted of:

- 1.6% 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 2020/2021 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 278 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. Proposal to change the Apprenticeship salary**

10.1 Statutory rates under the National Minimum Wage regulations wef 1 April 2020

- Level 2 Apprentice = £153.55 (an increase of 6.41%)
- Level 3 Apprentice = £153.55 (an increase of 2.36%)

10.2 The implication of these statutory increases mean we need to align the rate at both Level 2 and Level 3.

10.3 The Council do have Apprentices that complete their Level 2 apprenticeship and progress onto a Level 3, and unless there is an increase to the Level 3 rate they would no longer see any increase in their pay, and therefore the incentive to continue would be diluted.

10.4 The Council have historically differentiated between Level 2 and Level 3 Apprentices as there is a clear distinction in the complexity of the work required to complete the respective programme.

10.5 We are suggesting that the Level 3 salary should increase to £165 per week (7.45% increase above the statutory April 2020 rate.)

10.6 As at 6 January 2020 we have 17 Level 3 Apprentices who would benefit from this increase with an estimated increase to the salary bill of £10,121.80 (difference between £153.55 per week to £165 per week)

10.7 The increase to £165 per week should future proof the Council against statutory increases to the National Minimum Wage effective April 2021, avoiding the need for another review.

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

- 11.1 The financial and legal implications of the joint pay claim and the statutory wage increases are shown at paragraphs 5 and 6.
- 11.2 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 £639,931.
- 11.3 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.
- 11.4 The Medium Term Financial Strategy and Draft Budget produced in September and November respectively assumed 1% against the salary budget (£600,042) and a further £80,000 to mitigate the impact of increases in the National Living Wage. The calculation in paragraph 11.2 is based on actual salaries costs (£639,931).

## **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. Recommendations**

- 13.1 That the Committee recommends to full Council that £639,931 is allocated for pay awards and that this is distributed in accordance with paragraph 8.2.
- 13.2 That the Council is recommended to delegate to the Head of Paid Service the authority to agree the competency based awards for staff assessed under MedPay at Levels 1A, 1B and 2.
- 13.3 That the Committee recommends to full Council that the level 3 Apprentice salary be increased to £165 per week with effect from 1 April 2020.

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**Appendices:**

Appendix 1 - The Protocol for annual local pay and conditions negotiations  
2020/2021

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

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

Appendix 4 - Extract from the draft minutes of the Joint Consultative  
Committee meeting held on 4th December 2019.

Appendix 5 - Extract from the draft minutes of the Employment Matters  
Committee meeting held on 4th December 2019

Appendix 6 - Diversity Impact Assessment

**Background papers:**

None