

## **EMPLOYMENT MATTERS COMMITTEE**

**26 JANUARY 2021**

### **PAY NEGOTIATIONS 2021/2022**

Report from/author: Samantha Beck-Farley, Head of Human Resources

#### **Summary**

To present Members with a report on the progress of the pay negotiations for the financial year 2021/2022.

1. Budget and policy framework
  - 1.1 The 2021/2022 pay negotiations are a matter for this Committee
  - 1.2 This report covers the progress on the annual pay negotiations with the Trade Unions (TU) for the financial year 2021/2022.
2. Background
  - 2.1 This Committee considers all pay negotiations with the Trade Union.
  - 2.2 The Council came out of the national agreement in April 2013 and has since then entered formal negotiations on pay awards with the TU's.
  - 2.3 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 will continue to follow this procedure in its discussion with the TU's.
  - 2.4 A Diversity Impact Assessment has been carried out on the pay negotiations, and is attached to the report (Appendix 2).
3. Pay Negotiations Protocol 2021/2022
  - 3.1 Progress to date:

Action 1: Completed - The Head of HR Services met with the TUs on 27th October 2020. At this meeting, the Head of Finance Strategy gave the TUs an overview of the Council's Medium Term Financial Strategy (MTFS), and

informed them that in line with previous years, the MTFs assumed a 1% increase to staff pay effective from April 2021 with a reminder that in addition to any increase resulting from negotiations under the Pay Protocol, that this budgetary sum 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 Head of HR Services, invited the TU's (Unison and GMB) to submit their joint pay claim as always agreed, by no later than 31st October 2020.

Action 3: - The joint pay claim was not received. An update from Unison asked for an extension to the 30th November 2020. Given the impact this year of the pandemic it was appropriate to grant the extension.

Action 4: Completed - A meeting with the Chief Executive, Head of HR Services and representatives from Unison was held on 9<sup>th</sup> December 2020.

Action 5: Completed - Meetings of the Joint Consultative Committee and Employment Matters Committee were held on 2nd December 2020. The pay claim was not discussed at these meetings, due to the delay in receiving it from the Trade Union.

Action 6 a), b), c): Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 26th January 2021.

Action 7: A meeting of Full Council is scheduled for 18th February 2021.

#### 4. The Unison pay claim

4.1 The Unison pay claim consists of three elements:

- A 1.3% across the board cost of living increase
- A minimum of Real Living Wage for all staff (£9.50 an hour))
- Two extra days of annual leave for all staff

#### 5. Analysis of the Unison pay claim

5.1 The impact of applying the 1.3% increase would raise the minimum full-time equivalent salary to £14,253, excluding on-costs. There are currently 11 colleagues who would benefit from this change.

5.2 The financial implications of applying a 1.3% increase to the salary bill equates to approximately £1,096,000.

5.3 The impact of applying the Real Living Wage (£9.50 an hour) to all staff would raise the minimum full-time equivalent salary to £18,329, excluding on-costs. There are currently 634 colleagues who would benefit from this change.

Should the uplift to RLW occur the 1.3% COLA increase would be absorbed within this increase.

5.4 The financial implications of applying the Real Living Wage to the salary bill equates to approximately £1,711,500.

5.5 No cost analysis has been completed on the third element of the pay claim.

## 6. Analysis of Statutory Increases

6.1 In November 2020, the Government announced statutory increases to both the National Minimum Wage (NMW) and National Living Wage (NLW) to be applied from April 2021.

These rates are for the National Living Wage and National Minimum Wage

Year	25 and over	23 to 24	21 to 22	18 to 20	Under 18	Apprentice
April 2020	£8.72	£8.20	£8.20	£6.45	£4.55	£4.15
April 2021	£8.91	£8.91	£8.36	£6.56	£4.62	£4.30

6.2 The costs of applying these statutory increases equates to approximately £139,150.

6.3 391 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, making the Range 2 bandwidth very small. The application of NLW increase from 1 April 2021 Range 2 will be from £17,190 to £20,322 (assuming no COLA increase) with a bandwidth of only £3,132.

## 7. The Council's pay offer

7.1 Members are reminded that the Pay Award agreed for April 2020 consisted of:

- 1.6% applied as a general cost of living increase;
- 0.40% paid in accordance with MedPay performance arrangements;

7.2 The Council's pay offer to the Trade Unions for the pay year 2021/2022 is:

- We are retaining a 1% allocation for pay. However, it is acknowledged that awarding pay to staff under the existing Medpay arrangements this year will prove very difficult due to the pandemic. Therefore, further consideration is being given to determine how it is to be awarded.

## 8. Exceptions

- 8.1 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.

## 9. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
<p>Loss of staffing</p> <p>Employee engagement - moral and satisfaction</p>	<p>The risks arising from this report relate to the morale and satisfaction of employees. In these times of austerity and the current pandemic 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</p>	<p>Medpay Review commissioned but has been stalled this year due to the pandemic</p> <p>Benefits to employees, non salary related</p> <p>Consideration given to preserving the 1% although attribution under the existing Medpay scheme would prove difficult</p>	<p>D3</p>

## 10 Financial implications

- 10.1 The financial and legal implications of the 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 £903,914.
- 10.3 The Medium Term Financial Strategy and Draft Budget produced in September and November respectively assumed 1% against the salary budget (£903,914) and a further £80,000 to mitigate the impact of increases in the National Living Wage. The calculation in 5.2 is based on actual salaries costs (£903,914).
- 10.4 The financial implications of applying a 1% increase to the salary bill has been noted in the MTF.

## 11 Legal implications

- 11.1 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.
- 11.2 The legal implications are shown in paragraph 6 above.

## 12. Recommendations

- 12.1 That the Committee recommend to full Council that £903,914 is allocated for pay awards.
- 12.2 That the Committee notes that Council will be recommended to delegate to the Head of Paid Service the authority to agree how the 2021/22 pay award for colleagues is allocated.

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### Appendices

Appendix 1 – Pay Protocol  
Appendix 2 – Diversity Impact Assessment

### Background papers

None