

Item 6

Staff Pay Award for 2013/14

Report of the Chief Executive

Recommended:

That a pay increase of one per cent be awarded to all employees subject to a minimum increase of £250 with effect from 1 April 2013.

SUMMARY:

- The report addresses the pay claim submitted by Unison for the year 2013/14
- The Council's approved budget for 2013/14 contains provision for a potential pay award
- The Report recommends awarding a 1% pay increase to all employees subject to a minimum increase of £250

1 Introduction

1.1 Unison has "in consultation with its members and those in GMB and Unite" submitted a pay claim for the year 2013/14 which is reproduced in full in the Annex to this Report and contains the following 3 limbs:

- *To delete the bottom two pay points on Hay Grade 2 so that no-one at TVBC earns less than the Living Wage*
- *An overall increase on all scale points of 5%*
- *All overtime worked by part timers outside of core hours to be paid at overtime rates once the daily contractual hours have been completed*

1.2 The claim is treated as applying to all Council employees.

2 Background

2.1 The Council is not a party to the national pay bargaining arrangements for local government; its pay framework is based on locally agreed pay arrangements for all employees.

2.2 Recent pay awards to TVBC staff have been as follows:

2010/11 - no pay award

2011/12 - no general pay award but a one-off payment of £250 was made to staff whose full time equivalent earnings during the year were less than £21,000.

2012/13 - pay award comprising a 1% increase to all employees subject to a minimum increase of £250

2.3 To avoid confusion, it is helpful to refer to the budget on 20th March 2013, when the Chancellor extended pay restraint into 2015-16 with a continued cap on public sector pay rises of 1%. However, this does not apply to local government directly as the Treasury has no say in local government pay awards.

2.4 As noted above, this Council is not a party to the national pay bargaining arrangements. The latest position in that 'negotiation' is that a "final offer" of a 1% increase has been put forward by the "Employers' Side".

3 Information Relating to the Claim

3.1 The first limb of the claim refers to the Living Wage. This needs to be distinguished from the Minimum Wage which is set by law. Promoted by a charitable body (the Living Wage Foundation), the Living Wage is based on a calculation of minimum living costs for basic needs such as housing, food, utilities, transport, health care, and recreation. This is then translated into a wage requirement based on a weighted average of the wage for different household groups. Employers are invited to sign up voluntarily to a commitment to pay the Living Wage. Further information is available at: <http://www.livingwage.org.uk/about-living-wage>

3.2 In support of the claim for an overall increase on all scale points of 5%, Unison contend that "TVBC has reduced its workforce by 11% since March 2012". In fact, full time equivalent posts have reduced by some 9.1% between March 2008 and March 2013. There has been no significant change over the past 12 months, once allowance has been made for temporary posts, apprenticeships, maternity cover etc.

3.3 Unison are correct in saying that "part-time workers ... are not paid overtime until they reach the full-time equivalent hours". TVBC's contractual provisions reflect the national agreement on pay and conditions of service for local government ("the Green Book"). Unison have confirmed in discussions that the claim is in respect of *overtime worked by part timers outside of core hours* and that they are seeking to agree terms "above and beyond the Green Book by way of a local arrangement".

4 Corporate Objectives and Priorities

- 4.1 The issue of staff welfare, and valuing our staff, relates directly to the Council's Vision *to be an organisation of excellence* committed to improving the quality of life of all the people of Test Valley.

5 Consultations/Communications

- 5.1 The matter has been considered by the Officers' Management Team (OMT) and been the subject of consultation with relevant Portfolio Holders.

6 The Issues

- 6.1 OMT's views on the 3 heads of the claim were as follows.
- 6.2 It is not appropriate to seek to incorporate the Living Wage into TVBC's pay regime, not least because it is likely to increase at a rate which out-strips TVBC's pay awards (the hourly rate increased by 3.47% from £7.20 to £7.45 last year). However, the principles behind the idea could be recognised by the inclusion in any award of a minimum increase which will benefit lower paid members of staff.
- 6.3 The issue of a pay award at the present time is a profoundly sensitive one. The option appraisal below reflects the balancing act undertaken by OMT to decide whether or not it is appropriate in the present circumstances to recommend a pay award. The fact that the 2013/14 Budget contains provision for a potential pay award was not considered to be determinative.
- 6.4 The issue of the rate paid to part timers for overtime worked outside of core hours is one which should be addressed and resolved by the unions at a national level in the context of negotiations relating to the Green Book, rather than by way of local exception.

7 Options and Option Appraisal

- 7.1 The first option relates to whether or not it is appropriate in the present circumstances to make a pay award.
- 7.2 This involves, amongst other things, balancing the duty to make efficient and prudent use of public funds in a time of severe economic austerity with the need to recognise the contribution made by staff and to maintain a high performing organisation.
- 7.3 OMT acknowledged that a pay freeze would offer the valuable opportunity for a base budget saving but, on balance, decided to recommend a pay award.
- 7.4 OMT considered that such an award should be based on an 'across the board' percentage increase in order to recognise the efforts of all staff (and also to minimise the distortion of differentials within the pay scales), but that there should be a guaranteed minimum increase.

7.5 Against this background, OMT considered the following options and concluded that Option 2 from the following list was appropriate - namely, a 1% increase to all employees subject to a minimum increase of £250 at an estimated cost of £169,000.

- Option 1 - 1% increase to all employees at a total estimated cost of £149,000
- Option 2 - 1% increase to all employees subject to a minimum increase of £250 at a total estimated cost of £169,000
- Option 3 - 1.5% increase to all employees at a total estimated cost of £223,000
- Option 4 - 1.5% increase to all employees subject to a minimum increase of £250 at a total estimated cost of £224,000
- Option 5 - 2% increase to all employees at a total estimated cost of £297,000
- Option 6 - 5% increase to all employees at a total estimated cost of £743,000

8 Resource Implications

8.1 The cost of £169,000 can be contained within the Council's approved budget for 2013/14.

9 Risk Management

9.1 A risk assessment has been completed in accordance with the Council's Risk management process and the existing risk controls in place mean that no significant risks (Red or Amber) have been identified.

10 Legal Implications

10.1 None

11 Equality Issues

11.1 An EQIA screening has been completed in accordance with the Council's EQIA methodology and no potential for unlawful discrimination and/or low level or minor negative impact have been identified, therefore a full EQIA has not been carried out.

12 Conclusion

12.1 The proposals contained in this report seek to strike a balance between prudent financial decision making and demonstrating recognition of the value of the Council's staff.

Background Papers (Local Government Act 1972 Section 100D)

Information about the Living Wage - <http://www.livingwage.org.uk/about-living-wage>

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:

1

Author:

Chief Executive

Ext:

8101

File Ref:

Report to:

General Purposes
Committee

Date:

8 May 2013

Brief Description

The report addresses the pay claim submitted by Unison for the year 2013/14.

<u>Have you taken the following into consideration?</u>	Yes/No
Policy Framework/Council's Strategic Priorities	
Key Decisions	
Community Safety Issues	
Equality Issues	
Risk Management	
Environmental Health/Sustainability	
Property/Accommodation Implications	
Is this report confidential?	N

<u>OFFICER CONSULTATIONS</u>	<u>COMMENTS</u>
Chief Executive	

Corporate Director (AF)		
Corporate Director (CM)		
Finance		
Legal		
Human Resources		
Other Heads of Service		
Leader		
Corporate Portfolio Holder		
CSU		
Economic Portfolio Holder		
Environmental Portfolio Holder		
Leisure & Wellbeing Portfolio Holder		
Housing, Health & Communities Portfolio Holder		
Planning & Transport Portfolio Holder		
UNION		
FINAL APPROVED VERSION		

Statutory Authority

RISK MANAGEMENT

Questionnaire for Committee Reports

To produce an accurate and reliable Risk Assessment for your report to Councillors, please work through the questions below.

The questionnaire only applies to reports to either Cabinet or General Purposes Committee.

You may not need to answer all of the questions.

At various points you will be advised to use one of the standard phrases called 'Options' in Section 4.

Report title: Staff Pay Award for 2013/14

Report author: Chief Executive

Service: Chief Executive's Office

Committee Date: 8 May 2013

Note: Please consider adding to your service risk register, those significant risks highlighted as part of this assessment which require further action.

Please retain the completed questionnaire, risk assessment and supporting paperwork as these documents will be subject to review by the Audit Commission.

For any advice or assistance in completing this questionnaire please contact the Financial Services Manager, or in their absence, Head of Finance

RISK MANAGEMENT

Questionnaire for Committee Reports

1. Do the principles of Risk Management apply to your Committee report ?

a)	Is this report for information only, not requiring decisions to be made ?	NO
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If your answer is **YES**, then you need not complete any further questions and you should include the **Option 1** statement in the Risk Management section of your report with appropriate amendment. If your answer is **NO** please continue to the next question.

b)	Have the risks associated with the recommendations of this report already been considered by Councillors in a previous report to Committee.	NO
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If your answer is **YES**, then you need not complete any further questions and you should include the **Option 2** statement in the Risk Management section of your report with appropriate amendment.

2. Questions to consider before writing your report to Committee

a)	Am I recommending the provision of a new service for the Council, the start of a new project or the set up of a partnership agreement with one or more organisations outside the Council?	NO
b)	Am I recommending changes to the way an existing service or project is managed, operated or funded?	YES
c)	Am I recommending changes to Council policy or strategy?	NO
d)	Am I reporting on the performance of the Council or one of its services which will require actions to be approved and implemented ?	NO

If the answer is **YES** to any of these four questions then you will need to undertake a risk assessment of each of the options you have presented in Section 5 of your report to Councillors. The Council's Risk management process should be used along with the Council's standard risk assessment template (below).

If the answer is **NO** to all of these questions there is no need to undertake a risk assessment, and you should include the **Option 2** statement in the Risk Management section of your report with appropriate amendments.

3. Questions to ask yourself once you have undertaken your risk assessment:

<p>a) Have I identified existing risk controls that minimise the risks and therefore there are no significant (Red or Amber) risk implications?</p> <p>If the answer is YES to this question then no further questions are applicable and you should include the Option 3 statement in the Risk Management section of your report.</p> <p>If the answer is NO, please continue with the remaining questions in this section</p>	<p>YES</p>
<p>b) Have I identified new risk controls that are required to minimise the risks and which require additional financial resources? If the answer is YES to this question then you should:</p> <p>i) Contact your Service Accountant or Head of Finance to confirm the costing and availability of those resources. Any additional resources should be reported in the Resource Implications (Section 8) of your report to Councillors.</p> <p>ii) Include the Option 4 statement in the Risk Management section of your report.</p>	<p>YES / NO</p>
<p>c) Have I identified that any new or increased insurance may be required? If the answer is YES to this question, or you are uncertain, then you should:</p> <p>i) Contact the Council's Insurance Officer to confirm the cost and implications of extra insurance. Any additional insurance costs should be reported in the Resource Implications (Section 6) of your report.</p> <p>ii) Include the Option 4 statement in the Risk Management section of your report.</p>	<p>YES / NO</p>
<p>d) Have I identified any significant (Red or Amber) remaining risks that are not minimised fully by existing or planned risk controls?</p> <p>If the answer is YES to this question then you should include the Option 5 statement in the Risk Management section of your report.</p>	<p>YES / NO</p>
<p>e) Am I attaching a document to the report (e.g. project plan,</p>	<p>YES / NO</p>

business plan, strategy statement) that includes its own detailed risk assessment? Please remember the attached document will then be in the public domain.	
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If the answer is YES to this question then you should include the Option 6 statement in the Risk Management section of your covering report.	
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4. Option statements to be included in your report

Option 1

This report is for information purposes so the Council's Risk management process does not need to be applied.

Option 2

An evaluation of the risks associated with the matters in this report indicate that further risk assessment is not needed because the changes/issues covered do not represent significant risks or have previously been considered by Councillors (refer to date, relevant Cabinet or Committee meeting and item number).

Option 3 (Risks identified are all "Green")

A risk assessment has been completed in accordance with the Council's Risk management process and the existing risk controls in place mean that no significant risks (Red or Amber) have been identified.

Note: Use the Council's standard risk assessment template (below)

Option 4 ("Red" or "Amber" Risks remain)

A risk assessment has been completed in accordance with the Council's Risk management process and has identified significant (Red or Amber) risks as detailed in the risk assessment. The Required Actions proposed to reduce these risks will incur additional control costs/insurance as outlined in the Resource Implications section of this report.

Note: Use the Council's standard risk assessment template (below) .

Please ensure any resource implications are cross referenced between the completed risk assessment and the Resource Implications section of your report.

Option 5 ("Red" or "Amber" risks remain)

A risk assessment has been completed in accordance with the Council's Risk management process and has identified the following significant (Red or Amber) residual risks that cannot be fully minimised by existing or planned controls or additional procedures.

Note: Use the Council's standard risk assessment template (below)

Option 6

The attached project documentation includes a detailed risk assessment that has been completed in accordance with the Council's Risk management process.

Note: Key project documentation should be attached to your Committee report and should include a risk assessment using the standard template as shown in Appendix 3 of the Council's Risk Management Strategy.

RISK ASSESSMENT

Risk No	Service / Project	Type of Risk	Risk / Root Cause	Consequences	Existing Risk Controls	Risk Score	Further Action (Y/N)	Required Action	Risk Owner	Action Target Date
1	Pay award	Financial	Affordability	Budget deficit	Provision made in estimates		n	none		
2	Pay award	Reputational	Financial prudence	Erosion of confidence in democratic process	Transparent reasoned decision making process		n	none		
3	Pay award	People	De-motivated workforce	Impact on organisational performance	Transparent reasoned decision making process		n	none		