

Somerset County Council

HR Policy Committee

– 18 September 2017

Pay Review in Somerset

Cabinet Member: Cllr Anna Groskop, Cabinet Member for Corporate and Community Services

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	Cabinet Member	Anna Groskop	050917
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	Summary:	<p>This report sets out the current position for pay negotiations in Somerset and sets the scene for discussing future options. The report has been produced in response to the 19th July 2017 Full Council meeting, following a requisitioned item proposed by Cllr Jane Lock and seconded by Cllr Simon Coles. The HR Policy Committee has been tasked by Council to review the level of staff pay awards and report back to the 29th November Full Council. The note from the Minutes is as follows:</p> <p>1. Staff Pay Award</p> <p>This Council welcomes the Government's possible relaxation of the Public Sector Pay Cap for nurses and police officers. Devon and Somerset Fire and Rescue Service are considering a breach of the cap and increasing the pay of fire fighters by 2%.</p> <p>It is time Somerset County Council stopped taking its' staff for granted and did the same. Of course it should be funded by central government but failing that we believe it is essential to address the pay freeze and the 1% pay rises of recent years, which in real terms has been a pay cut for our loyal and hardworking staff.</p> <p>I propose this Council tasks the HR Policy Committee with reviewing the level of staff pay awards and reports back to the November Council meeting.</p>	
Recommendations:	<p>The HR Policy Committee is asked to :</p> <p>1. Consider, on the basis of the information contained in this report, whether there is further work they wish officers to undertake in relation to pay for Green Book staff (employees on Grades 17-4) employed by Somerset County Council.</p>		

Reasons for Recommendations:	This report sets out the current mechanism for pay negotiations for staff working for Somerset County Council to enable the HR Policy Committee to take a view on whether further work or consideration should be given to pay for officers (staff on Grades 17-4).
Links to Priorities and Impact on Service Plans:	Appropriate pay provisions for staff are fundamental to the delivery of the Council's objectives and services as set out in the County Plan.
Financial, Legal and HR Implications:	<p>The current pay arrangements have minimal legal and HR implications due to the national arrangements that ensure these issues are addressed prior to agreements being reached. The financial implications are managed once the agreement is known.</p> <p>Any changes to the current arrangements will require careful consideration across these areas to ensure that the organisation is protected from challenge and meets its obligations appropriately.</p>
Equalities Implications:	The Council's duty under Section 149 of the Equality Act 2010 is to have "due regard" to the matters set out in relation to equalities when considering and making decisions. There are no direct equality impacts associated with the current pay arrangements. However, any proposals for stepping away from current arrangements will need to be carefully considered by way of an Equalities Impact Assessment.
Risk Assessment:	The risks associated with the current system are known and managed. Any changes to the current system would need to be carefully considered to ensure that the organisation: was not exposed to unnecessary challenge from an equalities perspective; was not committing to an unaffordable pay system; and had robust systems in place to manage any new elements.
Scrutiny comments / recommendation (if any):	N/A

1. Background

1.1. Officer Pay

The Council operates a 17 grade pay structure (see Appendix A). Each grade from 17 up to 9 contains a number of pay increments. Grades 8 and upwards, contain a single pay point per grade. The Pay and Grading structure incorporates National Pay Points up to spinal column point 44 and locally determined pay points above.

National Joint Council for Local Government Services (Green Book) pay, terms and conditions apply to posts on Grades 17 to 4 inclusive. Annual pay awards are determined by national agreement. The National Joint Council consists of the Trade Unions (Unison, Unite and GMB) representing the Employee side and the Local Government Association representing the Employer side.

With the exception of the Monitoring Officer, posts on grades 17 to 4 are officer appointments.

The Council does not operate a performance-related pay scheme for any staff, but does have a performance related appraisal scheme, including behaviours and competency assessment. The Council does not pay a bonus to any Council employee.

Each year the Council agrees a Pay Policy Statement which confirms its policies on staff pay and reward. As part of this annual process members keep under review the impact of national pay bargaining on the advice of officers. As part of these reviews the Council has considered previously and decided not to withdraw from national pay bargaining for grades 4 to 8.

1.2. Grades 1 to 3

The most senior officers of the Council including all of the director posts are paid on Grades 1 – 3. These grades include the majority of the posts which are classified as chief officer posts under the relevant legislation and include all of the Council's Senior Leadership Team. Each of these grades has a spot salary and no incremental progression.

As a result of previous approvals of the Pay Policy Statement posts in grades 1 to 3 have been withdrawn from the national pay and bargaining machinery (NJC).

1.3. Governance

The HR Policy Committee has responsibility for deciding and implementing annual pay awards for grades 1 to 3 and, where it is agreed that an award is made, the revised scales will be included for information in the next annual review of the Pay Policy Statement.

The Committee also has responsibility for reviewing, on at least an annual basis, the pay and grading structure of the Council and making recommendations for any changes considered necessary to Full Council by way of a revised Pay Policy Statement.

1.4. Job Evaluation

The Council's Grading structure accords with the national Green Book agreements. The Grading structure reflects the need to continue to modernise, facilitate new ways of working and ensure equal pay for work of equal value in a large and diverse organisation.

The grading structure treats all groups of staff the same. It uses two schemes to evaluate jobs, covering virtually all employees, except teachers and Soulbury staff, which are subject to national grading schemes. The Soulbury Committee is the national negotiating body which determines the pay and conditions for education professionals employed in central local authority services, including educational improvement professionals, educational psychologists and managers of young people's or community services.

The Hay Scheme is used for the more senior posts (Grade 8 and upwards), including the Chief Executive, SLT officers, and Strategic and Service Managers.

The New Somerset Scheme, based on the Greater London Provincial Council scheme (formerly GLEA), is used for all other posts.

1.5. Additional Allowances

External recruitment and internal retention problems are tackled by temporarily increasing the total pay awarded to a post, when it can be shown that the pay on the evaluated grade is significantly lower than competitors' rates of pay.

The payment of an allowance is temporary and will not be renewed if a review finds evidence that demonstrates the payment of the allowance is no longer justified.

An allowance forms part of an employee's pay (all the salary, wages, fees and other payments paid to them for their own use in respect of their employment) and as such is pensionable. An allowance is expressed as a cash lump sum, pro-rata to the contracted hours, and is not subject to annual cost of living/inflation pay awards.

An example of a current additional allowance is Children's Social Work Team Managers. They receive an additional £5,000 when they are recruited. Current postholders receive the £5,000 as a retention allowance.

1.6. Recent consultations

In June 2017 the Trade Union side of the National Joint Council made a pay claim for the 2018-19 year to the Local Government Association (Employers side). The claim was for 'the deletion of NJC pay points SCP 6-9 to reach the Foundation Living Wage of £8.45 (UK) and £9.75 (London) and a 5% increase on all NJC pay points.' (see Appendix B). The debate continues in respect of an appropriate settlement. 5% is not seen as affordable by the Employer side.

The Local Government News bulletin released on 22nd August 2017 stated: 'The National Living Wage presents challenges to councils' pay bills and grading structures over coming years. Regional consultation meetings to inform the employer position on the Local Government Services pay negotiations have been completed, and further discussions will take place within the employers' side National Joint Council. It is likely an offer will be made to the unions in the autumn'.

This message has since been updated to say that the Employers Side will await the news from the Chancellor in his Autumn Statement in relation to the Public Sector Pay Policy. They aim to make an offer by Christmas and it is likely to be a two year deal. There is an awareness on all sides of the pressure to agree a way forwards that enables time to agree the changes to the Pay Spine to meet the National Living Wage uplift requirements.

Pay Spine Review

As mentioned in the March report on the Pay Policy Statement, the Pay Spine (Appendix A) is being reviewed because it will not be fit for purpose once the National Living Wage reaches the £9 per hour mark in April 2019. Work is underway to manage the bottom points that will be below this level and the differentials throughout the spine that recognise the differing levels of responsibility that employees work at. Somerset is represented on the national group run by the Local Government Association.

Councils need to be mindful of any proposal to take action outside of the national pay bargaining arrangements in 2018. This is because the move to the new pay spine in 2019 is likely to be complex in order to protect the differentials. If the Somerset County Council pay spine points don't match the national picture, there will be significant work involved in formulating and agreeing a Somerset version.

1.7. Other Public Sector Body Pay Reviews

School Teachers

In July 2017 the government accepted the recommendation of The School Teachers Review Body (STRB) that a 1 per cent rise would apply to teachers on the upper pay range, unqualified teachers and leading practitioners, along with head teachers and other leaders. However the government has accepted the STRB's recommendation that the top and bottom of the main pay range are uplifted by 2 per cent.

Fire and Rescue Services

In July a two stage deal was discussed. Stage one was an immediate 2.0% increase on basic pay across the board with effect from 1st July 2017. Stage two assumes certain other conditions can be agreed, and if so will result in a further 3% increase with effect from 1st April 2018 as part of the 2017 settlement. Consultation closes on 13th September 2017.

Police

The Police Remuneration Review Body (PRRB) is currently considering the 2017 pay deal. The Police Federation of England and Wales and the Superintendents' Association have asked for a pay increase of 2.8% for all police officers. However, The Home Office has called for a "1% consolidated increase in basic pay" for police officers at all pay points. The PRRB decision on the 2017 pay uplift is expected soon. The accepted recommendations will be brought in this September.

As mentioned by Cllr Lock, the government has mooted the idea that the 1% public sector pay cap may be scrapped from 2018. The negotiations in other parts of the Public Sector suggest that a higher than 1% across the board deal is possible. However, it is too early to tell whether the higher proportion will only be applied to the lower grades (as in the previous two years) or beyond.

2. Options Considered

- 2.1.** There are no specific options being considered at this point. The purpose of this paper is to set out the current position and decide based on the information contained within it whether there is any further work the HR Policy Committee would like to request.

3. Consultations undertaken

- 3.1.** There have been no consultations locally in relation to pay matters. Consultations are currently at a national level. However, Unions consulted their members in the Spring prior to submitting their pay claim in June.

4. Implications

- 4.1.** If Somerset County Council remains part of the national pay arrangements it benefits from the collective resource allocated to the process which takes into account the appropriate consultation requirements, legal considerations and financial modelling.

There are significant implications involved in withdrawing from the national pay arrangements. The key considerations are dedicated resource to manage the negotiation process; legal considerations related to the decision making; the balance of pay versus jobs within the budget i.e. more jobs at lower pay or less jobs at higher pay.

5. Background papers

- 5.1.** N/A

Note: For sight of individual background papers please contact the report author.