

London Borough of Bromley

Report No.HR

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing

Date: 11th February 2020

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

TITLE: 2020/21 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 2.5% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process)**
 - (ii) **The removal of the equivalent of spinal points 4-8 (affecting BR1, BR2 and BR3 grades) with assimilation to equivalent of spinal point 9 (BR3).**
 - (iii) **The introduction of a 4p electric car lease mileage rate for business mileage**
 - (iv) **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 2020/21 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: £1.596m
 2. On-going costs: £1.596m
 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:
-

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)
-

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. Apart from the City of London, Bromley Council is the only London borough to adopt a localised arrangement. It has been successful because under the local arrangement the Council is able to flex its pay and rewards, and the arrangement has not caused any recruitment and retention challenges. Pay discussions at the local level with staff and their representatives is also constructive and the process is seamlessly managed as part of the annual budget planning process.

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 future years. 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 2020/21 Budget and Update on Council's Financial Strategy 2021/22 to 2023/24" to Executive on 15th January 2020. A copy of the report can be found at the following link:

<https://cds.bromley.gov.uk/documents/s50077894/Executive%20150120%20Draft%20Budget%20Report.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 Transforming Bromley Agenda seeks to address these issues. Staff perspectives are key to the transformation agenda. Interestingly, the recent all staff conference on Transforming Bromley has created a strong belief, energy and a compelling argument for staff engagement on the agenda.

3.5 Against this background, the Council proposed for staff consultation purposes a flat 2.5% pay award increase for all staff, except teachers who are covered by a separate statutory pay negotiating process. It is also proposed to remove the equivalent of spinal points 4-8 (affecting BR1, BR2 and BR3 grades) with assimilation to equivalent of spinal point 9 (BR3).

3.6 The proposal was communicated by the Director of Human Resources and Customer Services to all staff on 16th January 2020 and the Unions, including Unison, GMB and Unite branch and regional officers were also advised at a meeting on the same date. Feedback received from Staff to date has been positive.

- 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.

SUMMARY OF CLAIM

- The 2020 - 2021 joint pay claim submitted to Bromley Council by Unite, Unison & GMB reflects the national joint pay claim which requests:
 - A 10% increase on all pay points
 - A one day increase to the minimum paid annual leave entitlement
 - A two hour reduction in the standard working week
 - A comprehensive review of the workplace causes of stress and mental health

Although the national pay talks are still ongoing, the proposed Bromley pay award of 2.5% is likely to exceed that being considered by other LG employers. The unions' 10% pay claim will cost the Council £6.3m. A 10% pay claim does not reflect the on-going unprecedented pressures or the average wage settlements.

There are no plans to increase the minimum entitlements for annual leave or to look at a reduction of the standard working week. The minimum leave in the Council is 24 plus the 8 statutory bank holiday, rising to 30 for long standing employees with 5 years or more service.

The Council recognises the need to support staff in regards to stress and mental health and have recently trained approximately 30 mental health first aiders across the workforce. Arguably, the Council is ahead of the game compared to other organisations nationally and regionally and both in the public and private sector. HR has developed a comprehensive Mental Health awareness programme, and is actively working with our mental health champion to continue to raise awareness across the organisation. To that end, the Council will be running 2-3 major events in 2020 to coincide with national mental health awareness days in May and October. We also have an Employee Assistance Scheme (EAP) available to support staff and their families 24/7. This is a confidential service where staff can receive up to 6 face to face or telephone counselling sessions.

- Additionally, they are seeking to locally raise Bromley pay for grades BR1, 2 and 3 to ensure that all Staff are paid the London Living Wage (LLW), recognising the higher cost of living in London i.e. seeks a minimum £10.75 per hour.

Bromley is proposing to remove the equivalent of spinal points 4-8 (affecting BR1, BR2 and BR3 grades) with assimilation to equivalent of spinal point 9 (BR3). The lowest hourly rate would be £10.60 p.h. which far exceeds the

statutory National Living Wage of £8.21 p.h. The London Living Wage is not a statutory requirement.

- The use of RPI rather than CPI when assessing pay settlements since it more closely reflects the actual price rises experienced by staff than the Consumer Price Index (CPI).

In December 2019 RPI was 2.2% and CPI was 1.4%. The proposed pay award of 2.5% is therefore above both RPI and CPI

How does the Council's 2020/21 pay award increase offer compare?

- 3.8 The National Joint Council (NJC) is yet to agree its pay deal for 20/21 which was delayed due to the December General Election. The proposed pay increase is likely to exceed the national offer.
- 3.9 Bromley Council staff received a pay award of 2.25% last year and the proposed award of 2.5% therefore again compares favourably with the average 2% award agreed nationally for 2019/20.
- 3.10 Whilst acknowledging the difference in the lower graded salary points compared with National as well as the national removal of spinal points 4 and 5 nationally in previous pay settlements, the Council has also proposed the removal of the lower spinal points up to and including spinal point 8. The Council continues 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 2020/21

- 4.1 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 In July 2019 the then Chancellor of the Exchequer confirmed a second year of above inflation pay rises for the majority of Public sector workers including Teachers, Consultants, Dentists, Police Officers, Prison Officers and the Armed Forces.
- 4.3 The move has been seen as a bid to boost staff recruitment and retention as well as improve morale in the public sector.
- 4.4 Teachers have recently received a pay award of 2.75% across all grades.
- 4.5 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.
- 4.6 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. This year, Members have agreed to the introduction of additional employee benefits including the Salary Sacrifice Lease Car Scheme and Additional Annual Leave Purchase Scheme. Accessing these benefits maximises the opportunity for employees to save on everyday living costs and staff feedback in this respect has been very positive.

4.7 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 2019/20 a total of 226 awards ranging from £250 to £1,000 were awarded to staff. Also, a total of 189 mini rewards 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.
- Every year the Council recruits 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 2.5% increase to all staff as well as the removal of the equivalent of spinal point 4-8 as detailed in recommendation 2.1 (ii), will cost the Council £1.596m.
- 6.2 Section 3.7 of this report refers to a joint pay claim. This includes for example reference to 10% increase on all pay points which would represent an increase in costs of £6.3m.
- 6.3 The Council continues to face an underlying 'budget gap' as identified in the 2020/21 Council Tax report to Executive and there remains a need for savings to be identified in future budget choices. Provision for a 2.5% increase and changes to spinal point 4-8 have been included in the Draft 2020/21 Budget.
- 6.4 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.
- 8.2 In addition to the comments in the body of the report, the proposals to eliminate the equivalent of spinal points 4-8 will benefit 45 employees, 23 centrally employed and 22 employed in C&VC Schools. This equates to an average 9.9% increase for the staff on the lowest points, compared to the 2.5% increase.
- 8.3 HR will continue to work with managers to ensure our pay, at all levels, remains competitive ensuring we remain an employer of choice.

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