

<b>SUBJECT:</b>	Pay Award 2018/19 and 2019/20 for staff on the Harmonised Contract
<b>REPORT OF:</b>	Bob Smith, Chief Executive
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<b>WARD/S AFFECTED</b>	N/A

### 1. Purpose of Report

To consider and agree an inflationary pay award offer for April 2018/19 and April 2019/20 for staff on Harmonised Contracts below Head of Service level, whose pay is determined locally.

#### RECOMMENDATIONS

- 1. Remove 1A and 1B from the Pay Spines to ensure compliance with the statutory National Living Wage.**
- 2. Move staff who are paid a spot salary equivalent to the 2016 Voluntary Living Wage to a spot salary of 1C on the Harmonised Pay Spine.**
- 3. Award a 2% pay uplift in April 2018/19 and a 2% pay uplift in April 2019/20.**
- 4. The Committee notes that the draft Council budgets for 2018/19 be amended to reflect the additional cost, £135,600 of the proposed award.**

### 2. Reasons for Recommendations

- 2.1 It is recommended that 1A and 1B of the Harmonised Pay Spine are removed as the hourly pay level at these spinal points are expected to fall below the predicted statutory National Living Wage. There are currently no employees on 1A and 1B of the pay spine.
- 2.2 It is recommended that staff at the South Buckinghamshire Golf Course (Golf Course) who are paid a spot salary equivalent to the 2016 Voluntary Living Wage are moved to a spot salary at 1C of the Harmonised Pay Spine in order to ensure their hourly rate complies with the statutory National Living Wage.
- 2.2 It is recommended that a 2% pay uplift is awarded in 2018/19 and a 2% pay uplift is awarded in 2019/20 to match the pay award nationally and to ensure our competitiveness in comparison with neighbouring authorities and to overall therefore recruit and retain the best staff.

### 3. Content of Report

- 3.1 This report relates to staff, below Heads of Service level, who are on the Harmonised Contract and whose pay award is determined locally.
- 3.2 This report does not cover Heads of Service who are also subject to a locally determined pay award. We are awaiting the JNC agreement for Chief Officers before making a recommendation as their pay closely matches the pay bands covered by this agreement. Nor

does it cover the Directors and Chief Executive whose pay is determined nationally by the JNC for Chief Executives and Chief Officers as their pay award has yet to be agreed. It is likely however that the pay award offer for these senior officers will match the proposal in this paper which in turn matches the NJC offer. In fact the pay claim for Chief Executives from ALACE (Association of Local Authority Chief Executives and Senior Managers) seeks to match the offer of 2% in April 2018 and 2% in April 2019. Please see section 6.1 of this report for the financial impact of a 2% increase in April 18 and a 2% in April 19 for Heads of Services, Directors and the Chief Executive should this be awarded.

3.3 Locally Determined Pay Award: Each year the Councils need to consider whether they wish to offer a pay increase to staff. Under the terms and conditions of the Collective Agreement between Chiltern and South Bucks District Councils and UNISON of 1<sup>st</sup> July 2014 (which applied to all posts below Head of Service level) it was agreed that we would move out of the national government collective bargaining scheme and move to locally determined pay: -

*"The agreement to pay inflationary rises to staff in accordance with the National Joint Council agreement will be reviewed in three years. The Council's purpose for this review\*\* will be to introduce locally determined pay with effect from 01 July 2017 or such date as may be agreed. A locally determined pay mechanism involving Members of Councils, UNISON and Management will be introduced through joint negotiating machinery to coincide with the change."*

3.4 At its meeting on 3<sup>rd</sup> July 2018 the Joint Staffing Committee agreed the arrangements for the introduction of locally determined pay. The pay cycle commences with the JSC agreeing an offer to be made to staff and UNISON.

3.5 \*\*UNISON's Position: It should be noted that UNISON have taken a different position on the purpose of the review as described in the collective agreement quoted above. Their stance is that the review is about firstly whether it is agreed that we move to locally determined pay or not, and if it is agreed, then secondly whether the pay award offer can be agreed. The outcome of this is that when we commence negotiations with UNISON they have stated they will need to ballot their members on both the move to locally determined pay and the pay award offer.

That said the agreed starting point for negotiations is that the JSC agree an offer to be made to staff and UNISON. Below are some factors for the Committee to consider when making its recommendation.

3.6 Previous Pay Awards

In previous years staff have been awarded pay uplifts as follows:-

	Harmonised contracts & HOS	Staff on CDC terms and conditions	Staff on SBDC Locally determined pay	
2014/16			2.35% (plus non-consolidated	

## Joint Staffing Committee

			payments to the lower scale points so to be as close as possible to the NJC pay agreement)	
Jan 15 – Mar 2016	-----	2.2% (plus non consolidated payments)		
April 2016	1%	1%	1%	
April 2017	1%	1%	1%	

Over recent years all pay awards both national and local have been set in the context of the on-going financial challenges facing all authorities and therefore pay uplifts have fallen below the level of inflation. As a result staff have seen a material loss of spending power.

### 3.7 Retail Price Index and Consumer Price Index

Pay increases are directly concerned with maintaining employee spending power when set against inflationary pressures. They do not reward performance or any other specific job related aim. Hence, it is helpful to consider the matter of pay awards against inflation rates over the last few years.

	Retail Price Index (RPI)	Consumer Price Index (CPI)
March 2014	2.5%	1.5%
March 2015	0.9%	0.3%
March 2016	1.6%	0.8%
March 2017	3.1%	2.3%
October 2017	4%	2.8%

RPI figures include mortgage interest, cost of house insurance, council tax etc. whereas the consumer prices index (CPI) excludes these particular items and is more internationally comparable with the way inflation is calculated in other countries. CPI is also the measure by which the Government have assessed pension and benefit increases from 1<sup>st</sup> April 2011.

### 3.8 Neighbouring Authorities

- AVDC agreed a two year pay deal in 2017 which was 1% for 17/18 and 2% 18/19;
- WDC will apply the nationally negotiated pay awards, outlined below;
- BCC have Performance Related Pay (PRP) which is called DSP (Delivering Successful Performance) which is a combination of reward for the higher performers and an award in the form of a locally determined % pay uplift which has yet to be agreed;
- Windsor and Maidenhead likewise have PRP and they locally determine the proportion of reward and award.

### 3.9 National Negotiations - the NJC Offer for 2018/19 and 2019/20

On the 5<sup>th</sup> December the National Employers made their final offer to the Trade Union's Side on its pay claim for 2018/19 and 2019/20. Full details of the offer are given in Appendix A. In summary:-

1. This is a two-year pay offer covering the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2020;
2. Year One: Pay Offer for 1<sup>st</sup> April 2018 comprises higher increases to the lower pay points (SCPs 6-19 of the national pay scale) resulting in a new bottom rate of £8.50 per hour and a flat-rate increase of 2% for staff on SCPs 20 or above.
3. Pay offer for 1<sup>st</sup> April 2019 (Year Two) a bottom rate of £9.00 per hour. In addition they have restructured the pay spine at the lower end to deal with compacting of differentials and ironed out the random gaps between pay points to have even increments between scale points 1-22. From scp23 onwards applied a flat rate increase of 2.0%.
4. The pay award offer represents a 5.584% increase to the national pay bill over 2 years.

Please note that this offer is still subject to negotiation. However, this offer was not reached by consensus by the National Employers and this offer has been made as a final offer. The original Trade Union claim was for 5% for 18/19.

### 3.10 National Living Wage

The statutory National Living Wage (NLW) is currently £7.50 per hour. All staff in the Councils are currently paid above the statutory NLW (the lowest hourly pay on the pay spine is £8.14).

When the Chancellor introduced the NLW in his July 2015 Budget he indicated that its target level was to reach 60% of median hourly earnings by 2020. At the time of the announcement, the forecast for 2020 was £9.35 per hour and in his speech he referred to it being "at least £9.00". Although in November 2017 the Office of Budgetary Responsibility forecast it would be £8.56.

In summary then we know that the NLW will rise in April 2018/19 and April 2019/20. We do not know what the rise will be but the predicted level is (as reflected in the National Employers offer) £8.50 in April 2018/19 and £9.00 in 2019/20.

## **4 Consultation**

- 4.1 The recommendations in this report are subject to negotiation with UNISON including consultation with staff. With respect to UNISON they have taken the position that the move to local pay has not been agreed and that they need to decide both whether or not to move to local pay and also whether to accept the pay award offer.

## **5 Proposals**

5.1 Local government is undergoing a period of unprecedented change. The way that public services are designed and delivered is evolving at a rapid pace and against this background we need to:-

- Reward employees fairly in order to attract and retain the best staff;
- Ensure motivation and high performance to meeting the challenges of the future
- Remain competitive in the local employment market;
- Ensure we meet our statutory requirement to pay at or above the NLW.

5.2 The recommendation comprises 3 parts:-

1. National Living Wage and Lower spinal points:

It is recommended that spinal points 1A and 1B are removed from the Pay Spines and pay spine begins at 1C in order to ensure our lowest paid staff are paid at the predicted rate of the NLW. There are currently no employees on spinal point 1A and 1B. For information the Harmonised Contract Pay Spine is attached at Appendix B.

2. Golf Course staff on spot salaries' below the predicted NLW:

There are 5 staff at the Golf Course who are paid on a spot salary set at the Voluntary Living Wage as it was in 2016 when all the golf staff were moved on to harmonised terms and conditions. This is £8.45 per hour. It is recommended that these staff are moved to a spot salary at 1C of the Harmonised Pay Spine to bring up their hourly rate to that of the statutory National Living Wage. There would be no cost to this in 18/19 and a cost of £2,694 in 19/20 (based on costings attached in Appendix C which models a 2% increase in 18/19 and 2% in 19/20).

3. 2 year pay offer

Make an offer of an increase of 2% in April 2018/19 and 2% in April 2019/20. This is recommended as it would match the national offer and also the expected pay award at WDC. It would also match the 2% awarded at AVDC in April 2018. This would ensure the Councils' continue to compete locally on salaries and would hence assist with recruiting and retaining the best employees and make us an employer of choice.

5.3 Agreement to the above will result in the need to amend the draft 18/19 budget.

5.4 The advantage of having a 2 year offer is that it provides security to staff and removes the necessity to negotiate over pay in 2019/20. It might also assist in securing support from staff and UNISON for the local pay arrangements being introduced this year.

5.5 Please see Appendix B for the current pay scales and how these would look with a projected 2 year increase at 2% each year.

- 5.6 It is also proposed that this offer could be subject to a further review should the finally agreed national award be greater than the current proposed award of 2% in 2018/19 and 2% in 2019/20.

## **6. Corporate Implications**

- 6.1 Financial: The draft budgets for 2018/19 currently makes provision for a 1% inflationary pay increase. Revising the budget to reflect the above proposals adds an additional £135,600 to the pay bill, including employer related on costs, in 2018/19. This will be shared between the two Councils via the cost sharing agreement and the impact for Chiltern is an additional £77,459 and for South Bucks £58,141.

The 2019/20 impact would be a further £273,818 to the pay bill, including on costs, again shared between the two Councils. The Medium Term Financial Strategies for the two Councils currently assumes 2% cost uplifts so the award would not be out of line with this assumption.

For information, should a 2% pay uplift be awarded to Heads of Services, Directors and the Chief Executive in April 2018 and April 2019, the total budget impact over 2 years would be £30,801.

## **7. Links to Council Policy Objectives**

Retaining and recruiting the best staff is critical to the delivery of services to our customers and the success of both Councils.

## **8. Next Step**

To commence negotiation with UNISON and consultation with staff on this pay award offer.

<b>Background Papers:</b>	None other than referred to in this report and Appendix.
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