

## Notice of Meeting

# General Purposes Committee

**Date:** Wednesday, 20 June 2018

**Time:** 16:00

**Venue:** Conference Room 1, Beech Hurst, Weyhill Road, Andover,  
Hampshire, SP10 3AJ

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**Legal and Democratic Service**

Test Valley Borough Council,  
Beech Hurst, Weyhill Road,  
Andover, Hampshire,  
SP10 3AJ

[www.testvalley.gov.uk](http://www.testvalley.gov.uk)

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 N Adams-King

Councillor G Bailey

Councillor J Cockaday

Councillor A Dowden

Councillor M Flood

Councillor P Giddings

Councillor K Hamilton

Councillor I Hibberd

Councillor P Hurst

Councillor I Jeffrey

Councillor P North

### WARD

Blackwater

Blackwater

St Mary's

Valley Park

Anna

Bourne Valley

Harroway

Romsey Extra

Tadburn

Dun Valley

Alamein

# General Purposes Committee

Wednesday, 20 June 2018

## 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 18 April 2018
- 6 Staff Pay Award for 2018/19 4 - 15  
To address the pay claim submitted by Unison for the year 2018/19.
- 7 Appointment of Sub-Committees 16 - 17  
To appoint Sub-Committees to deal with appeals.
- 8 Scheme of Delegations to Officers 18 - 18  
To approve the Council's Scheme of Delegations to Officers.

## ITEM 6

## Staff Pay Award for 2018/19

Report of the Chief Executive

### Recommended:

**That a pay increase be awarded to staff with effect from 1 April 2018 in accordance with the recommendation in paragraph 8.2 of this report.**

#### SUMMARY:

- The report addresses the pay claim submitted by the trade unions for the year 2018/19
- The Council's approved budget for 2018/19 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 (except apprentices)
  - The Council's lowest pay point will exceed £8.75 per hour for all employees (except apprentices)

### 1 Introduction

1.1 Unison has submitted a pay claim on behalf of its members, and those of GMB and Unite, for the year 2018/19 which is reproduced in full in the Annex to this Report. They have clarified the summary of the claim as follows:

- A 4% increase on all salary points and allowances (*but excluding Apprentices*)
- An additional increase in rates for staff at the bottom of the pay scale *insofar as it is necessary to maintain the Living Wage (also excluding Apprentices)*

1.2 Apprentices are subject to a separate pay regime, and their position will be considered at a future meeting of this Committee.

### 2 The Living Wage

2.1 The claim refers 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 introduced by the Chancellor in April 2016 (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 Since 2014/15, the Council has structured its pay arrangements so that the actual lowest pay point matches or exceeds the level of the LWF Living Wage in force at the relevant time for all employees (except apprentices). The Council has not, however, given 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 2017, the LWF Living Wage increased to £8.75 per hour (annual salary equivalent of £16,881). The Council's lowest pay point – namely £16,473 – would need to be increased by a minimum of 2.48% in order to pay at least £8.75 per hour (annual salary equivalent of £16,881).
- 2.4 Reference was made above to the Chancellor's introduction of a National Living Wage in April 2016. The government increased the National Living Wage (NLW) by 4.4% from £7.50 to £7.83 with effect from 1 April 2018.

### **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)".

**2016/17** - pay award comprising a 2.5 % increase to all employees which ensured that the Council's lowest pay point exceeded £8.25 per hour for all staff (except apprentices).

**2017/18** - pay award comprising a 2.5 % increase to all employees which ensured that the Council’s lowest pay point exceeded £8.45 per hour for all staff (except apprentices).

3.3 Although TVBC is not a party to the national pay bargaining arrangements, the “national award” is always a point of reference. A two year award was made with effect from April 2018, the headlines of which were as follows:

- From 1 April 2018: 2.0% on the majority of basic salary points and allowances
- From 1 April 2019: 2.0% on the majority of basic salary points and allowances
- Additional increases for lower paid staff (those with salary below £19,430 see a pay increase of between 3.7 and 9.3% in year 1 and 2.6 – 7.3% in year 2). This will increase the lowest salary rate from 1 April 2018 to £8.50 per hour and from 1 April 2019 to £9.00 per hour.
- Introduction of a new national pay spine from 1 April 2019.

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

4.1 The issues of being a high performing council, motivating and valuing 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. Inevitably, they must be balanced against the Council’s duties to be prudent in its use of public funds.

#### **5 Consultations/Communications**

5.1 The matter has been the subject of consultation with the Chairman and Vice Chairman of this Committee and 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) £000s	Comments
1.0	176	
1.5	264	
2.0	352	National award w.e.f. 1/4/18
2.48	437	Amount by which lowest TVBC pay grade (£16,473) needs to be increased in order to pay at least £8.75 per hour (the level of the LWF Living Wage).

2.5	441	
2.65	466	Maximum award without creating a budget pressure.
3.0	529	Creates a budget pressure of £63,000
3.5	617	Creates a budget pressure of £151,000
4.0	705	Unison Claim would create a £239,000 budget pressure

## 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 In the event that an award is made, the second option relates to the size and nature of any increase which is a matter for Members' judgement.
- 7.3 There are a number of issues referred to in the Claim which deserve comment:

- “Major increases in the cost of living over recent years have significantly reduced the value of staff wages”

*Unison claims that the cost of living has outstripped pay rises over the last seven years. Pay awards have in fact matched or exceeded inflation in each of the last four years. However, analysis of the pay awards made since 2010 to date shows that, even after taking into account these recent “catch up” years, earnings are still some 5.0% below where they would have been in 2017/18 had earnings been linked to the Consumer Prices Index (CPI), and 10.7% below where they would have been if linked to the Retail Prices Index (RPI).*

*With regard to Unison’s comments on inflation rates, it is always difficult to forecast these with any great accuracy. Unison has based its forecast on HM Treasury figures dated August 2017, which are somewhat out of date. The Treasury also publishes forecasts on a monthly basis taken from a range of independent economists. According to the forecast released on 16th May 2018:*

*(<https://www.gov.uk/government/statistics/forecasts-for-the-uk-economy-may-2018>)*

*For 2018, CPI is forecast to be between 1.8% and 3%, with an average view of 2.3%. RPI is forecast to be between 2.4% and 4.0%, with an average view of 3.2%.*

*For 2019, CPI is forecast to be between 1.5% and 3.5%, with an average view of 2.1%. RPI is forecast to be between 2.3% and 4.2%, with an average view of 3.0%.*

- “Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services in the face of continuing austerity”

*There is no doubt that recent pay awards have contributed to the positive staff survey results where 80.5% of staff stated that they would recommend TVBC as a place of work and 70.9% felt that their morale at work is good at the moment.*

- “Appropriate reward is needed for the increased workload and stress placed on staff against a background of major budget cuts”

*This argument is based upon a number of issues*

- *the increasing population of Test Valley and the consequential increased demand for Council services. That pressure is acknowledged including, in particular, in the Environmental Service.*
- *stress placed on staff as major budget cuts across the public sector result in people “migrating to the few remaining agencies” who, they believe, can assist them. Examples were cited of an increasing number of mentally ill customers as well as those who had undertaken prior research on the internet in order to support their contentions as to how the Council should be meeting their needs.*
- “A pay settlement that allows staff pay to stagnate or reduce in value will increase the likelihood of recruitment and retention problems in the long term”

*Recruitment and retention is a recorded corporate risk. A range of ‘workforce solutions’ have been adopted across the Council in order to address the challenge, but the problem remains a real one. Difficulties are still being experienced in recruiting into a range of posts such as Lawyers, IT Security Officers, Senior Auditors and Surveyors as well as Grounds Maintenance operatives and Driver/Chargehands. However, this authority is faring better than some others, and so retention is an equally crucial issue. [No actual evidence was submitted to support the contention that TVBC is “falling behind pay settlements for comparable jobs”.]*

- “Increased vacancy rates across the economy make a competitive wage rate ever more crucial”

*This phenomenon is an integral part of the challenges described above.*

- “Nobody should be paid less than the nationally recognised Living Wage rate, which has become a benchmark for the minimum level of decent pay across the UK and is now paid by large sections of the public services and many major private companies”

*Members are conversant with the issues around the Living Wage.*



7.4 Members were mindful of these matters in preliminary discussions on the claim and noted in particular the positive attitudes consistently displayed by the vast majority of staff over recent years. They recognised the willingness of staff to demonstrate flexibility and to go the extra mile out of commitment to, and pride in, the organisation – and the consequential impacts upon organisational performance. They also took note of the significantly more generous national award, than has been seen in recent years.

## **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 recommended to General Purposes Committee.

8.2 The outcome of those negotiations was that a recommendation would be made 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 (except apprentices)
- The Council's lowest pay point will exceed £8.75 per hour for all employees (except apprentices)

8.3 The outcome of the ballots of union members will be reported verbally to the Committee.

## **9 Resource Implications**

9.1 The 2018/19 budget made provision for a 1.5% pay award in the salary budgets at a cost of £264,000. In addition to this, a sum of £202,000 was allocated in Corporate Contingencies. In total therefore, there is a cash-limited sum of £466,000 available for pay awards 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.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Information about the Living Wage - <a href="http://www.livingwage.org.uk/what-living-wage">http://www.livingwage.org.uk/what-living-wage</a>			
<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:	1		
Author:	Roger Tetstall	Ext:	8101
File Ref:	N/A		
Report to:	General Purposes Committee	Date:	20 June 2018

## **Pay Claim**



### **PAY CLAIM FOR 2018 SUBMITTED BY UNISON TO TEST VALLEY BOROUGH COUNCIL**

#### **1. INTRODUCTION**

This pay claim is submitted by UNISON on behalf of staff working for TEST VALLEY BOROUGH COUNCIL.

The claim is set at a level that we believe recognises the following key points:

- Major increases in the cost of living over recent years have significantly reduced the real term value of staff wages;
- Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services in the face of continuing austerity.;
- Appropriate reward is needed for the increased workload and stress placed on staff against a background of major budget cuts;
- Increased vacancy rates across the economy make a competitive wage rate ever more crucial;
- Nobody should be paid less than the nationally recognised Living Wage rate, which has become a benchmark for the minimum level of decent pay across the UK and is now paid by large sections of the public services and many major private companies.

#### **2. SUMMARY OF CLAIM**

We are seeking:

- A **4%** increase on all salary points and allowances
- An additional increase in rates for staff at the bottom of the pay scale to bring their pay up to the level of the Living Wage.
- A percentage increase on out of hour's standby rates and other payments to prevent pay stagnation in these areas.

#### **3. FALLING VALUE OF PAY**

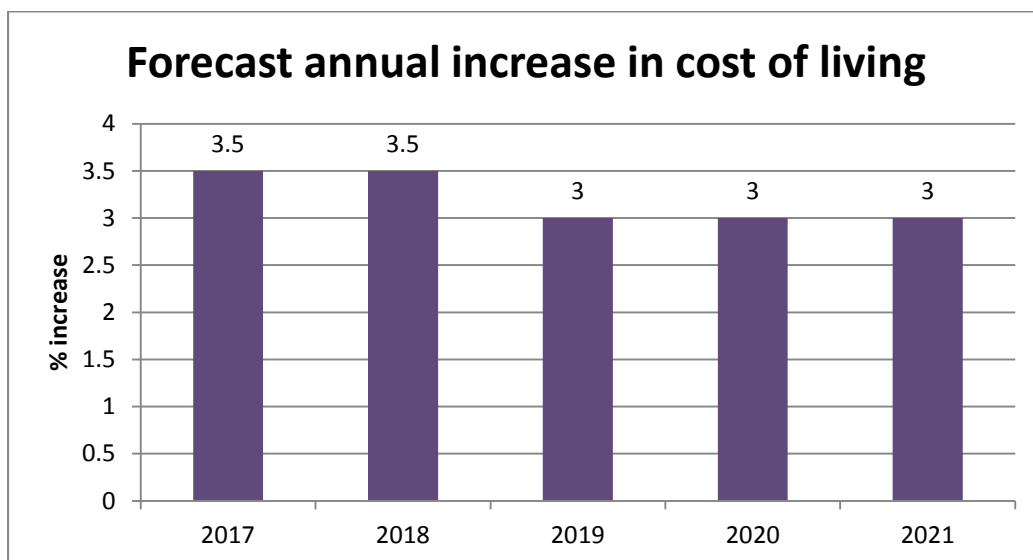
The table below demonstrates the major fall in living standards suffered by staff over recent years.

	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%
2016	2.5%	1.8%
2017	2.5%	3.0%

This means that, while the cost of living has risen by 25.6% over the last seven years, while Staff pay has risen by 12%. This 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>

Latest inflation figures have now hit 3.6% and Treasury forecasts indicate that the cost of living is set to average 3.5% throughout 2017 and 2018, followed by three years of 3% inflation, in line with the graph below.



Source: HM Treasury, Forecasts for the UK Economy, August 2017

<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

**4. Maintaining pay rates**

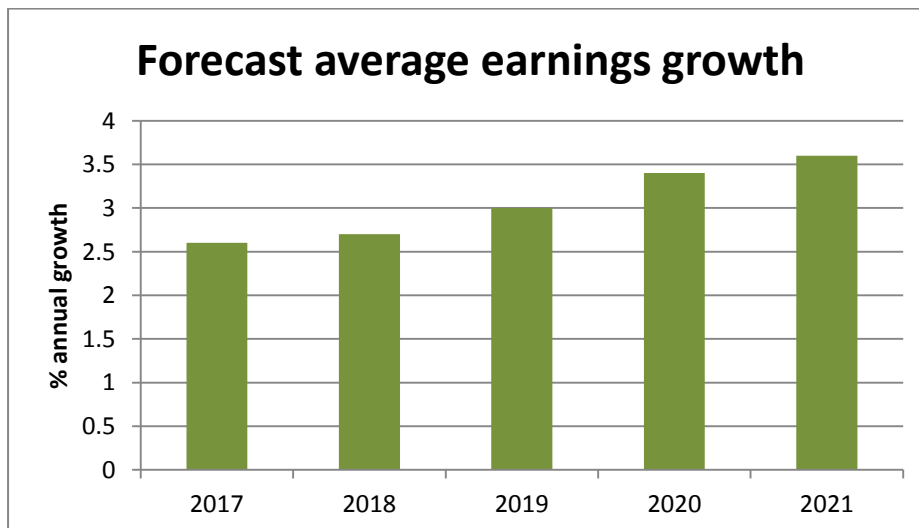
The ability of Test Valley Borough Council to attract and retain staff in the long term will be damaged if the pay of its staff falls behind the going rate in the labour market.

In recent years Test Valley Borough Council has recognised the need to maintain the real term value of Staff pay levels and has strived to do so despite the real term value of staff pay falling.

It is vital that Test Valley Borough Council remains a beacon of good practice and maintains the strategy to remain a desirable employer within the community. It is also evident with quality employers like Marks and Spencers making difficult decisions about their future in Andover that Test Valley is a lynch pin employer within the local community providing stable employment to local people who invest and spend locally.

Year	Private	Not for profit	Test Valley pay increases
2010	2.0%	1.0%	0%
2011	2.7%	2.0%	0%
2012	2.8%	1.8%	1%
2013	2.5%	2.0%	1%
2014	2.5%	2.0%	2.5%
2015	2.4%	2.0%	2.5%
2016	2.0%	1.5%	2.5%
Totals	16.9%	12.3%	9.5%

In order to remain competitive with wages across the economy, Test Valley Borough Council will need to keep up with average earnings growth predicted to rise across the economy at 2.6% during 2017 and climb steadily to 3.6% by 2021, following the pattern shown below<sup>3</sup>.



<sup>3</sup> Office for Budgetary Responsibility, Economic and Fiscal Outlook, March 2017

## **5. LIVING WAGE BECOMING STANDARD MINIMUM PAY BENCHMARK**

The Living Wage has become a standard benchmark for the minimum needed for low-paid staff to have a “basic but acceptable” standard of living.

Test Valley Borough Council is competing in a labour market where the Living Wage of £8.45 an hour outside London and £9.75 an hour in London has become an increasingly common minimum point in the pay scale.

Studies supported by Barclays Bank have shown that Living Wage employers report an increase in productivity, a reduction in staff turnover / absenteeism rates and improvements in their public reputation.

Consequently, there are now almost 3,500 employers accredited as Living Wage employers by the Living Wage Foundation, including some of the largest private companies in the UK, such as Barclays, HSBC, IKEA and Lidl.

Across the public sector, the Scotland government has established the Living Wage within all its public sector organisations, minimum rates for NHS and Further Education College staff in Wales have been raised to the Living Wage and all UK universities have established the Living Wage rate (for staff on a 35-hour week) in the most recent pay settlements. Support staff in more than 12,000 schools across the UK are also set to be paid the Living Wage as a result of national agreements.

Furthermore, even where national agreements have not achieved a Living Wage settlement, a major proportion of individual councils, NHS trusts, schools and academies have taken up the Living Wage on their own initiative. A UNISON Freedom of Information survey covering local government, the NHS, universities, further education colleges and police authorities that drew over 900 responses found that 51% of employers across these sectors already

## **6. RECRUITMENT AND RETENTION PRESSURES BUILDING**

With the unemployment rate at its lowest level in 42 years and vacancies escalating across the economy, competitive wage rates are becoming ever more crucial.

## **7. MORALE UNDER THREAT**

Working against a background of budget cuts, staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long term threat to Test Valley Borough Council’s ability to provide a consistent quality of service.

This is evident in a reduced workforce, increased responsibilities and an increasing population making more demands on services and statutory obligations provided by Test Valley Staff

- Between 2010 and 2017 approximately 5194 new dwellings were built within Test Valley
- The population increase was around 9418 more members of the public source: Hampshire County Council’s Small Area Population Forecasts (SAPF)

Against this background of ongoing ideological austerity, corporate challenges and an increased demand on services from an increased population with more complex needs it is essential that staff are encouraged to go the extra mile and suitably rewarded for doing so.

A firm belief in an altruistic approach to services from an organisation that recognises and rewards the innovative, pragmatic and determined approach by staff to get the job done is essential to maintain the second to none standards that our residents deserve and have come to expect.

It is essential in this current difficult environment to retain staff with the local knowledge, insight into best working practices and working contacts to maintain the high efficiency levels needed to maintain momentum and effectiveness with minimum staffing numbers.

## **8. CONCLUSION**

There can be no doubt that all Test Valley Borough Council's staff have seen the value of their earnings stagnate over recent years while the real term value of their pay has decreased. Evidence suggests that they are also falling behind pay settlements for comparable jobs.

Combined with these developments, the last year has seen intensified pressures placed on staff at the same time as greater job choices are opening up for staff in an improving labour market.

Therefore, this pay claim represents a very reasonable estimate of the reward staff deserve for their dedication, skill and hard work and the minimum improvement in pay needed to maintain workforce morale for delivering consistently high quality services.

## **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 ....., ....., ....., and ..... be appointed to the Sub-Committee.**
  
- 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 ....., ....., ....., ..... and ..... be appointed to the Sub-Committee.**

**SUMMARY:**

- To establish Sub-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 Sub-Committee will be able to hear any type of appeal other than those against redundancy



## 2 Debate on Issues

- 2.1 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.

<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:	None	File Ref:	
(Portfolio: Corporate) Councillor Flood			
Officer:	Karen Dunn	Ext:	8401
Report to:	General Purposes Committee	Date:	18 July 2018

## ITEM 8 **Scheme of Delegations to Officers**

Report of the Head of Legal and Democratic Services (Portfolio: Corporate)

### **Recommended:**

**That the Scheme of Delegations to Officers annexed to the report to Annual Council, in so far as it applies to the powers and duties of the General Purposes Committee, be approved.**

#### SUMMARY:

- The purpose of the report is to approve the Council’s Scheme of Delegations to Officers.

### **1 Background**

- 1.1 The Scheme of Delegations to Officers is approved each year in accordance with the Constitution by Annual Council, the Cabinet and relevant Committees.
- 1.2 During the course of the year since the last Annual Council, changes have occurred to the Scheme of Delegations to Officers and new delegations to Officers have been made as the need has arisen over time. These changes have been incorporated into the Scheme in the Annex to the report to Annual Council.

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

None

#### 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:	0	File Ref:	
(Portfolio: Corporate) Councillor Flood			
Officer:	Karen Dunn	Extension:	8401
Report to:	General Purposes Committee	Date:	20 June 2018