

### PAY AWARD 2013

#### 1. INTRODUCTION

- 1.1 The purpose of this report is to consider a proposal in relation to the pay award (cost of living rise) for 2013.

#### 2. BACKGROUND

- 2.1 The Council moved to national pay negotiations from 1<sup>st</sup> April 2008, after an employee side ballot.
- 2.2 The national pay negotiations over the last 3 years (2010, 2011 and 2012) have not resulted in a cost of living rise.
- 2.3 The 2013 national pay negotiations commenced in October 2012, with the Trade Union Side tabling a pay claim for ‘a substantial flat rate increase on all scale points as a step towards the longer term objective of restoring pay levels and achieving the living wage as the bottom NJC spinal column point’.
- 2.4 The Employers responded in detail but clearly indicating that ‘they wish to avoid a situation of not being able to make a pay offer for a fourth year in 2013/14’.
- 2.5 In February 2013, the National Employers’ Side offered two options to the Trade Union side with a view to securing eventual agreement. The options were as follows:

##### **Option 1**

1% on all pay points from 1<sup>st</sup> April 2013, with a number of conditions attached including:

- A proposal to move all NJC mileage rates (National Green Book Part 2) to the HMRC Approved Mileage Rates, from a date to be agreed.
- Unilateral arbitration clause to be replaced by bilateral reference, from a date to be agreed.
- An increase in minimum paid leave entitlement from 21 days to 22 days (National Green Book Part 2), from a date to be agreed.
- Increase in continuous service entitlement for the purposes of calculation of entitlements to annual leave, occupational maternity leave/ pay and occupational sick pay from return to service within five years to within ten years of the original transfer, from a date to be agreed. (National Green Book Part 2).
- Joint Statement providing a list of the issues on which both Sides agree to commence immediate serious discussions.

## **Option 2**

- 1.0% on National pay points 4 to 10 from 1 April 2013 (this would only be applicable to NFDC Band 1)
- 0.6% on National pay points 11 and above from 1 April 2013 (this would only be applicable to NFDC Band 2 and above).

2.6 UNISON NJC committee rejected both options.

2.7 Responses are still awaited from GMB and UNITE

## **3. PROPOSAL**

3.1 The pay of NFDC staff has not been increased by a cost of living rise since 2009; in 2009 it was increased by 1%.

3.2 The national negotiations on pay may continue for some time. However, given the statements made nationally it is likely that there will be a cost of living increase this year.

3.3 Locally, as part of the Terms and Conditions review we have implemented changes to terms and conditions and many will start to have a financial impact from 1<sup>st</sup> April 2013 (Removal of Private Health, Removal of Lease Cars (being phased) and Essential User mileage rate moving to HMRC rate).

3.4 Within the context of the national negotiations and the changes the Council is already implementing locally, it is proposed that a pay award of 1% across all spines is implemented from 1<sup>st</sup> April 2013. This action removes any uncertainty from employees as well as avoiding any administrative inefficiencies that may result from an award made in-year.

3.5 Should the national settlement be more than 1% then any additional award would be paid to bring the increase in line with the national settlement.

## **4. PAY PANEL COMMENTS**

4.1 The Pay Panel have carefully considered this proposal in the current context and feel that paying the 1% in advance of the national negotiations is the right thing to do; it will ensure that staff receive the increase in their pay at the effective date.

4.2 The Council is still supportive of national pay negotiations but feel on this instance it is in the best interests of the Council and its workforce to agree the 1% across all spines from 1<sup>st</sup> April 2013 in advance of national pay negotiations.

## **5. FINANCIAL IMPLICATIONS**

5.1 The Council's Medium Term Plan made provision for a 1% increase to all spine points, the total cost of which is estimated to be £260,000 (General Fund & HRA).

## **6. EMPLOYEE SIDE COMMENTS**

- 6.1 New Forest District Council's recommendation of implementing a 1% pay rise this year in advance of the outcome of the national negotiations and its proposal to increase this amount to match the national agreement if such outcome is reached. We will accept this proposal; however we are very disappointed with such an award which does not match the real cost of living. In real terms, an award of 1% represents a pay cut and will cause further hardship for our members and their families who are already struggling in today's economic climate.
- 6.2 Given this is the only pay increase for staff in four years, during which time compound inflation has been 16.2% (RPI) or 13% (CPI) depending upon the measure preferred, this gesture to award a 1% pay increase is welcomed by the employee side.
- 6.3 We also welcome the decision to maintain the 1% increase in the event of a lower national award, or increase in line with the national award should it be above 1%.
- 6.4 The employee side are however concerned about the disparity such an increase gives across the various pay bands. For example, an individual on our lowest scale point 5 will receive a £123.77 annual increase, or £2.38 per week, compared with high earners, such as Heads of Service on scale point 66, whose pay will increase by £621.64, or £11.95 per week.
- 6.5 The employee side note the award statement refers to the fact that this award has been included within the budget at a cost of £260,000.
- 6.6 The employee side further note the last Annual Workforce Report presented to Industrial Relations Committee on 7 June 2012 which stated that the Council had 830 full time equivalent posts, and this is most likely fewer now, considering the ongoing austerity measures.
- 6.7 On this basis, the award is somewhat of a local agreement, albeit based on a national proposal, the employee side would like to propose a flat increase of £313.25, or roughly £6 per week, for ALL employees, regardless of current pay. All spinal column points would be increased by the same cash value, the cash equivalent of incremental progression would be maintained although the percentage difference would be very minutely affected in favour of lower scale points.
- 6.8 This would give a proportionately larger increase to the pay for lower earners who are more likely to be at risk financially. The SCP 5 employee will enjoy a 2.5% pay award compared to the Head of Service receiving 0.5%. Those roughly from the top of Band seven and below would benefit. Those on Band eight and above would receive a slightly lower percentage increase.
- 6.9 The employee side believe this gesture should be relatively easy to implement and would reinforce the maxim that 'we are all in this together' and show a genuine desire to thank ALL staff equally for their efforts in providing excellent service throughout a pay freeze lasting four-years and during which the real terms impact has been a pay cut of up to 16%.

## **7. RESPONSE TO EMPLOYEE SIDE COMMENTS**

- 7.1 It is important to note that the Council is on national pay negotiations; therefore any negotiations would be undertaken nationally. The proposal detailed in this report is to make a pay award of 1% across all spines in advance of any agreement nationally. The impact of lump sum payments is to distort the Council's pay structure.
- 7.2 The Chancellor will increase the tax-free allowance from £8,105 to £9,440 from 6 April 2013, there is a further increase planned for 2014. This will predominately benefit the staff on lower bands.

## **8. RECOMMENDATION**

It is therefore recommended that:

- 8.1 The Council approves a 1% pay award across all spines from 1<sup>st</sup> April 2013 in advance of national pay negotiations.

### **For further information contact:**

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### **Background Papers**

Proposed Changes to Terms  
and Conditions (GP&L 7th  
September 2012)