

Report of the Director of Customer and Business Support Services

National Pay Award for Local Government Services Employees

Summary

1. This report outlines the council's application of the national pay award for Local Government Services employees. It describes the difficulties of this particular award and the decisions and consequences of its implementation.
2. Members are asked to note the information and to comment on the payment of non consolidated lump sums for employees in Grades 11 and 12.

Background

Background to CYC pay

3. The majority of council employees' terms and conditions are governed by the national Joint Council for Local Government Services (LGS) employees, known as the 'Green Book'. However, for pay and grading the council has local terms that were collectively agreed in 2008 when it carried out the legally required Single Status Review.
4. At this time the council moved away from the LGS national pay structure and implemented the 12 Grade pay structure pay and supporting allowances that are in place today. The pay and grading policy was carefully developed at the time to meet the requirements of 'equal pay for work of equal value'.
5. Whilst moving out of the national pay arrangements, the council did commit to staying within the annual pay negotiations on the following basis:

'the Council will apply whatever percentage rate is agreed nationally to all grades and local allowances within the new pay structure except the sleep in allowance which will be paid at the nationally agreed rate. Any elements of the nationally agreed pay rise outside of basic percentage uplift, will be reviewed by the joint pay board in order to give effect to the national agreement.'

6. In addition to the 12 grade structure the council has a contractual Living Wage supplement which currently sets the minimum rate of pay for employees as £7.65 per hour or £14,758 per annum. This is subject to review in April annually.

National pay negotiations

7. Reaching agreement for a 2014 pay settlement has been extremely difficult, the Employers offer to the trade unions for April 2014 was rejected resulting in industrial action and ongoing negotiations taking place through out the year.
8. On 14 November 2014 revised proposals were agreed between employers and trade unions and councils informed of the agreed pay settlement for local government employees. The pay settlement this year is challenging for the council to implement as it sets different pay awards and non consolidated lump sums linked to national pay scale (which differs from the council's 12 grade scale) as opposed to a single overall percentage increase to pay rates.
9. Through separate negotiations, on the 28th November an offer of a 2% pay award was made for all Chief Officers who are on salaries of £99,999 or below. There is no result to this element of the pay negotiations as yet but it would help with implementing any outcome, if members would determine whether the agreed position when finalised can implemented locally as per the Council's Pay Policy which states:

The council will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations.

Outcome of Local Pay Negotiations

10. The approach which has been taken for local implementation is that CYC will apply the principals of the national pay agreement onto the local pay structure. The following detailed agreements have been reached as the final agreed settlement:
 - Application of the bottom loaded cash pay award to the local 12 Grade pay structure by mapping existing salaries to the national grading structure.
 - Application of 2.2% to all remaining grades.
 - Application 2.2% to cash allowances.
 - Application of the differentiated non consolidated cash sums set out in the national settlement based on mapping of CYC salaries to the national pay scales.
 - Lump sums would be paid in December and would not be split into two payments.
 - Discussions on the national proposal to remove SCP 5 in October 2015 and any implications for the council would take place with the trade unions during 2015.
11. The resulting effect on the local pay structure is show in Annex A.
12. There are two issues arising from this which are not covered by the national pay agreement.
 - Applying the different cash values to the bottom of the local pay structure meant that the salary of the top level of Grade 1 was greater than the salary of the bottom level of Grade 2. This goes against the principals of the local pay structure. It has been possible to resolve this overlap by making an increase of £247 to the salary of Grade 2 L1 making the salary £13,868. The unions were in support of this. There is no additional cost to the council for making this change as staff in Grade 1 and Grade 2 are already receiving a Living Wage supplement which takes their salary to £14,758.
 - The national scale ends at what is called scale point 49 with a salary of £42,957, beyond which councils using that scale would use Chief Officer salaries. The CYC structure contains non Chief Officer salaries up to £52,466. There is no guidance for the payment of a lump sum to all employees on the local pay structure on Grade 11 Level 3 to 4 and Grade 12.

Members could agree to extend the principals of the national pay award and make a non consolidated lump sum payment to staff who are not currently covered by the principals in national agreement. There are 151 employees affected by this and the cost of doing so would be £30,350.

Consultation

13. Negotiations have taken place with the recognised trade unions through the council's Corporate Consultative and Negotiating Committee (CCNC) in order to reach agreement on the implementation of the pay award.

Analysis

14. All analysis is contained in the body of this report and is recorded in more detail in minutes of CCNC meetings.

Council Plan

15. The information outlined in this report is in line with the council plan core capabilities and the workforce strategy which has pay, reward and recognition as one of its aims.

Implications

Financial

16. The full year cost of implementing the 2.2% pay award and the cash lump sums set out at Appendix A is £1.84m. Both elements of the pay award are covered by the national agreement and budget provision has already been made for this in 2014/15 and 2015/16.
17. There are 151 staff who would not receive a cash lump sum under the provisions of the national agreement and the cost of making a payment to these staff would be £30,350.

Legal

18. The council is contractually committed to giving effect to the national pay award. In so far as that award is not a simple percentage uplift the council is required to review the detail

through the CCNC and develop detailed proposals which give effect to the national agreement.

Human Resources

19. The implications are contained in the report.

Equalities

20. The small change in grade at the bottom end of the CYC grading structure has sought to retain the integrity of the 12 pay structure.

Crime and Disorder

21. There are no Crime and Disorder implications

Information Technology (IT)

22. Payment of cash lump sums in December is subject to resourcing capacity and minimal changes to the payroll system.

Property

23. There are no property implications

Risk Management

24. The council has previously mitigated challenge of unequal pay by implementing a local 12 Grade pay structure, with supporting allowances and pay policies. These were carefully developed at the time to meet the requirements of equal pay for work of equal value. The national pay award does not take the local context into account when reaching a national agreement on pay. Although it has been possible to apply the principles of this national pay award, if similar future pay awards follow the same approach it will become more difficult to maintain the principals of our local pay agreements.

Recommendations

Members are asked to;

- (i) Note the contents of the report.

Reason: To understand the key issues and implications of applying the national pay award for 2014/16.

- (ii) Note the agreement reached with Trade Unions to change the salary of Grade 2 Level 1 to £13,868.

Reason: To maintain the integrity of the local pay structure.

- (iii) To decide whether a lump sum payment should be made to those 151 staff in Grade 11 Level 3 and Level 4 and Grade 12. At a cost of £30,350.

Reason: To apply a lump sum payment to all staff on the pay structure, including those not expressly covered by the national pay award.

- (iv) To respond in principle to the Chief Officer pay offer and make a recommendation to Full Council on Chief Officer Pay.

Reason: To ensure the Chief Officer pay offer is considered alongside other pay matters.

Contact Details

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Report
Approved

Date 28
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2014

Specialist Implications Officer(s)

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

Appendix

Annex A – CYC Pay Structure