

## Notice of Meeting

# General Purposes Committee

**Date:** Wednesday, 22 June 2016

**Time:** 16:00

**Venue:** The Council Chamber, (Guildhall, Andover), High Street, Andover,  
Hampshire

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**Legal and Democratic Service**

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The recommendations contained in the Agenda are made by the Officers and these recommendations may or may not be accepted by the Committee.

**PUBLIC PARTICIPATION SCHEME**

*If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.*

## Membership of General Purposes Committee

### MEMBER

Councillor I Carr  
Councillor M Hatley  
Councillor N Adams-King  
Councillor A Dowden  
Councillor P Giddings  
Councillor I Hibberd  
Councillor A Hope  
Councillor P Hurst  
Councillor I Jeffrey  
Councillor P North  
Councillor G Stallard

Chairman  
Vice Chairman

### WARD

Charlton  
Ampfield and Braishfield  
Blackwater  
Valley Park  
Bourne Valley  
Romsey Extra  
Over Wallop  
Tadburn  
Dun Wallop  
Alamein  
Anna

# General Purposes Committee

Wednesday, 22 June 2016

## AGENDA

The order of these items may change as a result of members of the public wishing to speak

- 1 Apologies
- 2 Public Participation
- 3 Declarations of Interest
- 4 Urgent Items
- 5 Minutes of the meeting held on 30 September 2015
- 6 **Staff Pay Award 2016/17** 4 - 14  
To address the pay claim submitted by Unison for the year 2016/17.
- 7 **General Purposes Committee - Appointment of Sub Committees** 15 - 16  
To establish Sub-Committees to deal with appeals.
- 8 **Scheme of Delegations to Officers** 17 - 18  
To approve the Council's Scheme of Delegations to Officers.  
  
Please refer to the Delegations to Officers which are available as an attachment to the Annual Council agenda dated 11 May 2016.

## ITEM 6

## Staff Pay Award for 2016/17

Report of the Chief Executive

### Recommended:

**That a pay increase be awarded to staff with effect from 1 April 2016 in accordance with the recommendation in paragraph 8.2 of the report.**

#### SUMMARY:

- The report addresses the pay claim submitted by the trade unions for the year 2016/17.
- The Council's approved budget for 2016/17 contains provision for a potential pay award.
- The Report recommends the following:
  - An increase of 2.5% on all points of TVBC's Pay Scales
  - The Council's lowest pay point will exceed £8.25 per hour for all employees (except apprentices).

### 1 Introduction

1.1 Unison have submitted a pay claim on behalf of its members, and those of GMB and Unite, for the year 2016/17 which is reproduced in full in the annex to this report and can be summarised as follows:

- A 4% across the board increase on all salary points and allowances (that is, an increase on all points of TVBC's Pay Scales)
- A continuing commitment to pay at least the living wage to its lowest paid employees.

1.2 The first limb of the claim is intended to apply to all Council employees, whereas the second is not intended to apply to apprentices who fall outside the ambit of both the Living Wage and the statutory national Minimum Wage.

### 2 The Living Wage

2.1 The claim is referring to the Living Wage set by the charitable Living Wage Foundation which will be referred to in this Report as the LWF Living Wage. It needs to be distinguished from the National Living Wage which has recently

been introduced by the Chancellor (see more below). The LWF 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. Further information is available at: <http://www.livingwage.org.uk/what-living-wage>

- 2.2 The Council has not committed “to pay at least the living wage to its lowest paid employees”. In response to the 2015/16 pay claim, the Council agreed that “the Council’s lowest pay point will continue to exceed £7.85 per hour [annual salary equivalent of £15,144 which was the level of the LWF Living Wage at that time] for all employees (except apprentices)”. This was carefully phrased in order to continue not giving a commitment to pay the LWF Living Wage, so that Members did not find themselves bound to award specific pay rises in the future as the level of the LWF Living Wage increases.
- 2.3 In November 2015, the LWF Living Wage increased to £8.25 per hour (annual salary equivalent of £15,917). The Council’s lowest pay point – namely £15,680 – would need to be increased by a minimum of 1.51% in order to pay at least £8.25 per hour.
- 2.4 As intimated above, the position has been complicated by the Chancellor’s introduction of a National Living Wage. This has been set at £7.20 for those aged 25 and over with effect from April 2016. However, the Chancellor has indicated that he proposes to raise this to £9 per hour “by 2020”. There is a lack of detail around this commitment at present, but it is being assumed that he is likely to increase the National Living Wage in roughly equal increments each year and that the target figure will be achieved by the increase in April 2020.
- 2.5 To achieve this, it will be necessary for the lowest TVBC pay point (£15,680) to be increased by about 2.1% each year.

### **3 Background**

- 3.1 TVBC 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.
- 3.2 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.
- 2013/14** - pay award comprising a 1% increase to all employees subject to a minimum increase of £250.

**2014/15** - pay award comprising a 2.5% increase to all employees with an hourly rate of £7.65 being the lowest pay point for all staff (except apprentices).

**2015/16** - pay award comprising a 2.5% increase to all employees which ensured that the Council's lowest pay point continued to exceed £7.85 per hour for all staff (except apprentices)".

- 3.3 Members' Allowances have, by contrast, been aligned since 2011/12 with the national pay bargaining arrangements ("the national award") and been varied as follows:

**2010/11** - RPI fell to minus 1.4% and allowances were reduced accordingly.

**2011/12** - no increase.

**2012/13** – no increase.

**2013/14** – 1% increase

**2014/16** – 2.2% increase from January 2015 to March 2016

- 3.4 The Headlines of the proposed national award for 2016/18 are:

- A 2 year deal, with 1% for those earning over £17,714 in April 2016 and a further 1% in April 2017.
- The overall pay offer is 2.4% over 2 years with 0.4% designed to meet obligations under the National Living Wage.
- At the lower end of the national scale, an increase of 1.93% will apply to NJC pay point 12 (£15,523) [which is just below TVBC's lowest pay point of £15,680].

#### **4 Corporate Objectives and Priorities**

- 4.1 The issues of staff welfare, valuing our staff and competitiveness in the market place relate 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 the subject of consultation with relevant Portfolio Holders and of negotiation with the unions.

## 6 Information Relating to the Claim

6.1 The cost of a 4% increase on all points of TVBC’s Pay Scales and relevant comparators are set out below:

Percentage increase	Financial Impact (including on-costs) £	Comments
1.0	163,000	Equivalent to the National Award for those earning over £17,714
1.5	245,000	
1.51	247,000	Amount by which lowest TVBC pay grade (£15,680) needs to be increased in order to pay at least £8.25 per hour (the level of the LWF Living Wage)
1.93	315,000	Equivalent to the National Award <i>for those on NJC pay point 12 (£15,523)</i>
2.0	327,000	
2.1	343,000	The average annual increase necessary for the lowest TVBC pay grade to achieve the National Living Wage of £9 per hour by 2020
2.5	408,000	Highest award containable within the Council’s budgetary provision for 2016/17
3.0	490,000	Creates a budget pressure of £82,000
3.5	572,000	Creates a budget pressure of £164,000
4.0	654,000	Unison Claim. Creates a budget pressure of £246,000

## 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. It involves, amongst other things, balancing the duty to make efficient and prudent use of public funds in a time of economic austerity with the need to recognise the contribution made by staff and to maintain a high performing organisation.

- 7.2 On the one hand, the Council's finances remain under severe pressure as cuts in government funding continue to bite. A pay freeze would offer the valuable opportunity for a base budget saving.
- 7.3 Members were mindful in preliminary discussions on this matter that TVBC staff (along with many others) have seen an erosion in the 'real' value of their earnings over recent years. Members also noted the positive attitudes consistently displayed by the vast majority of staff over that same period, and the consequential impact upon organisational performance.
- 7.4 The second option relates to the size and nature of any such increase which is a matter for Members' judgement.
- 7.5 Members noted the various arguments raised by the unions. They accepted that the Council has absorbed an increase of some 5-6,000 properties over the past 10 years, resulting in an inevitable increase in demand for the Council's services.
- 7.6 Members were particularly mindful of the strategic issues of recruitment and retention, which have been expressly recognised as 'corporate risks'. Low pay is not an issue identified in the Risk Register for TVBC, but there is a need to ensure that it does not become one. There have been recruitment challenges across the authority ranging from vehicle technician and HGV drivers to IT staff, with particular pressures on property related posts (planners, surveyors and lawyers). Members considered it important to remain competitive with surrounding local authorities, which represent TVBC's competition in the market. (The flexibility required for this was indeed the principal reason why TVBC adopted local pay arrangements rather than tie itself to the national award.)

## **8 Subsequent Discussions with Trade Unions**

- 8.1 Against this background, the Chief Executive was instructed by Portfolio Holders to undertake further negotiations with the unions. The aim was to establish whether it was possible to reach provisional agreement on a claim which could be brought before General Purposes Committee and which the Chairman would be willing to recommend to members of this Committee.
- 8.2 The outcome of those negotiations was an agreement that the Chairman would recommend to this Committee and that the unions would recommend to their members the following:
- An increase of 2.5% on all points of TVBC's Pay Scales
  - The Council's lowest pay point will exceed £8.25 per hour for all employees (except apprentices).
- 8.3 Of the three Trade Unions involved, Unison and GMB have confirmed that their members have voted to accept the offer in a ballot. The outcome of the ballot of Unite members will be reported verbally to the Committee.



## 9 Resource Implications

- 9.1 The 2016/17 budget made provision for a 1.5% pay award in the salary budgets at a cost of £245,000 and also allocated a sum in corporate contingencies. The Head of Finance advises that an award up to 2.5% (£408,000) could be met without creating a budget pressure.

## 10 Risk Management

- 10.1 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.

## 11 Legal Implications

- 11.1 None.

## 12 Equality Issues

- 12.1 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.

## 13 Conclusion

- 13.1 The proposals contained in this report seek to balance prudent financial decision making with recognition of the value of the Council's staff and the need for the Council to remain competitive in the recruitment market place.

### Background Papers (Local Government Act 1972 Section 100D)

Information about the Living Wage - <http://www.livingwage.org.uk/what-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:	Chief Executive	File Ref:	
Author:	Chief Executive	Ext:	8101
Report to:	General Purposes Committee	Date:	22 June 2016



## **PAY CLAIM 2016**

### **INTRODUCTION**

This pay claim is submitted by UNISON on behalf of Test Valley Borough Council.

UNISON's claim seeks to achieve the following:

- appropriate reward for the major change our members have experienced for example, cuts in services and public sector, constant targeting of public services and restructures with increased workload resulting from reduced staff levels. Members of staff have demonstrated a level of determination, innovation and stoicism which should be recognised and rewarded.
- reward for the increasing stress faced by front line workers arising from increased workload following cuts in staff both within and outside of Test Valley, increase in our customer numbers.
- a pay rise to help restore and/or maintain living standards of staff to include the proposed increase in National Insurance for those saving responsibly for their retirement.
- reward to address the fall in living standards and ensure that the workforce shares in the economic recovery and benefits the local economy.

UNISON is therefore submitting the following claim for 2016 which seeks to improve and enhance the morale and productivity of these staff. Meeting our claim will give the the opportunity to demonstrate its commitment to creating a workforce which is well-paid and high in morale and productivity. The claim is straightforward and realistic.

### **SUMMARY CLAIM**

We are seeking:

- A 4% across the board increase on all salary points and allowances.
- A continuing commitment to pay at least the living wage to its lowest paid employees.

## 1. BACKGROUND TO THE CLAIM

An increase will help restore and maintain living standards of the staff who have seen their real pay eroded over almost a decade. Members were consulted at our annual AGM and came out in unanimous support for the 4%

The greatest asset of Test Valley Borough Council is its employees. Staff are looking to this pay round for evidence of the value which Test Valley Borough Council places upon them and that they will share in the economic recovery.

This claim is both realistic and fair. The following gives full justification for the claim. UNISON hopes that Test Valley Borough Council will give this claim the full consideration and response which the staff expect and justly deserve.

## 2. FALLING VALUE OF PAY

The table below demonstrates the major fall in living standards suffered by staff over recent years.

	Test Valley pay increases	Rise in cost of living <sup>1</sup> (as measured by Retail Prices Index)
2010	0%	4.6%
2011	0%	5.2%
2012	1%	3.2%
2013	1%	3.0%
2014	2.5%	2.4%
2015	2.5%	1.0%

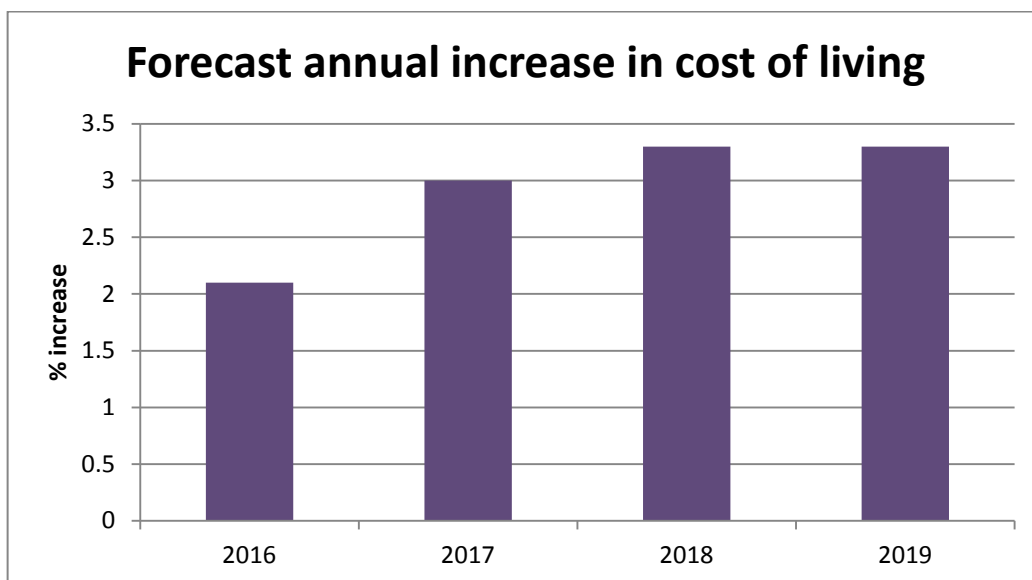
This means that, while the cost of living has risen by close to 19.5% over the last five years, pay has risen by just 7%, which means that thousands of pounds have been cut out of the value of staff wages.

Studies have also shown that the low-paid have tended to suffer even higher rates of inflation than the average employee. A 2014 report by the Institute of Fiscal Studies found that, between 2008 and 2013, the lowest income fifth of households had faced average annual inflation that was 1% higher than the highest income fifth.<sup>2</sup>

Treasury forecasts indicate that the cost of living is set to rise significantly once more, with the 2016 rate hitting 2.1% followed by an acceleration to over 3% a year between 2017 and 2019, in line with the pattern below.

<sup>1</sup> Office for National Statistics, Consumer Price Inflation Reference Tables, December 2014

<sup>2</sup> Institute of Fiscal Studies, IFS Green Budget 2014



Source: HM Treasury, Forecasts for the UK Economy, November 2015

UNISON believes that the Retail Price Index (RPI) measure of inflation represents the best measure of changes in prices faced by employees, as it includes the housing costs that form a significant part of most employee’s expenditure, data collection is tied more tightly to working households than the Consumer Price Index (CPI).

In addition CPI utilises a statistical method called the geometric mean, which is based on the idea that consumers switch to cheaper products when faced with price rises. UNISON does not believe that this is an appropriate method for calculating inflation and results in a consistent under-estimation of the real inflation in the cost of living faced by members. Therefore, UNISON supports the use of RPI, which remains the most widely used basis for pay negotiations across the public and private sector.

Pay increases below these forecasts will only lead to a further erosion in the real value of take home pay.

### 3. OTHER ASPECTS OF HOUSEHOLD INCOME

Earlier sections have already demonstrated that pay has not kept pace with inflation. Other aspects of household income have also seen their real value reduced and will, under current Government plans, continue to do so.

Child Benefit and Tax Credits, for example, have not kept pace with inflation and the operation of tapers has clawed back most of any increases in personal tax allowances. The replacement of Council Tax Benefit with locally determined arrangements for Council Tax Support have resulted in significant additional increases for those on low incomes.

### 4. RECRUITMENT AND RETENTION ISSUES

High turnover is costly to Test Valley Borough Council and investing in competitive pay will help to retain staff.

## **5. LOW PAY**

It is vital that pay settlements continue to address the ongoing general problem of low pay in Test Valley Borough Council. High inflation levels over the past year have been particularly hard on those at the bottom end of the pay scale because they spend a higher proportion of their salary on basics such as fuel, light and housing. With less disposable income, low paid workers are having increasing difficulty providing an adequate living standard for their children.

The Joseph Rowntree Foundation also calculates a Minimum Income Standard, which is based on what members of the public think people need to achieve a socially acceptable standard of living. In 2015, that standard stood at £17,100 for a single person and at least £20,000 each for a couple with two children, both working full-time<sup>3</sup>.

## **6. MINIMUM WAGE**

The minimum wage rose in October 2015 to £6.70 an hour. This gives a minimum full time wage of £12,925<sup>4</sup> a year from October 2015.

## **7. LIVING WAGE**

The 'Living Wage', or 'minimum income standard' is increasingly being used to determine the basic level of income required to avoid poverty and have a 'low cost but acceptable' standard of living.

The Living Wage is currently £8.25/hour (£9.40/hour in London).

£8.25/hour is equivalent to £305.25/week for a 37 hour week or an annual salary of £15,915.74.<sup>5</sup>

A growing number of local authorities are using the Living Wage as the minimum rate of pay for their employees. They are ensuring that all their staff are paid above this minimum level, and that all contracts they are responsible for have staff paid above this rate.

Test Valley should continue its commitment to pay at least the living wage to its lowest paid employees.

## **8. AFFORDABILITY**

Although we are in difficult economic times Test Valley can ill afford to stop investing in its staff and we believe that this claim is well within affordable parameters.

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<sup>3</sup> Joseph Rowntree Foundation, A Minimum Income Standard for the UK in 2015, July 2015

<sup>4</sup> £6.70/hour times 37 hours times 52.14

<sup>5</sup> £8.25 times 37 hours times 52.14

## **9. CONCLUSION**

There can be no doubt that all staff working for Test Valley Borough Council have seen a significant fall in their living standards. Their real earnings have fallen substantially.

To deliver a quality service Test Valley Borough Council relies on its workforce and the retention of a specialist, skilled, experienced and dedicated workforce is important to the quality of service delivery. Competition for that workforce from other sectors is strong.

2016 is the year in which Test Valley Borough Council can continue to demonstrate that its workforce is included in the recovery. This is a fair and realistic claim which we ask the Test Valley Borough Council to meet in full.

## **ITEM 7                    General Purposes Committee – Appointment of Sub-Committees**

Report of the Head of Legal and Democratic Services.

### **Recommended:**

- 1.     That a Redundancy Appeals Sub-Committee of the General Purposes Committee be established comprising four members to deal with redundancy appeals and that Councillors Hibberd, Hope, Hurst, and Jeffrey be appointed to the Sub-Committee for 2016/17.**
  
- 2.     That an Employment Appeals and Ethics Sub-Committee of the General Purposes Committee be established comprising five members to deal with all other appeals to members by staff relating to employment matters (save for redundancy matters) as well as matters of an ethical nature concerning Members as delegated on 25 July 2012 and that Councillors Carr, A Dowden, Giddings, Hatley and Hurst be appointed to the Sub-Committee for 2016/17.**

### **SUMMARY:**

- To establish Sub-Committees of the General Purposes Committees to deal with appeals.

### **1     Background**

- 1.1 Part of the role of these Committees is to hear appeals. The Dispute Resolution Regulations 2004 introduce statutory discipline and dismissal procedures which, inter-alia, extends the right of appeal to employees whose posts have been made redundant or dismissed.
  
- 1.2 Whilst the Cabinet makes decisions on redundancies, some members of the Cabinet are also members of the General Purposes Committee. It would not therefore be appropriate for those members to hear appeals against redundancy.
  
- 1.3 The Employment Appeals and Ethics Sub-Committee will be able to hear any type of appeal other than those against redundancy
  
- 1.4 The Appeal Procedure Rules for appeal hearings for both the Committee and Sub-Committees will be those relevant to the appeal as set out in the Council's Personnel Policies and Procedures current at the time the appeal is made.

## 2 Resources Implications

2.1 There are no resource implications.

## 3 Conclusion

3.1 It is recommended that Councillors Hibberd, Hope, Hurst, and Jeffrey be appointed to the Redundancy Appeals Sub-Committee for 2016/17.

3.2 It is recommended that Councillors Carr, A Dowden, Giddings, Hatley and Hurst be appointed to the Employment Appeals and Ethics Sub-Committee for 2016/17.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
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:	0	File Ref:	
Officer:	Bill Lynds	Ext:	8401
Report to:	General Purposes Committee	Date:	22 June 2016





<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
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.			
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