

EMPLOYMENT MATTERS COMMITTEE

6 DECEMBER 2023

PAY NEGOTIATIONS 2024/2025

Report from: Samantha Beck-Farley, Chief Organisational Culture Officer

Summary

To present Members with a report on the progress of the pay negotiations for the financial year 2024/2025.

1. Recommendation
 - 1.1 That the Employment Matters Committee notes the report, including progress made to date under the Pay Negotiations Protocol.
2. Budget and policy framework
 - 2.1 This report covers the progress on the annual pay negotiations with the Trade Unions (TUs) for the financial year 2024/2025.
3. Background
 - 3.1 The Council came out of the national agreement in April 2013, and this is the tenth year of formal negotiations on pay awards with the TUs.
 - 3.2 The procedure for pay negotiations was agreed by the TUs 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.
 - 3.3 A Diversity Impact Assessment has been carried out on the pay negotiations and is attached to the report (Appendix 2).
4. Pay Negotiations protocol 2024/2025
 - 4.1. Progress to date:

Action 1: Completed - The Chief Organisational Culture Officer met with the TUs 13th September an extract of the minutes are attached at Appendix 3. At this meeting, the Chief Finance Officer gave the TUs an overview of the

Council's process to develop the 2024/25 budget, and that there would be a further reporting to Cabinet in the autumn on the Financial Outlook for 2024/25. The Chief Finance Officer advised finance has been working with the council's senior members, corporate management team and Cabinet Members to look at early indications of our financial outlook for 2024/25. While in previous years the budget setting process has begun with a 1% assumption around pay, this year there has been a discussion about correcting pay and pay for our colleagues being a priority. It has been agreed that £10million will be set aside for pay, which will be for the Cost of Living Award and the cost of the MedPay review.

It was explained that whilst we are assuming £10million we will still be considering further points resulting from negotiations under the Pay Protocol, 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 Chief Organisational Culture Officer, invited the TUs (Unison and GMB) to submit their joint pay claim by no later than 16th October 2023.

Action 3: Completed - The joint pay claim was received on 11th of October 2023. Appendix 4.

Action 4: Completed - A meeting with the Chief Executive, Chief Organisational Culture Officer and representatives from Unison was held on the 20th of November 2023. The financial position of the organisation was discussed, and it was confirmed that a provisional £10million was put aside for pay awards and correction of MedPay review within the financial outlook. Extract of the discussion can be found in Appendix 5.

Action 5: Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for the 6th of December 2023.

Action 6 a), b), c): Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for the 30th of January 2024.

Action 7: A meeting of Full Council is scheduled for the 29th of February 2024.

5. The joint TU pay claim

5.1. The joint TU pay claim for 2024/2025 is as follows:

- A return to NJC by the third year of this administration.
- A 10% flat rate, consolidated increase for all staff
- The introduction of a 35-hour working week with no loss of pay.

- An uplift to the sleep-in payments of 3.88 %

6. Analysis of the joint TU pay claim

- 6.1. The pay claim relates to MedPay pay arrangements only, 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. Cost have been arrived at after applying the statutory increases and committed increments.
- 6.2. The total estimated cost of applying a 10% increase and implementing statutory increases (increments and NMW/NLW including apprentices) to the salary bill equates to c£8,746,000. This estimate is based on staff currently employed rather than the whole staffing budget of the council and does not take account of vacant posts in the current structures.
- 6.3. Medway Council Sleep-in payments have recently been raised to £45.00ph, from £32.94ph. An increase of 3.88% equates to an additional estimated cost of £1,560 per year.
- 6.4. The introduction of a 35 hour week has not been costed, but during discussion with the TU it was agreed that Annual Leave maybe a preferable solution. Further options to be discussed as part of the pay negotiations.
- 6.5. Early discussions with TU have taken place around 'what a return to NJC' may look like. Further discussions to be had as part of the pay negotiations.

7. Analysis of statutory increase

- 7.1 Typically, in October each year, Government announces statutory increases to both the National Minimum Wage (NMW) and National Living Wage (NLW) to be applied from the following April. The announcement was later this year and confirmed in the Autumn Statement on 22nd November 2023. The rates announced will be applied from the 1st April 2024. The details of these statutory increases are listed below:

Group	2023 hourly rate	% increase	Estimated 2024 hourly rate
21 and over	£10.42	9.79%	£11.44
18 to 20	£7.49	14.82%	£8.60
16 to 17	£5.28	21.1%	£6.40
Apprentice	£5.28	21.21%	£6.40

- 7.2 A key change to note is that from 1 April 2024, workers aged 21 and over will now be entitled to the National Living Wage. This is due to the 21 – 22 National Minimum Wage group being absorbed into National Living Wage.
- 7.3 The estimated cost of applying this NWM/NLW statutory increases equates to c£602,000.

7.4 743 colleagues will benefit from these statutory increases, this includes those who are engaged on a casual basis.

7.5 Due to the pressures on the lower bands created by statutory increases it is necessary for us to review pay bands 1 and 2 and consider further proposals. These are being discussed at Corporate Consultative Committee on 6th December and will form part of the discussion in the January Joint Consultative Committee.

8. Exemptions

8.1 There are 217 posts 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, MAE Group, AFC and NHS (Public and Mental Health) terms. They are therefore not covered by this local arrangement.

9. Risk management

9.1 The risks arising from this report relate to the morale, employee engagement, attraction, and retention. In these times of austerity, whilst it is extremely difficult for the council to allocate significant funds to increase pay, it is important we remain competitive and ensure our employees are committed to the council and continue to enjoy working here.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Without recognising our employees, the Council will risk losing their skilled workforce to other work organisations who do.	It is challenged that the removal of increments from pay and a below inflation pay Cost of Living award have meant many people have not had increases to salaries, compared with market average. To do nothing in terms of a pay reward would be detrimental to retaining our skilled workforce	<p>To continue to monitor exit surveys and reasons for leaving.</p> <p>To continue to review our people promise</p> <p>Continue to benchmark roles</p> <p>Progress the MedPay review beyond for the whole organisation</p> <p>Offer a more meaningful Pay Award</p>	B2

Risk	Description	Action to avoid or mitigate risk	Risk rating
Funding: Budget not sufficient to cover increase proposed	Often budget constraints mean pay awards are below inflation or RPI.	Where possible offer pay awards to match inflation, where this is not possible offer other methods of reward to demonstrate how staff are valued.	B2

10. Consultation

10.1 As detailed in the pay protocol at paragraph 4.

11. Climate change implications

11.1 Whilst this has neither a positive or negative climate change/carbon emission implication, it should be noted that any other form of recognition, i.e. mileage costs would need to be considered and will be covered as part of the MedPay review on allowances.

12. Financial implications

12.1. The financial implications of the joint TU pay claim and the statutory wage increases are c£8,746,000 this is detailed in paragraphs 5 and 6.

12.2. The Financial Outlook 2024/25 included an estimate of c£10 million pay allocation for staff for the pay award and the impact of the MedPay review. The Trade Union pay claim is solely focussed on the pay award, as this budget needs to correct historical pay concerns it is proposed this budget covers both, therefore the pay claim by The Trade Union will represent a further pressure above the allowance made in the Draft Budget. The actual amount will depend on the proposed pay award, which will be discussed in January 2024.

13. Legal implications

13.1 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.

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Appendices

Appendix 1 - The Protocol for annual local pay and conditions negotiations
2024/2025

Appendix 2 - Diversity Impact Assessment

Appendix 3 - Minutes of the Corporate Consultative Committee

Appendix 4 - Unison Pay Claim

Appendix 5 - An Extract of the meeting between the Chief Executive and Unison.

Background papers

None