

# London Borough of Bromley

Report No.HR

PART I – PUBLIC

Agenda Item No.:

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**Decision Maker:** General Purposes & Licensing

**Date:** 6<sup>th</sup> February 2018

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

**TITLE:** 2018/19 PAY AWARD

**Contact Officer:** Charles Obazuaye, Director of Human Resources  
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**Chief Officer:** Director of Human Resources

**Ward:** N/A

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## 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:

- (i) A flat 2% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process)
- (ii) That the Trade Union's claims including the revised pay claim for staff be rejected (see para 2.3 and 3.6 below)

### 2.2 Members also note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2018/19 pay increase in time for the April pay.

### 2.3 Members note the Unions' revised summary pay claim for:

- (i) For staff on pay bands currently **above £19,000** FTE PA, a 2% increment, as proposed,

(ii) For staff on pay bands currently **between £17,000 - £19,000** FTE PA, a further consolidated lump sum uplift of £600,

(iii) For staff on pay bands currently **between £16,000 - £17,000** FTE PA, a further consolidated lump sum uplift of £800,

(iv) For staff on pay bands **below £16,000** FTE PA, a further consolidated lump sum uplift of £1,000."

#### Corporate Policy

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

1. Cost of proposal: Estimated Cost – Approximately £1.25m
  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:
- 

#### 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 12<sup>th</sup> 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 financial challenges going forward with a significant budget gap in 20/21 and beyond. 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 2018/19 Budget and Update on Council's Financial Strategy 2019/20 to 2021/22" to Executive on 10<sup>th</sup> January 2018. A copy of the report can be found at the following link:

[Executive Agenda Pack 10th January 2018](#)

3.3 Delivering sustainable finances is increasingly important during a period of national and international economic issues which creates uncertainty over the longer term direction of the Government's austerity measures.

3.4 In order to continue to provide services in the longer term the Council will need to continue to provide priority services, radically transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities and mitigate against the cost pressures currently being forecast.

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3.5 Against this background, the Council proposed for staff and Trade Union consultation purposes a flat 2% pay award increase for all staff, except teachers who are covered by a separate statutory pay negotiating process.

3.6 The proposal was communicated by the Chief Executive to all staff on 16 January 2018 and the Unions, including Unison, GMB and Unite branch and regional officers were also advised on the same day.

3.7 On their part, the three Unions, namely Unison, GMB and Unite, submitted a joint pay claim. The Unions' claim stated, *inter alia*, as follows (Management's response is indicated in italics)

- (i) A 5 % increase on all salary points and allowances (***This represents an estimated cost to the Council of approximately £3.12 million which is unrealistic in terms of affordability in the current financial circumstances***).
- (ii) An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the London Living Wage, wherever this is not already the case within the Council's employment, including community schools (***The Council has stated on previous occasions that it does not intend to implement the London Living Wage***).
- (iii) A review of training and CPD opportunities across the organisation to facilitate staff development, retention and progression (***this is already part of the Council's Workforce Development Strategy. A recent example of this would be the mandatory training programme introduced for Social Care Staff as well as the development of the Staff Progression Pathway.*** )
- (iv) Consideration the equalisation of annual leave entitlements across the grades/scales in view of increasing demands on staff and resources – all staff should receive a minimum of 30 days leave, with the possibility of increments to 31 days after 5 years' service and 32 days after 10 years. Unions would be happy to discuss possible arrangements for phasing this in over a number of years to reduce the impact on the budget and operations (***An increase in annual leave entitlements was explored in depth last year and rejected due to the costs involved. In light of the continuing financial challenges there are no plans to revisit this matter at this time***).
- (v) A review of Family Friendly Policies, in particular Parental Leave entitlements in respect of fully paid Maternity and Paternity Leave for parents of premature babies, effective between the actual date of the birth and the due date (date at which standard Maternity/Paternity Leave comes into effect). Please refer to the campaigns being run by charities 'The Smallest Things' and 'Bliss', as well as ACAS publications for further information. Where extended hospital stays in the Special Care Baby Unit are necessary due to birth complications and the baby's ill health, we request that the Employer grant either parent, upon request, up to 6 months full pay and 6 months half pay where hospitalisation extends beyond the period of contractual

Maternity Pay. **(The Council is aware of the ACAS guidance in this area and is of the view that its current special leave policies already provide sufficient flexibility for managers to address the needs of staff in such difficult circumstances).**

- (vi) Greater fairness and transparency in the award of bonuses and rewards **(The Council remains committed to the Merited Pay Reward Scheme and the volume and spread of awards distributed across Departments continues to improve).**
- (vii) Greater emphasis of the benefits to employees of the Employee Assistance Programme **(The Assistance Programme is publicised both on the intranet, in individual recruitment packs for new starters and by leaflet drop for all other staff).**
- (viii) Better training and support for managers in dealing with the impact of work-related stress on staff wellbeing and mental health **(Training is already offered to managers together with access to support tools such as the HSE Stress Indicator Tool Assessment. In addition the Council has a mental health well-being champion who is also a departmental representative. With the well-being Champion's representative support managers recently received a briefing on the subject of mental health, its impact on staff and supportive measures in place to assist.)**

3.8 Following notification of Bromley's proposed award of 2% the Trade Unions have now submitted a Joint Counter proposal Claim as follows:

"(i) At the Pay Consultation Meeting on 16/01/2018 the Employer Side proposed a 2% uplift in pay, across all pay scales.

(ii) Union representatives at the meeting responded to the effect that we could not recommend acceptance of this offer to our membership on the basis that it falls far short of both the Joint Unions' Pay Claim submitted to Bromley and the current offer from the NJC Employers Side, which includes better percentage increases for workers on lower pay grades and provides for a 2 year commitment. The Council's current proposal would seem therefore to disregard the urgent need to relieve the strain on Bromley's lowest paid staff members, who are struggling to meet the rising cost of living in Greater London and the surrounding areas.

(iii) Furthermore, we are disappointed to see that Bromley Council is not delivering on its stated intentions to reward their staff better than their counterparts within the NJC Framework. Whilst we understand that Local Authorities across the country are severely cash-strapped due to years of under-funding from Central Government, we cannot see why Bromley would be in a worse financial situation than other London Councils, as the challenges faced are broadly the same?

(iv) In the light of the above, we hereby request that the LB of Bromley consider improving their offer for 2018/19 in respect of workers on lower pay by implementing additional Lump Sum consolidated payments, as in previous years, over and above the 2% uplift. With an ever decreasing staff base due to continued privatisation should surely cost the Borough a steadily diminishing amount.

(v) In line with the sliding scale of increments on offer from the NJC, we are requesting your consideration of the following;

(vi) For staff on pay bands currently **above £19,000** FTE PA, a 2% increment, as proposed,

(vii) For staff on pay bands currently **between £17,000 - £19,000** FTE PA, a further consolidated lump sum uplift of £600,

(viii) For staff on pay bands currently **between £16,000 - £17,000** FTE PA, a further consolidated lump sum uplift of £800,

(ix) For staff on pay bands **below £16,000** FTE PA, a further consolidated lump sum uplift of £1,000."

3.9. To date there has been no individual negative feedback from staff although for those staff in the Trade Unions any feedback would of course be via their representatives.

3.10 Management side, led by the Director of Human Resources, has rejected the Unions' pay claim as unrealistic in light of the financial challenges facing the Council between now and the next few years

### 3.11 **How does the Council's 2018/19 pay award increase offer compare?**

(i) Submitted on 14 June 2017 to the Local Government Association the NJC pay claim for 2018-2019 made by the Joint Trade Union Side (UNISON, GMB and UNITE) to the Local Government Association was:

*The deletion of NJC pay points SCP 6-9 to reach the Foundation Living Wage of £8.45 (UK) and £9.75 (London) and a 5% increase on all NJC pay points.*

(ii) Agreement has yet to be reached on the pay award for 2018/19, however the London Employers final offer to the Trade Union's comprises:

- A headline rate minimum 2% increase in 2018 and 2019
- Bottom loading with higher than 2% increases for the lowest grades in 2018 & 2019.
- A new pay spine in 2019 with even increment increases of 1.8% up to old spinal point 28 (currently increment differences are very small up to this point).

- Remains within the NJC national bargaining arrangements.
- Retains the integrity of the London pay spines, although by adopting the assimilation principles of the national offer the number of pay points in grades will change.
- Keeps within parameters on affordability by reference to the relationship with the national offer.

#### **4. Public Sector pay forecast 2018/19**

- 4.1 Since the 2017 general election Public Sector pay has become an increasingly high profile issue. In September 2017 the Chief Secretary to the Treasury Elizabeth Truss announced that a more flexible approach to public sector pay would be taken.
- 4.2 Whilst there were no specific details in the announcement from Truss as to the likely pay awards for the public sector for 2018/19 “pinch points” were identified such as attracting more talented staff to the public sector and the importance of retaining staff in key professions. Truss indicated that public sector pay would be looked at on a “workforce by workforce basis”.
- 4.3 The 1% cap on Public Sector pay was lifted in September 2017 based on recommendations by independent pay review bodies for Police and Prison Officer staff. Police Officers received a pay rise for the current financial year of 2% and Prison Officers received 1.7%.
- 4.4 Teacher pay rose by 1% from 1 September 2017, however the government implemented the STRB’s recommendation that a 2% uplift should apply to the top and bottom of the main pay range. The Council agreed its own central pay policy for Teacher’s in September 2017 following the STRB’s recommendation.
- 4.5 In October 2017 the Health Secretary Jeremy Hunt announced that the pay cap on NHS staff would be lifted in 2018/19. No specific details on the exact rise or how it will be broken down amongst the various professions within the NHS was given.
- (i) The Bromley offer if agreed by Full Council represents the same flat rate percentage increase for Bromley staff, compared to the proposed London pay settlement.
  - (ii) It is acknowledged that the London offer represents a higher percentage for lower graded staff however overall the Bromley proposed 2% pay increase is consistent with both the National and London offer.
  - (iii) It also means that, the Bromley settlement will be paid in time in April, unlike the protracted settlements at the national/regional levels.
  - (iv) Whilst pay awards for 18/19 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 17/18 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.

- 4.6 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.
- 4.7 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.
- 4.8 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 686 merited have been given.

## **5. POLICY IMPLICATIONS**

- 5.1 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.
- 5.2 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

## **6. FINANCIAL IMPLICATIONS**

- 6.1 A flat rate 2 % increase to all staff will cost the Council around £1.25million p.a. including overheads.
- 6.2 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.
- 6.3 The increase to pay as set out in para 2.1 therefore represents a reasonable pay award in the current financial climate.



## **7. LEGAL IMPLICATIONS**

- 7.1 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.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 As set out in the report.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	