

**North Tyneside Council
Report to Cabinet
Date: 16 April 2012**

ITEM 6(g)
Title: Public Service Pay

Portfolio(s): Elected Mayor

Cabinet Member(s): Mrs Linda Arkley

Report Author: Alison Lazazzera, Strategic Human Resources Manager (Tel: 643 5012)
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Wards affected: All

PART 1

1.1 Purpose:

The purpose of this report is to outline to Cabinet the options available to implement a payment of £250 to Council employees earning the full time equivalent of £21,000 or below.

1.2 Recommendation(s):

It is recommended that:

- (a) £250 be paid to those employees earning £21,000 per annum or less as a stand alone payment, for each employment, paid over a 12 month period with an intended implementation date of 1 June 2012;
- (b) the implementation be dependent upon the outcome of a consultation exercise with Schools in relation to school based employees who earn £21,000 per annum or less; and
- (c) a further report be brought back to Cabinet on 14 May 2012 following consultation with Schools, in relation to school based employees, detailing the financial implications arising from the proposed implementation date of 1 June 2012 for the General Fund, the Housing Revenue Account and Schools.

1.3 Forward plan:

This report was not included in the Forward Plan.

1.4 Council plan and policy framework

1.4.1 This report has no specific reference in the Council Strategic Plan.

1.5 Information:

Background

- 1.5.1 In June 2010, Chancellor George Osborne said because he was implementing a two-year pay freeze, public service workers earning less than £21,000 would get a “flat pay rise” of £250 during each of those years.
- 1.5.2 As a part of the local government National Pay Negotiations in 2010/11 the Local Government Association acting on behalf of local authorities took legal advice on whether the announcement from central government was binding on local government employers. The advice was that this was not a legal obligation on local government and consequently the “flat rate rise” for those earning £21,000 and below was not implemented within local authorities.
- 1.5.3 For a third consecutive year no pay award has been offered by the Local Government Employers due to the economic recession and the impact of reduced central government funding on local government finances.
- 1.5.4 As a prudent measure a sum of money was set aside in the Council’s budget for 2011/12 in case a flat rate increase as above was included as part of the national pay negotiations for 2011/12.
- 1.5.5 The same measure was included in this year’s budget for any national pay bargaining awards for 2012/13.

1.6 Considerations for North Tyneside Council

Terms and Conditions of Employment

- 1.6.1 The terms and conditions of employment relating to the Council’s workforce vary depending upon the category of staff group. The staff groups covered by this request would include those whose terms and conditions of employment are contained in the following agreements:
- National Joint Council National Agreement for Pay and Conditions of Service(known as “The Green Book”)
 - Joint National Council for Youth and Community Workers
 - Craft Workers’ Local Agreement on Pay and Conditions of Service
- 1.6.2 There are other staff groups such as Teachers and those employed under The Soulbury Committee and The Silver Book, where pay scales begin at a higher level than the £21,000 threshold.

Consolidated pay vs a stand alone payment

- 1.6.3 The payment could be consolidated and incorporated into the hourly rate of pay for the appropriate spinal column points on the pay and grading structures. As an alternative it could be paid as a separate element of pay.

1.6.4 Should the payment be consolidated there will be an impact upon the Council's pay and grading structure and the job evaluation scheme that underpins it for those employees on "Green Book" terms and conditions of employment. This would also impact on other pay and grading structures for Youth and Community Workers and Craft Workers. An alternative is to pay the £250 as a stand alone payment as a monthly payment spread over a 12 month period. This ensures that there are minimum risks around equal pay claims being generated by a more permanent change to pay and grading structures outside of national negotiating frameworks.

Multiple assignments (jobs) and part time hours

1.6.5 The payment would have to be paid to all assignments (all jobs held by an individual) rather than a one off payment per individual. This is due to some employees having more than one post within the Council that would attract this payment. It would also have to be paid pro rata to the hours worked per assignment.

Capping payment to a threshold

1.6.6 The £21,000 threshold would affect full time employees on Spinal Column Point (SCP) 24 and below (the top of Grade 6) on the pay and grading structure for employees on "Green Book" terms and conditions of employment.

1.6.7 The increase of £250 on top of the full time equivalent salary for SCP 24 would take the salary to £21,108. It could remain at this level as the next SCP 25 is set at £21,519. This would retain a differential between the scale points, albeit it would be reduced from £661 to £411. Alternatively a cap to create a threshold of £21,000 could be applied. This would mean that those on SCP 24 would receive a payment of £142 (£108 less than the £250 payment). It is suggested that although in theory the setting of a threshold would generate a small financial saving, paying the full £250 would be seen as a positive from the perspective of the workforce and would not create a significant impact on the next spinal column point on the pay and grading structure. If this is accepted as a principle then it should be applied to Youth and Community Workers and Craft Workers in relation to their pay and grading structures. In total this would affect approx 2,371 employees excluding casual employees.

Protected pay

1.6.8 There are employees receiving pay protection under the Council's agreed protection arrangements and a decision would have to be made as to whether they would receive the £250 on top of the protected salary, particularly if they were already over the £21,000 threshold. It is suggested that those employees on protection should not receive a further £250 if they are over the £21,000 threshold.

National position

1.6.9 The Employer's Organisation when contacted has confirmed that the £250 is not an obligation on local government and that the national position remains the same which means that it is up to local determination.

Schools position

1.6.10 Under the Local Management of Schools a decision to make an additional payment of this nature to school support staff employed under "Green Book" terms and conditions of employment is a matter for each Governing Body. It is recommended that a consultation exercise is carried out with Schools in relation to making this payment to schools based staff.

1.7 Decision options:

Cabinet has the option to:

- (a) agree the recommendations to implement as a stand alone payment for 12 months from 1 June 2012 dependant upon a consultation exercise with Schools and a further report outlining the financial implications arising from this;
- (b) reject the recommendations and substitute an alternative decision.

1.8 Reasons for recommended option:

Cabinet are recommended to agree the proposal to offer a payment of £250 to those employees earning the full time equivalent of £21,000 or below on the basis of it being a stand alone payment from 1 June spread over a 12 month period. This option is being recommended to enable the integrity of the national pay spines in relation to Green Book employees and Youth and Community Workers to be maintained including the job evaluation scheme that underpins the pay and grading structure that the Council has adopted. This ensures that there are minimum risks around equal pay claims being generated by a more permanent change to the pay and grading structure outside of the national negotiating framework. This will also maintain the pay and grading structure agreed locally for Craft Workers.

Appendices:

Appendix 1: Equality Impact Assessment.

1.9 Contact officers:

Alison Lazazzera, Strategic Human Resource Manager – (0191 643 5012)
Carol Murphy, Assistant HR Manager (Strategy, Industrial Relations and Reward) – (0191 643 5027)
Stephen Ballantyne, Lawyer Specialist (Governance and Employment) - (0191 643 5329)
Janice Gillespie, Senior Manager Corporate Finance (0191 643 5701)

1.10 Background information:

Chancellor's Budget Statement 2010

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 The 2012/13 General Fund budget includes a provision of £400,000 for the implementation of any pay award agreed for those employees earning the full time equivalent of £21,000 or less.

2.1.2 A further report is to be brought back to Cabinet in May 2012 following consultation with Schools. This report will set out the financial implications arising from the proposed implementation date of 1 June 2012 for the General Fund, the Housing Revenue Account and Schools.

2.2 Legal

There are no legal implications of the decision as local authorities are not legally obliged to implement the Chancellor's decision regarding the payment of £250. The payment of £250 to those employees earning £21,000 or less is also unlikely to give rise to any form of successful Employment Tribunal claim from employees in earning in excess of £21,000 who would not benefit from such a payment. This is because the Council would be able to objectively justify that the payment was not due to a difference in gender but rather a payment made to those earning (pro rata) the least in the Council, irrespective of their sex.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The budget setting process was carried out in consultation with Strategic Directors, Heads of Service and Managers with input from the recognised Trades Unions.

2.3.2 External Consultation/Engagement

The Council's Plan and Budget Setting process includes input via a programme of external consultation and engagement through area forums and with partner organisations.

2.4 Human rights

2.4.2 The proposals in this report support the Council's adherence to Human Rights legislation.

2.5 Equalities and diversity

2.5.1 The proposals in this report support the Council's equality and diversity standards and an equality impact assessment is included.

2.6 Risk management

2.6.1 A risk assessment of the proposal has been undertaken. The risks are managed under corporate risk management responsibilities.

2.7 Crime and disorder

2.7.1 The proposals in this report do not relate to crime and disorder.

2.8 Environment and sustainability

2.8.1 The proposals in this report have no impact on the environment.

PART 3 - SIGN OFF

- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager of Policy and Partnerships

Report author: Alison Lazazzera/Carol Murphy