

EPSOM & EWELL BOROUGH COUNCIL PAY AWARD 2017-18

Report of the: Head of HR & Organisational Development
Contact: Shona Mason
Urgent Decision?(yes/no) No
If yes, reason urgent decision required:
Annexes/Appendices (attached): Appendix 1 Management Pay Offer
Appendix 2 Staff Consultative Group Pay Claim
Other available papers (not attached): Council's Pay Policy 2016 - 2020

REPORT SUMMARY

This report provides background information on the budget implications of the Council's proposed pay award for 2017/18

<u>RECOMMENDATION (S)</u>	<i>Notes</i>
<p>That the Committee:</p> <p>(1) Receives a report on the pay implications for staff from the budget target set for the financial year 2017/18;</p> <p>(2) Receives and consider the Staff Consultative Group request for 2%;</p> <p>(3) Notes the proposed pay award for 2017/18 of 1% across the board and recommend it to the Strategy and Resources Committee for approval.</p>	

1 Implications for the delivery of the Council's Key Priorities

- 1.1 The Council's employees are a key requirement to meet the Council's ambition to make Epsom & Ewell an excellent place to live and work, and its policies on the pay of staff will be important in ensuring that the Council meets its key priorities. In particular, any policy about pay is relevant to the Council's key priority of "Managing Resources" – the Council aims to utilise its limited resources in the most efficient and effective way.

2 Background

- 2.1 The Council's Pay Policy 2016 - 2020 sets out the Council's intention in relation to pay for this period. Within the pay policy the Council will seek to make an annual across the board pay award.
- 2.2 On 6 July 2016 Management made a pay offer of 1% to the Staff Consultative Group (SCG) for them to undertake meaningful consultation with all staff. They were provided with three months to undertake the consultation and requested to make any pay claim by 30 September 2016.
- 2.3 The SCG and wider staff have been consulted at length and have made a claim of 2%. Appendix 2 highlights staff views regarding the pay offer and consultation that has taken place over the summer.
- 2.4 Management would like to thank the SCG and especially the Chair and Vice Chair for their commitment and hard work in dealing with the pay offer.

3 External and Internal Market Data Points

- 3.1 The following information is provided to give economic context to the Council's pay offer and provide benchmarking information for comparison purposes.
- 3.2 Consumer Prices Index for July 2016 was 0.6%. Over the previous 12 months the rate of annual change has varied between -0.1% and 0.6%.
- 3.3 Retail Prices Index for July 2016 was 1.9%. Over the previous 12 months the rate of annual change has varied between 0.7% and 1.9%.
- 3.4 The latest UK average weekly earnings growth rate for the whole economy for July 2016 was 2.1% and 1.5% for the public sector.
- 3.5 Information on pay awards within our benchmark group and in the South East, National Pay settlement and the IRS Pay and Benefits pay levels indicate that awards being considered range from 1 – 1.5%
- 3.6 Central Government in its 2015 statement recommended a 1% pay award for public sector workers for the next 4 years.
- 3.7 Central Government has now introduced the National Living Wage for employees over the age of 25 of £7.20 per hour, replacing the minimum wage.
- 3.8 The staff turnover for 2015-16 was 15.3% (9.9% resignations only). This is a rise from the previous year (14.2% of which 9.8% were resignations only) which indicates that as the market recovers, albeit slowly, there is a likelihood that the Council would lose good skilled staff to other organisations offering competitive salaries unless we keep up and offer equally competitive salaries and attractive working conditions.

4 Proposal

- 4.1 The draft budget 2017/18 includes a provision for a pay award of 1% for staff.
- 4.2 On the basis of the above it is recommended that the Committee consider a 1% pay award to staff.
- 4.3 The proposed budget, if approved, would allow the Committee to consider the recommended pay award of 1%. This proposal will need to be considered in the light of the external and internal market data, turnover figures and the comparative information that is available. Any award below 1% is likely to make us less competitive in relation to our neighbours. An award above 1% will require the identification of additional savings from elsewhere to fund an increase over 1%.

5 Financial and Manpower Implications

- 5.1 The total pay bill inclusive of agency staff and employer salary on-costs is £11.3 million.
- 5.2 Provision for the cost of this proposal at an estimated cost of £113k including on-costs has been included in the draft budget and Medium Term Financial Strategy and Efficiency Plan for 2017/18.
- 5.3 The Council is currently undertaking a review of its Pay and Performance scheme in conjunction with the Local Government Association (LGA). The LGA is undertaking job evaluation, benchmarking and developing a revised pay structure which will be brought to Committee in due course for consideration.

6 Legal Implications (including implications for matters relating to equality)

- 6.1 There have been no equal pay claims in the last four years.
- 6.2 ***Monitoring Officer's comments:*** *There are no legal issues arising from this report.*

7 Sustainability Policy and Community Safety Implications

- 7.1 There are no implications for this report.

8 Partnerships

- 8.1 There are no implications for this report.

9 Risk Assessment

- 9.1 Failure to agree a pay award for staff in line with central government recommendations is likely to lead to increased turnover and difficulties in recruitment and retention of staff, as well as contribute to low staff morale.

JOINT STAFF COMMITTEE
20 OCTOBER 2016

10 Conclusion and Recommendations

- 10.1 The Committee is requested to endorse the recommendation of the 1% pay award and recommend it to the Strategy & Resources Committee for approval.

WARD(S) AFFECTED: None