

GENERAL PURPOSES & LICENSING COMMITTEE – 25 FEBRUARY 2019

PAY 2019

1. PURPOSE OF REPORT

- 1.1 To provide an overview of the current issues which need to be taken into account when reviewing and considering pay discussions for 2019.

2. BACKGROUND AND FACTORS FOR CONSIDERATION

Agency Spend

- 2.1 In 2016 the council entered into a framework contract to procure agency staff in all areas of the council. Individual Service Managers or their nominated officers have a procedure in place to recruit temporary employees through the nominated agencies.
- 2.2 If the nominated agencies are unable to provide the staff required then Managers are free to go to other agencies not on the framework to secure the necessary staff.
- 2.3 In the 12 month period from October 2017 – September 2018 the council spent just over £853k on agency staff. This was allocated between the business units listed below. The agency spend was most significant in Housing Maintenance (Surveying, Gas, Offices, Planned, Reactive, Electrical) £332,000 and Refuse £260,000. Other areas included:

- Planning
- Vehicle Maintenance
- ICT
- Audit
- Engineering Works
- Grounds Maintenance
- Office Cleaners
- Building Control
- Leisure Centres Maintenance

Recruitment spend

- 2.4 From January 2018 to October 2018 we advertised 519 vacancies.
- 2.5 Of those vacancies 63 were not filled first time. This equates to just over 12%.
- 2.6 The cost of advertising continues to rise and although the council uses social media and its' own website at no cost the council spend on recruitment in the last 12 months was **£60,310.21**.
- 2.7 We have used an executive search on a number of occasions over the last 12 months and although the cost for this is more we have had better success with this method in attracting the right calibre of staff at senior levels.

Consultants Report – Benchmarking Exercise

- 2.8 A benchmarking exercise conducted by external consultants has been completed looking at Bands 1-7 to ascertain their position in the market place when compared with the market median.
- 2.9 The overall results show that due to the changes made to bands 1-4 over the last 18 months the council is in a good place with regards to Band 1 being in the correct place for the market median.
- 2.10 However the benchmarking exercise does show that bands 2-7 are behind the market median. This variance increases significantly from band 5 and above.

Table 1 – Median Market Data

Band	Staff Numbers	Actual Average Base Pay (£)	Median Market Rate (£)	Variance (%)
7	59	31,479	34,200	-8.6
6	54	27,998	30,100	-7.5
5	240	24,886	26,200	-5.3
4	604	21,661	22,300	-3.0
3	148	19,647	20,000	-1.8
2	364	17,716	18,200	-2.7
1	166	16,500	16,400	+0.6

3. CURRENT SITUATION

- 3.1 The Council moved to local pay scale and structure in April 1990. The structure over this time has been modified to take account of the local market and the pay scales have been regularly reviewed and amended accordingly, most recently including a review of bands 1-4 conducted in 2017/18 (which included the moving up of minimum pay point in each of the 4 bands).
- 3.2 The council agreed that from April 2018 Spinal column point 12 would be the lowest spine point and would have an hourly rate of £8.50. All other spine points had a 2% cost of living rise applied.
- 3.3 The council agreed to further review its pay award once any national agreement was reached. The national agreement was a two year pay deal with some bottom loading for lowest paid, a minimum rate of pay in April 2019 of £9 per hour and then a general 2% rise for all others in April 2018 and another 2% in April 2019.
- 3.4 Currently we have 24 staff being paid in the market supplement.
- 3.5 We need to invest in methods which identify the behaviours that we want to reward – whether that is attendance, performance or both and then reward our current staff in an appropriate manner.
- 3.6 This in turn should lead to a greater sense of loyalty and achievement for staff.

4. PROPOSAL FOR APRIL 2019

4.1 The following is proposed for April 2019:

- Band 1 is reduced to one scp (with scp 12 being deleted)
- The lowest scp is £9 per hour
- A 2% rise for all other scp's.

4.2 The pay scales shown in Appendix 1 would be adopted from April 2019.

4.3 It also needs to be accepted that the Council will undertake a more fundamental review of the current pay structure during 2019.

5. LOOKING AHEAD

5.1 Clearly the council needs to redress the issues which are causing such expenditure in areas which could be avoided.

5.2 A clear strategy is required to consider how we are going to address some of the issues which we currently have including:

- High Agency Spend
- Difficulties in recruitment
- Addressing the market median within pay scales
- Reducing Sickness and Improving attendance in certain areas

6. FINANCIAL IMPLICATIONS

6.1 The Council's Medium Term Financial Plan (MTFP) allows for over £500k per annum to cover the anticipated increases in costs, in the ordinary course of business, for increments and pay award (currently assuming that 2% will continue). Increases in employer pension costs have also been significant in recent years, adding £1m to the Council's annual pay bill in the 4 years covering 2017/18 to 2020/21. With zero levels of government support grant now being received, the Council's ability to offset these cost increases can only be achieved through increases in local taxation, the identification of efficiency savings and the targeting of new additional income.

6.2 The financial implication of achieving the £9.00 minimum pay point from 1 April 2019 has been covered within the Council's medium term financial planning.

6.3 Staffing is the single largest area of expenditure for the Council and amendments to pay structures must be carefully considered. An appropriate balance must be struck taking into account the Council's financial position over the medium term, as against the Council's ability to attract and retain the right calibre of staff through appropriate remuneration to carry out the services delivered by the Council to the tax payers of the New Forest.

7. ENVIRONMENTAL IMPLICATIONS

7.1 There are no direct environmental implications arising from this report.

8. CRIME & DISORDER IMPLICATIONS

8.1 None.

9. EQUALITY & DIVERSITY IMPLICATIONS

9.1 A full Equality Impact Assessment will need to be completed for any pay review conducted in 2019.

10. EMPLOYEE ENGAGEMENT PANEL COMMENTS

The Employee Engagement Panel considered these proposals at its meeting on 14 February 2019, and the following views were expressed:

10.1 EMPLOYEE SIDE COMMENTS

UNISON – Regional Organiser:

UNISON does not accept the proposal and is seeking formal agreement that the nationally agreed NJC bottom-loaded increases are applied as soon as possible.

Although UNISON recognises that with changes made to Bands 1-4 over the last two years some progress has been made by the council to improve pay at NFDC the current proposal does not address the fact that many employees within these four grades will not be receiving the nationally agreed bottom-loaded, two-year NJC cost of living pay award. This also includes all staff on Band 5, none of whom (other than those at the top spinal point of Band 5) will be awarded their nationally agreed percentage increase.

This will result in losses of up to £460pa for staff in this band. This is not acceptable and failure to fully implement the agreed award for all staff in April 2019 could put the authority at serious risk of legal challenge and claims for unlawful deductions of wages at the Employment Tribunal.

10.2 EMPLOYER'S RESPONSE

The Council moved to local pay scales and structure in April 1990.

This means that the values of the NJC spine points do not match the Council's and are unrelated. Therefore to try and compare one set of scale points against another is impossible as this is not comparing like with like.

Added to that, the Job Evaluation Schemes are also different which compounds the difficulties with comparing and matching spine points, bands and values.

However, the Council intends to implement a bottom pay point of £9 per hour which will mirror the NJC lowest rate. NFDC pay scales from 1 April 2019 for bands 1-4 will then progress in increments of 3%. It should be noted that the new NJC spine points from 1 April only increase by 2%.

The Employer believes that means that employees of NFDC are in a better position under our local pay arrangement.

Furthermore the Council intends as a result of the findings in this report to have a work programme of pay reviews within the next 12-18 months to consider and address some of the issues highlighted within the report.

These are:

- Housing Maintenance
- Operational
- Bands 5-9
- Senior Management Review
- Health and Leisure

Working Groups would be set up to deal with each area, and updates will be brought to the Employee Engagement Panel on a regular basis.

The Council was keen to ensure that it was competitive as an employer in terms of pay and recruitment and retention of staff.

10.3 OTHER EMPLOYEE SIDE COMMENTS MADE AT THE MEETING

The Employee Side did not agree that the mismatch in NJC/NFDC pay spines or job evaluations was a relevant consideration and that matching scale points was a straightforward exercise in applying nationally agreed NJC increases. As an NJC employer, the Council had benefited in the years when no increase had been applied nationally. It was further pointed out that the Council had recently made a number of organisational changes with no union involvement and whilst the recent improvements to the lower bands were acknowledged, it was felt that some employees would not benefit to the same extent as the national award, and reiterated that the Council could face a legal challenge. The Employee Side claimed that there were other councils in the south east region which were not affiliated to the NJC scheme, but who were paying more than NFDC. Some Employee Side representatives reported that some staff had felt undervalued by the proposals.

UNITE AND GMB:

No comments received

11. RECOMMENDATIONS

- 11.1 That the Committee note the Employee Side comments set out above together with the Employer's responses, consider the proposals for pay from 1 April 2019 as summarised in paragraph 4 of the report, and make recommendations to Council.

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