

London Borough of Bromley

Report No.HR

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing

Date: 6th February 2017

Decision Type: Non-Urgent Non-Executive Non-Key

TITLE: 2017/18 PAY AWARD

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Chief Officer: Director of Human Resources

Ward: N/A

1. REASON FOR REPORT

- 1.1 Under the local terms and conditions of employment framework, the General Purposes & Licensing Committee (GP&L) is required to make a recommendation on pay awards to Full Council.
 - 1.2 Pursuant to the local framework, the annual pay award review is now part of the Council's budget planning process. This requirement is a key driver for coming out of the national/regional pay negotiating frameworks.
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2. RECOMMENDATION(S)

2.1 Members are asked to recommend that Full Council approve the following:

- A flat 1.2% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process) with an additional £300 (full time equivalent) paid to those members of staff currently earning less than £18k per annum.
- An increase in standby allowances as set out in para 3.7 of this report
- That the Trade Union's claims including the 4% pay claim and the additional annual leave for staff be rejected (see para 2.4 below)

2.2 Pursuant to 2.1 above, Members note that the pay increase is again higher than the 2 year pay settlement (averaging 1%) agreed previously for local government staff negotiated at the national/regional levels between the Unions

and Local Government employers of a 1% pay increase for 1 April 2016 and a 1% pay increase for 1 April 2017.

2.3 Members also note that, as in the last five years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2017/18 pay increase in time for the April pay.

2.4 Members note the Unions' summary pay claim for:

- **A 4% across the board increase on all salary points and allowances**
- **An additional 3 days paid annual leave for all employees of the Council**
- **A review of any other allowances which are currently paid with specific claims i.e. Xmas Cover**

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated Cost – Approximately £833K
 2. On-going costs: Within existing budget
 3. Budget Head/Performance Centre:
 4. Total current budget for this Head:
 5. Source of Funding:
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Staff

1. Number of staff (current and additional): All Council staff, except teachers.
 2. If from existing staff resources, number of staff hours:
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Legal

- 1) Legal Requirement: Non-Statutory Requirement
 - 2) Call In: Call in is not applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected)
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Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The Council formally adopted a local terms and conditions of employment framework for its staff, except teachers, on 12th November 2012. The key elements of the localised arrangements are as follows:

- Locally determined annual pay award for all staff, except teachers, aligned with the annual budget setting process;
- Merited reward (non-consolidated/non-pensionable) for exceptional performers;
- Any pay increases, including increments and pay awards linked to satisfactory performance for all staff, not automatic.

- 3.2 The Council continues to face a significant budget gap over the next four years (£23.6m by 2020/21). The Council's approach to this pressure and the challenges and opportunities it faces to balance the budget is comprehensively addressed in the report "Draft 2017/18 Budget and Update on Council's Financial Strategy 2018/19 to 2020/21" to Executive on 11th January 2017:

<http://cds.bromley.gov.uk/documents/s50045035/Exec%20110117%20Draft%20Budget%20Report.pdf>

- 3.3 Against this background, the Council proposed for staff and Trade Union consultation purposes a flat 1.2% pay award increase for all staff, except teachers, with an additional £300 (full time equivalent) paid to those members of staff currently earning less than £18,000 per annum. The proposal was communicated by the Chief Executive to all staff on 12 January 2017 and the Unions, including Unison, GMB and Unite branch and regional officers were also advised on the same day.
- 3.4 On their part, the three Unions, namely Unison, GMB and Unite, submitted a joint pay claim on the 28th October 2016. The Unions' claim stated, *inter alia*, as follows:
 - i) Appropriate reward for the major and constant changes our members have experienced in recent years, including numerous restructures, changes to the way services are delivered to residents, and ongoing out-sourcing programmes
 - ii) Reward for the increasing stress, resulting from this instability, faced by front line workers

- iii) A substantial, above inflation, pay rise to help restore and maintain employees living standards
- iv) A settlement weighted towards the, often female, lower paid members of the workforce who have done least well in monetary terms out of recent pay

In summary:

- **A 4% across the board increase on all salary points and allowances**
- **An additional 3 days paid annual leave for all employees of the Council**
- **A review of any other allowances which are currently paid, with specific claims i.e. Xmas Cover**

3.5 Feedback has still to be received from the Unions on the proposed pay increase and it is hopeful that this will be received in time for a verbal or/and written summarised update to be provided at the meeting. Given the challenges affecting every service, including frontline and community based services in the borough; staff would understand the difficult financial climate in which the Council is operating. To date there has been no negative feedback from staff.

3.6 Hence, management side, led by the Director of Human Resources, has rejected the Unions' pay claim as unrealistic and completely divorced from the unprecedented financial challenges facing the Council between now and the next few years. Suffice it to say that the Unions' 4% pay claim is out of kilter with (a) the pay settlement (circa 1%) agreed nationally by the same Unions for Local Government Staff for 16/17 and 17/18 and (b) the public sector pay restraint. The average settlement elsewhere in the public sectors is no more than 1%.

3.7 The Unions' claim would cost the Council circa £2.8m compared to circa £833K for the Council's 1.2% pay award increase and additional £300 (FTE) payment to staff earning less than £18k per annum. With regards to the element of the pay claim relating to an increase in standby payments the proposed increase as detailed in the table below would cost the Council an additional £15k.

Standby Payments

Period – per session	Current Rate	Proposed Rate
Monday to Friday	£6	£8.50
Weekends	£12	£15.00
Bank Holidays	£16.14	£17.50

Following discussion with the Trade Unions they amended their original claim for 3 days annual leave for all staff to a claim proposing a harmonisation and increase of leave levels across all grades however even with the amended claim this would represent an additional £75k cost to the Council.

3.8 How does the Council's 2017/18 pay award increase offer compare?

- i) As before, the offer if agreed by Full Council represents a higher settlement for Bromley staff, compared to the 2 year pay settlement (averaging 1%) for local government of a 1% pay increase for 1 April 2016 and a 1% pay increase for 1 April 2017
- ii) It also means that, for the fifth consecutive year, the Bromley settlement is both higher and paid in time in April, unlike the lower and protracted settlements at the national/regional levels. Last year Bromley staff, received a 1.2% pay award across the board.
- iii) The UK inflation rate, as measured by the Consumer Prices Index (CPI), is 0.6% (September 2016).

Whilst pay awards for 17/18 are in the process of being negotiated elsewhere in both the Public and Private Sector, other pay data gathered from Council's outside of London show increases in 16/17 between 1% and 2% with the majority of increases around 1%. This is broadly consistent with the 2 year pay deal agreed in 2016 for those Council's still operating national terms and conditions.

This trend looks set to continue across the public sector with the Education Secretary calling for pay increases in 17/18 to be capped at 1% for Teaching staff and the context for the 17/18 NHS pay round is the continuation of public sector pay policy which caps pay for public sector staff at an average of 1% annually until 19/20.

3.9 The Council is operating in an economic climate of national financial uncertainty whilst having to face enormous pressures to deliver services where demand for growth is high particularly in relation to care services to vulnerable children and adults. This is also set against the backdrop of global financial uncertainty as the United Kingdom leaves the European Union.

3.10 The Council will continue to respond positively and flexibly to the labour markets regarding critical skills and hard to recruit and retain posts, in particular by offering enhanced packages if appropriate. Staff employed by the Council are also able to access the "Real Benefits" Scheme. Through the scheme the Council has negotiated favourable discounts with a range of retailers in Bromley. Accessing these benefits maximises the opportunity for employees to save on everyday living costs and staff feedback in this respect has been very positive.

3.11 Additionally, the Leader, the Portfolio Holder for Resources and their Cabinet colleagues and the Chairman of General Purposes and Licensing Committee are still committed to the Merited Pay Reward scheme for exceptional performers. £200k is allocated in the base budget to support the scheme. To date a total of 522 merited rewards have been made including 166 rewards in 2016/2017. In addition this year 217 “mini” merited rewards have been given.

4. POLICY IMPLICATIONS

- 4.1 As stated in paragraph 3.1 above, the annual pay award review is one of the key drivers for adopting the localised terms and conditions of employment framework for staff, except teachers. It enables the Council to set its own pay award free from nationally/regionally negotiated arrangements, usually divorced from local pressures and circumstances.
- 4.2 Aligning the pay review process with the budget setting process means that the cost of the pay increase is not viewed in isolation from the other significant cost pressures impacting on the Council's overall budget

5. FINANCIAL IMPLICATIONS

5.1 The proposal from the Unions to pay a flat rate 4% increase to all staff would cost the Council around £2.8million p.a. including overheads. This is at a time when the Council is facing a continuing period of unprecedented reduction in public funding and over the next few years significant savings are still required. The increases to pay as set out in para 2.1 therefore represent a reasonable pay award in the current financial climate.

6. LEGAL IMPLICATIONS

6.1 As set out in the report, there are no specific implications, including equal pay arising from the proposed pay award recommendations as detailed in para 2.1 above.

7. PERSONNEL IMPLICATIONS

7.1 As set out in the report.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	