

London Borough of Bromley

Report No.HR

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing

Date: 12th February 2019

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

TITLE: 2019/20 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:

(i) A flat 2.25% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process)

(ii) A further increase for lower paid staff as follows inclusive of the flat rate 2.25% increase.

Spinal Points	Proposed increase inclusive of the flat rate pay award of 2.25%
4-17	6%
18	5%
19-22	4%
23-30	3%

(ii) That the Trade Union's pay claim for staff be rejected (see para 3.7 below and attached Appendices)

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 2019/20 pay increase in time for the April pay.

Corporate Policy

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

1. Cost of proposal: £1,731k p.a
 2. On-going costs: £1,731k p.a
 3. Budget Head/Performance Centre: Staffing budgets across the council
 4. Total current budget for this Head:
 5. Source of Funding: Central contingency
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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: N/A

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 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 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23" to Executive on 16th January 2019. A copy of the report can be found at the following link:

<https://cds.bromley.gov.uk/documents/s50065719/Executive%20160119%20Draft%202019-20%20Budget%20report%20Jan%20Exec%2016-1-19%20Final%20080119.pdf>

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

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. The interim Chief Executive's Transformation Agenda seeks to address these issues. Staff perspectives are key to the transformation agenda. The Interim Chief Executive has already set out his vision in an email to all staff following his appointment. Staff and their representatives will be engaged on these programmes at the right time.

3.5 Against this background, the Council proposed for staff and Trade Union consultation purposes a flat 2.25% pay award increase for all staff, except teachers who are covered by a separate statutory pay negotiating process. Further increases were proposed for lower paid staff ranging between 3% and 6% inclusive of the flat rate proposed pay award of 2.25%

3.6 The proposal was communicated by the Director of Human Resources and Customer Services to all staff on 18 January 2018 and the Unions, including Unison, GMB and Unite branch and regional officers were also advised. Feedback received from Staff has in the main been positive. One response was received requesting further information regarding the comparison of pay for managers in Children's Social Care in relation to other Borough's but this has already been previously addressed by the Recruitment and Retention Board and Bromley's salaries are competitive when considered like for like in terms of responsibilities and job role.

A further response was received regarding the award of higher percentage salaries to lower graded staff.

- 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) A full copy of the Union's claim and supporting documentation can be found at Appendix A. In addition the Unions also submitted a separate letter regarding the settlement process for citizens requesting that the Council consider funding the cost of the settlement fee for employees. A copy of the letter from the Trade Unions can be found at Appendix B.

SUMMARY OF CLAIM

- An increase on all salary points and allowances sufficient to equal, or better, their equivalents on the GLPC/NJC Framework Arrangements. (See attached information regarding the 2 year agreed Pay Award for the period April 2018 to March 2020 and how to assimilate onto them). ***(The Bromley proposed award of 2.25% is better than that agreed nationally for this year as a flat rate award and Bromley proposes to recognise and pay additional awards to those on lower graded salaries.)***
- A review of the pay and grades structures to create a clearer and more equitable distribution across all grades following realignment of the lowest bandings to achieve headroom above the Living Wage (National Minimum Wage) and the Foundation Living Wage (London Living Wage). ***(As stated one of the key principles of adopting a local pay framework allows democratically elected Members/Councillors to determine staff pay and terms and conditions based on a number of factors including affordability and local benchmarks)***
- An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the Foundation Living Wage (London Living Wage) which is currently set at £10.55 per hour for 2019 (£10.20 for 2018). ***(Bromley is proposing to offer increases of between 3% and 6% (inclusive of the flat rate 2.25%) to those on lower graded salaries).***
- A review of payments and consideration of improvements to conditions in relation to additional components such as unsocial hours, gender pay, terms for working parents, and adjustments to hours. ***(Bromley will be meeting its statutory obligation to publish its gender pay information and continues to seek to address the gap. At present there are a number of women employed in senior management positions within the Council. Bromley also has a range of flexible working and benefits for working parents. Bromley's pay arrangement is equality compliant).***
- Special London Allowance for Residential Staff (should this apply) in accordance with the GLPC agreement as follows;

The agreed rate from 1 April 2018 to be £1,144 and from 1 April 2019 £1,167 (increased from the 31 March 2018 rate of £1,122).

- Planned overtime rates in line with the GLPC recommendations as follows;

	1 April 2017	1 April 2018	1 April 2019
Rate a)	£20.20	£20.60	£21.02
Rate b)	£21.63	£22.06	£22.50
Rate c)	£23.47	£23.94	£24.42

These rates are relevant from spinal column point 29 and above. See paragraph 2.4 of the Gold Book for guidance on the application of these rates.

- An agreement with the joint unions on behalf of staff in relation to the management of workloads across the Council. ***(The Council recognises the need to ensure an adequate work life balance for its staff and empowers its managers and staff to ensure that this happens. Monitoring by Senior Management helps to reinforce this best practice. An example of this would be the “Case Load Promise” that exists for Qualified Social Workers in Children’s Social Care. The introduction of a formal workload agreement between the Council and the Trade Unions is not therefore required).***
- The Council has also considered the request of the Trade Unions to fund the settlement fee for EU citizens however it has since been announced by the Government that the Fee is no longer being introduced.***

3.8 How does the Council’s 2019/20 pay award increase offer compare?

- 3.9 The National Joint Council (NJC) agreed a pay award last year based on a 2 year period. This comprised a 2% pay award from April 2018 and a 2% pay award for 2019. The pay award also addressed staff on lower graded spinal points by awarding additional increases.
- 3.10 Nationally many Council’s have committed to paying the London Living Wage. This is different to the statutory minimum wage. The former is not a statutory requirement.
- 3.11 Bromley Council staff received a pay award of 2% last year and the proposed award of 2.25% therefore compares favourably with the flat rate 2% award agreed nationally for 2019/20.

- 3.12 Whilst acknowledging the difference in the lower graded salary points compared with National, the Council has committed to a tailored increased award to those Bromley Pay points between 4 and 30 to help address this. In real terms these increases are between 3 and 6% inclusive of the flat rate pay award of 2.25%. The Council will continue to monitor staff recruitment and retention and where appropriate additional pay including the use of market supplements and any other proportionate responses will be adopted e.g. hard to fill and retain posts in children/adult services.

4. Public Sector pay forecast 2019/20

- 4.1 The 1% cap on Public Sector pay was lifted in September 2017 and in July 2018 the Government announced that around one million public sector workers would benefit from the biggest pay rise in almost 10 years.

- 4.2 Based on recommendations by independent pay review bodies:

- In 2018 Police Officers received a pay rise of 2% and Prison Officers received 2.75% 1.7%.
 - The Teacher main pay range rose by 3.5% from 1 September 2018 with separate increases of 2% to the upper pay range and 1.5% to Leadership. The Council agreed its own central pay policy for Teacher's in 2018 following the STRB's recommendation.
 - In March 2018 a 6.5% pay rise over three years was announced for more than a million nurses, midwives and agenda for change staff in return for modernisation of terms and conditions.
- (i) The Bromley offer if agreed by Full Council represents an increased flat rate percentage increase for Bromley staff, compared to the London pay settlement.
- (ii) It is acknowledged that the London pay award previously agreed represents a higher percentage for lower graded staff however the Council has sought to address this by proposing an increased tailored percentage increase to those staff on lower graded salaries.
- (iii) Whilst pay awards for 19/20 are in the process of being negotiated elsewhere in both other Public and Private Sector, other pay data gathered from Council's outside of London show increases in 18/19 between 1.2% and 2.5% with the majority of increases around 2%.

- 4.3 The Council continues to operate 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.

- 4.4 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.
- 4.5 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
- A separate amount of £200k for Merited Award vouchers for exceptional performers has been set aside. In 2018/19 a total of 193 awards ranging from circa £200 to £1,000 were awarded to staff. Also, a total of 180 mini rewards circa £50 (average) were awarded to staff. This brings to more than a million pounds having been set aside since the Scheme’s inception.
 - Members have also reiterated their commitment to Staff Training and Development including the Graduate Internship Scheme and the Apprenticeship Levy. Since the Levy was introduced with additional funding by the Council a total of 22 apprentices have been recruited.
 - Every year the Council recruits up to 6 graduate interns and many of them have been promoted into permanent senior positions in the organisation. In terms of the Apprenticeship Levy, HR is developing a plan to use the levy to upskill existing staff in the organisation partly to address areas of recruitment and retention difficulty.
 - In addition key Members and Departmental Representatives remain committed to and continue to work on the ‘Dream Organisation’ agenda to ensure that the Council remains an employer of choice. The Departmental Representatives are a conduit between the Members and Chief Officers and our workforce. They are taking forward matters as diverse as the Transformation Agenda and reduction of plastic consumption and their role is appreciated by all Members.

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 2.25% increase to all staff as well as the additional increase for lower graded staff as detailed in recommendation 2.1 (ii), will cost the Council £1,731k p.a.
- 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.

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