

Report for:
ACTION



Contains Confidential or Exempt Information	NO - Part I.
Title	UNISON and GMB Pay Claim for 2016/17
Responsible Officer(s)	Terry Baldwin, Head of HR
Contact officer, job title and phone number	Terry Baldwin, Head of HR 01628 796992
Member reporting	Councillor D Burbage
For Consideration By	Employment Panel
Date to be Considered	19 November 2015
Implementation Date if Not Called In	1 April 2016
Affected Wards	None
Keywords/Index	Local pay, annual review, pay award

Report Summary

1. This report deals with the annual pay claim submitted by UNISON and GMB trade unions. It covers all staff on local terms and conditions, including Heads of Service, Directors and Managing Director.
2. It recommends that Employment Panel (EP) reviews and considers the information provided by UNISON and GMB in relation to any pay award to be applied from April 2016.
3. These recommendations are being made because the Council has a local agreement with the trade unions to determine the annual pay award for non school based staff.
4. In the event that a pay award is made, the financial implications for the Council are set out in 4.1

If recommendations are adopted, how will residents benefit?

Benefits to residents and reasons why they will benefit	Dates by which residents can expect to notice a difference
Local control over salary costs means that the Council can respond to local needs and manage its salary budgets more effectively.	Ongoing

1. Details of Recommendations

RECOMMENDATION: That the Employment Panel:

- 1.1 **Review the information supplied in this report and appendices as part of the consideration of the annual pay review for eligible staff for 2016/17.**
- 1.2 **Identify any additional option(s) that it wishes HR to explore / develop further for its consideration.**
- 1.3 **Inform the trade unions of the pay award and pay reward decision in February 2016, after the February Cabinet meeting.**

2. Reason for Recommendation(s) and Options Considered

Background

- 2.1 In 2014, the Council introduced a pay reward scheme, with a new grading structure and a pay for performance element. For 2015/16 objectives and performance targets were set from April 2015, mid year performance reviews took place in October 2015, and salary increases based on performance and achievement of objectives will be awarded in June 2016, backdated to April.

Local pay, terms and conditions framework agreement

- 2.2 The local pay determination framework covers all non school based staff. Under the framework, the trade unions are able to submit their pay and reward claim for consideration by EP.
- 2.3 In accordance with the framework, following Cabinet's approval of budgets, EP should advise trade unions of the pay and reward settlement for 2016/17

Trade Union pay claim

- 2.4 The trade unions have submitted a joint claim, as follows:

- A 3% across the board increase on all salary points and allowances.

The full claim is detailed in Appendix A. The cost of this claim to RBWM is detailed in 4.1.

- 2.6 The unions have not yet stated whether they will attend EP to present the details of their claim.

Pay Award / Pay Reward

- 2.7 The trade unions are able to submit a claim for a pay award, pay reward or mixture of both:
 - Pay Award 2016/17 - any pay award increase would apply from 1 April 2016
 - Pay Reward 2016/17 - any reward increase to reflect work undertaken in 2015/16 would apply from 1 April 2016

The trade unions have chosen to only submit a claim for a pay award.

Further EP Pay Award/Pay Reward decisions

- 2.8 Once the budget for salary increases is known following the Cabinet meeting on 23 February 2016, HR will model a range of ratio options. The agreed pay ratio will be confirmed at EP in March 2016.

Local and economic information

- 2.9 Appendix B sets out background information on recent RBWM annual pay settlements, the level of pay awards nationally and some economic information.

Option	Comments
Consider the pay claim submitted by the trade unions.	This request forms part of the annual pay review as detailed in the Local pay, terms and conditions framework agreement.
Recommended Option	
Do not consider the pay claim.	This would contravene the agreed Framework.
Advise the trade unions of the outcome in February 2016, after the budget consideration process.	This allows Members to consider budget implications before a final decision is made.
Recommended Option	

3. Key Implications

- 3.1 The details of the UNISON and GMB claim are attached in Appendix A. The agreed pay settlement will be developed once EP has identified its preferred option for the 2016/17 pay settlement.

4. Financial Details

a) Financial impact on the budget (mandatory)

- 4.1 The maximum cost of the increase, based on the UNISON pay claim is broken down as follows:

	Annual amount paid	3% of Annual amount paid	3% of Annual amount paid plus 21% on-costs
Perm remuneration	33,406,503	1,002,195	1,212,656
Casual	481,051	14,432	17,462
Overtime	420,675	12,620	15,270
Total	34,308,229	1,029,247	1,245,388
Additional national insurance payments from April 2016			24,000
Grand total			1,269,388

	Year 1 2016/17	Year 2	Year 3
	* Revenue £000	Revenue £000	Revenue £000
Addition	1,269	0	0
Reduction			

b) Financial Background

4.2 Finance advise that the National Insurance rates will be increasing in April 2016 because of pension changes. A provision of around £800k is being made for this and it has been suggested that $3\% \times 800 = £24k$ is added to the bottom line.

5. Legal Implications

5.1 SLS have provided the following advice - 'The Council has a local pay, terms and conditions agreement between it and its recognised trades unions being Unison and the GMB which was entered into in December 2014. The framework is for the determination and ongoing local pay and reward on a year by year basis with the intention of resolving all disputes through ongoing dialogue. Both parties will endeavour to always enter into discussions with a view to reaching a mutually acceptable agreement. The agreement incorporates an annual consultation and negotiation meeting schedule.'

6. Value For Money

6.1 The details of the final costs will be modelled and developed once the EP has identified its preferred pay settlement options in February 2016.

7. Sustainability Impact Appraisal

7.1 N/A

8. Risk Management

8.1 The details of this will be developed once the EP has identified its preferred options.

9. Links to Strategic Objectives

9.1 Local management of our pay costs enables us to reflect our local needs and employ the staff required to deliver our objectives.

10. Equalities, Human Rights and Community Cohesion

10.1 An EQIA will be undertaken on the options to be considered further as identified by EP.

11. Staffing/Workforce and Accommodation implications

11.1 N/A

12. Property and Assets

12.1 N/A

13. Any other implications:

13.1 N/A

14. Consultation

14.1 The Head of HR consults regularly with the Trade Unions, and this process has followed the agreed timetable.

15. Timetable for Implementation

15.1 In accordance with the Local Pay Framework, the timetable is set out below:

Month and meeting type	Pay and reward cycle
July Full	Process starts <ul style="list-style-type: none">• Officers and trade unions enter into informal discussions on the potential scope and settlement of pay and reward for the implementation on the following 1 April.• The purpose of these discussions is to enable the Council to assist the trade unions in the preparation of their claim.• This is an informal phase and is aimed at ensuring that both sides can have an early view of each others expectations and constraints
August Small	<ul style="list-style-type: none">• Trade unions may request initial/informal pay modelling to be undertaken or additional information provided to support their claim
September Small	<ul style="list-style-type: none">• Trade unions submit their formal pay and reward claim so that management can incorporate it into a report for Employment Panel• Management side (Officers) undertakes the pay modelling of the formal proposals and share this with the trade unions, including EIA
October Full	<ul style="list-style-type: none">• Trade Unions make formal presentation of pay and reward claim to Employment Panel• Trade unions may attend Employment Panel, if they require.
November Small	
December Full	<ul style="list-style-type: none">• The Council's annual budget setting process takes place
January Small	
February Full	<ul style="list-style-type: none">• RBWM Cabinet approves budget for the new financial year• Employment Panel advise trade unions of pay and reward settlement for implementation on the following 1 June, backdated to 1 April• Employment Panel advise affected staff of pay and reward settlement for implementation on the following 1 June, backdated to 1 April

	<ul style="list-style-type: none"> Trade unions may ballot their members on proposed pay settlement
March Small	<ul style="list-style-type: none"> Staff appraisal process takes place
April Full	<ul style="list-style-type: none"> Staff appraisal process takes place
May Small	<ul style="list-style-type: none"> Pay award is linked to appraisal scores Trade unions advise management of outcome of ballot
June Full	<ul style="list-style-type: none"> Agreed pay award is implemented for all staff on local pay, terms and conditions and backdated to April <p>Process ends</p>

16. Appendices

Appendix A – trade union claim

Appendix B – background information on previous pay awards and labour market data

17. Background Information

17.1 Background information is contained in Appendix B.

18. Consultation (Mandatory)

Name of consultee	Post held and Department	Date sent	Date received	See comments in paragraph:
Internal				
Cllr Burbage	Leader of the Council			
Alison Alexander	Managing Director			
Legal	Lawyer, SLS	30.10.15	06.11.15	
Finance	Accountancy Pool	05.11.15	05.11.15	
External				
N/A				

Report History

Decision type:	Urgency item?
For information	No

Full name of report author	Job title	Full contact no:
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UNISON AND GMB PAY CLAIM 2016 THE ROYAL BOROUGH OF WINDSOR & MAIDENHEAD

INTRODUCTION

This pay claim is submitted by UNISON and GMB on behalf of theirs' members employed by the Royal Borough of Windsor & Maidenhead.

UNISON's and GMB's claim seeks to achieve the following:

- appropriate reward for the major change our members have experienced in terms of changes to work location and organisation through hot desking.
- reward for the increasing stress faced by front line workers arising from greatly increased work pressure due to staffing reductions during 2015/16.
- a substantial above inflation pay rise to help restore and maintain employees living standards
- reward to address the fall in living standards and ensure that the RBWM workforce shares in the economic recovery

UNISON and GMB are therefore submitting the following claim for 2016 which seeks to improve and enhance the morale and productivity of these staff. Meeting our claim will give the Royal Borough the opportunity to demonstrate its commitment to creating a workforce which is well-paid and high in morale and productivity. The claim is straightforward and realistic.

SUMMARY CLAIM

We are seeking:

- A 3% across the board increase on all salary points and allowances

1. BACKGROUND TO THE CLAIM

A substantial increase will help restore and maintain living standards of the staff who have seen their real pay eroded considerably.

The greatest asset of the Royal Borough is its employees. Staff are looking to this pay round for evidence of the value which the Royal Borough places upon them and that they will share in the economic recovery.

This claim is both realistic and fair. The following gives full justification for the claim. UNISON and GMB hope that the Royal Borough will give this claim the full consideration and response which the staff expect and richly deserve

2. COST OF LIVING

According to the Office for National Statistics (ONS):

The Retail Prices Index rose from 222.8 (April 2010) to 258 (April 2015) – an increase of 15.8% (January 1987 = 100). Over the same period the Consumer Prices Index rose from 114.2 (April 2010) to 128 (April 2015) – an increase of 12.08% (2005=100).

Salary April 2010	April 2015 salary that maintains real value. (Salary April 2010 uprated in line with RPI)
10000	11580
12000	13896
15000	17370
18000	20844
20000	23160
25000	28950
30000	34740
40000	46320
50000	57900

Between April 2010 and April 2015 pay in the Royal Borough for most staff remained static while inflation rose by 15.8%. This represents a fall in real living standards for RBWM employees.

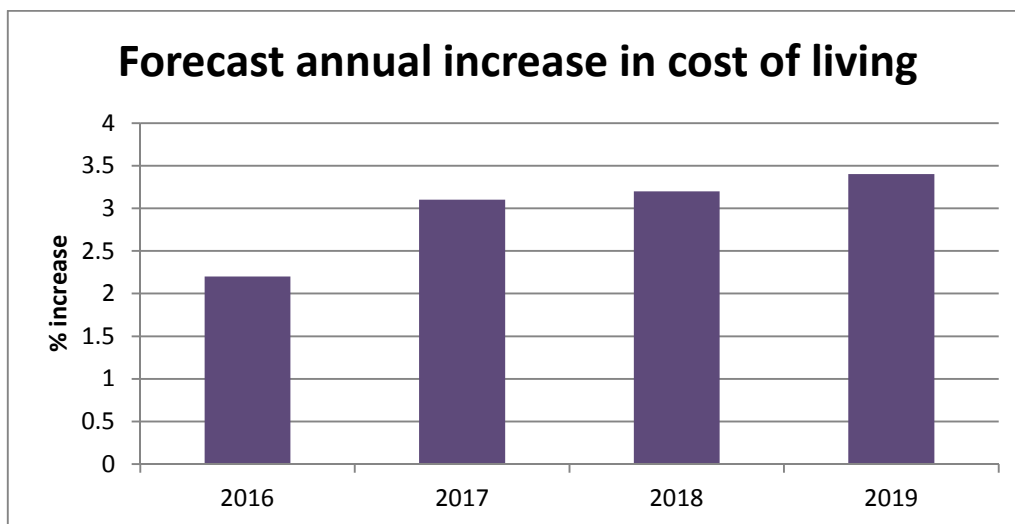
UNISON and GMB believe that the Retail Prices Index (RPI) remains the most accurate measure of inflation faced by employees.

The most widely quoted figure for inflation in the media is the Consumer Prices Index, However, UNISON and GMB believe that CPI consistently understates the real level of inflation for the following reasons:

- CPI fails to adequately measure one of the main costs facing most households in the UK – housing. Almost two-thirds of housing in the UK is owner occupied, yet CPI almost entirely excludes the housing costs of people with a mortgage
- CPI is less targeted on the experiences of the working population than RPI, since CPI covers non working groups excluded by RPI – most notably pensioner households where 75% of income is derived from state pensions and benefits, the top 4% of households by income and tourists
- CPI is calculated using a flawed statistical technique that consistently underestimates the actual cost of living rises faced by employees. The statistical arguments are set out exhaustively in the report “Consumer Prices in the UK” by former Treasury economic adviser Dr Mark Courtney, which is summarised [here](#)

3. FORECAST INFLATION RATES

Treasury forecasts indicate that the cost of living is set to rise significantly once more, with the 2016 rate hitting 2.2% followed by an acceleration to over 3% a year between 2017 and 2019, in line with the pattern below.



Source: HM Treasury, Forecasts for the UK Economy, August 2015

Pay increases below these forecasts will only lead to a further erosion in the real value of take home pay.

4. INFLATION COMPONENTS

The changes in the price of components of the Retail Prices Index over the year to August 2015 are shown in the table below.

Item	Average % increase to August 2015
Personal expenditure	4.4
Consumer durables	4.1
Alcohol and tobacco	2.2
Housing and household expenditure	1.7
Mortgage interest payments and council tax	1.1
Travel and leisure	-0.3
Food and catering	-1.0
All goods	-0.8
All services	2.6
All items	1.1

Source: Office for National Statistics, Consumer Price Inflation Reference Tables, August 2015

The drop in the inflation rate over the last year has been driven by declines in electricity and gas prices after years of strong growth, along with falls in food prices. However, the biggest cause has been the major fall in oil prices. Nonetheless, some costs rose significantly, with a 7.9% acceleration in prices for clothing and footwear, along with a 9.6% rise in travel fares.

The price of housing also remains one of the biggest issues facing employees and their families. Across the UK, house prices rose by 5.2% in the year to July 2015, taking the average house price to £282,000¹. In the South East, annual house price inflation is 6.7% over the year to July 2015, taking average house prices in the South East to £354,000.² The ratio of average house prices to average earnings grew in every country of the UK between 2012 and 2013 except Scotland. The ratio stands at 11.8 in England (14 in London), 8.7 in Wales, 8.4 in Scotland and 7.1 in Northern Ireland³.

The rate of increase in rents has been increasing to the point that it is now outpacing house prices, jumping 5.5% in August across England and Wales to hit £803 a month⁴. New tenancy rates in the South East have been increasing even more rapidly. Average rent for new tenancies in the South East rose 7% over the year to August 2015. The average new tenancy rent now stands at £962 per month⁵

¹ Office for National Statistics, House Price Index, September 2015

² ONS, House Price Index July 2015, published Sept 2015

³ Office for National Statistics, Trends in the UK Housing Market, 2014

⁴ LSL Property Services. Buy to Let Index Index, August 2015

⁵ HomeLet Rental index, August 2015)

Though not specifically assessed by CPI or RPI figures, childcare costs represent a key area of expenditure for many staff (UNISON surveys have consistently found that around a third of staff have child caring responsibilities). Therefore, it is also worth noting that the annual Family & Childcare Trust survey⁶ for 2015 found that the cost of a part-time nursery place for a child under two has increased by 33% since 2010. Over the last year, a nursery place for 25 hours a week has risen by 5.1% to £6,003 a year. The cost of part-time care from a childminder has also risen by 4.3% to £5,411 a year.

Current inflation rates can mask longer term changes in the cost of. For instance, food price inflation is currently quite low, but between 2010 and 2014 it saw major rises, as reflected in the table below.

Item	Rise in cost since 2010	Item	Rise in cost since 2010	Item	Rise in cost since 2010
Food	13%	Potatoes	22%	Electricity	28%
Beef	26%	Fruit	12%	Gas	38%
Fish	20%	Rent	11%	Petrol	12%
Butter	29%	Mortgage interest payments	8%	Rail fares	21%
Cheese	15%	Water	18%		

5. PAY SETTLEMENTS AND AVERAGE EARNINGS

The ability of the Royal Borough to attract and retain support staff in the long term will be damaged if the pay of its staff continues to fall behind the going rate in the labour market.

The table below shows that pay settlements over the last year across the economy have been running at 2%.

A sample of economic sectors that can provide alternative career options for RBWM staff shows pay settlement rates varying between 1.9% and 2.4%.

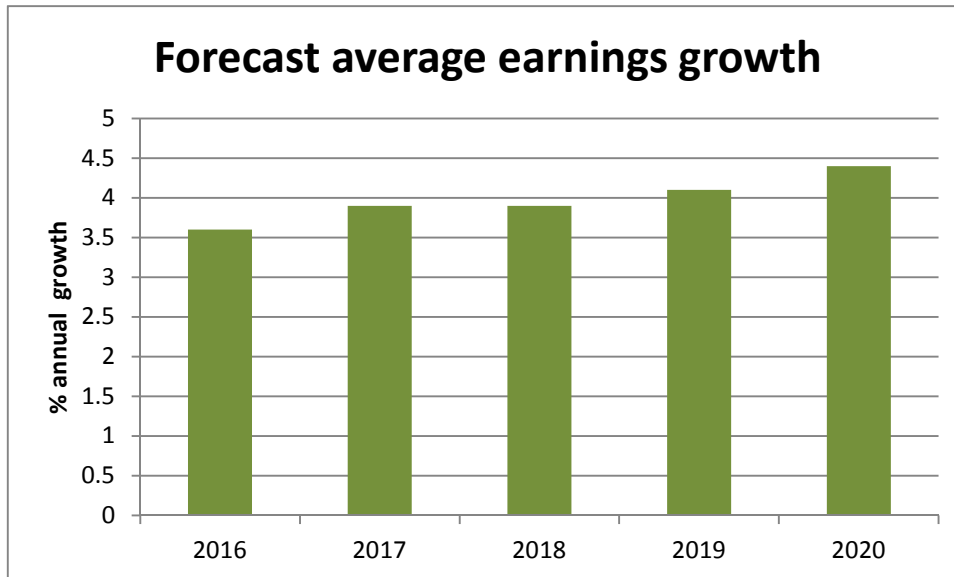
Sector	Average reported pay settlements
Across economy	2.0%
Private sector	2.25%
Public sector	1.9%
Retail & wholesale	2.4%
Admin & support services	2.0%

Source: Labour Research Department, based on reported settlements in sector over last year

⁶ Family & Childcare Trust, Childcare Costs Survey 2015

These trends add to wage differentials, which already show that NJC pay rates are among the worst in the public sector.

In order to remain competitive with wages across the economy, RBWM will need to keep up with average earnings growth predicted to rise across the economy at 3.6% in 2016 and then gradually expand to 4.4% by 2020 following the pattern shown below.



Source: Office for Budgetary Responsibility, Economic and Fiscal Outlook, July 2015

6. RECRUITMENT AND RETENTION PRESSURES BUILDING

With the unemployment rate on a marked downward trend over most of the last three years and the decline predicted to continue into 2016, vacancies are getting harder to fill and staff turnover is on the rise. Latest figures from the Recruitment and Employment Confederation show vacancy growth is at its highest level for 15 years.

7. LOW PAY

It is vital that pay settlements continue to address the ongoing general problem of low pay in RBWM

Recent studies show that those on low incomes have suffered inflation rates that are 1% higher than the average over recent years because of the rapid rise in basic costs such as food, energy and transport⁷, eroding the value of wages for low-paid staff even further.

With less disposable income, low paid workers are having increasing difficulty providing an adequate living standard for their children.

8. MINIMUM WAGE

⁷ Institute of Fiscal Studies, IFS Green Budget 2014

The adult National Minimum Wage (NMW) rose in October 2015 to £6.70 an hour. This gives a minimum full time wage of £12,925.51⁸ a year from October 2015. In addition, the minimum rate for employees aged 25 and over will rise to £7.20 an hour from April 2016 with the National Living Wage, which equates to an annual wage of £13,890.10.

Currently the lowest pay point in the Royal Borough is grade 1 which is only just above the National Minimum Wage. For an employer aiming to provide high quality services, this kind of poverty pay is unacceptable. It is even more concerning that this is happening in an area with a higher-than-average cost of living.

9. LIVING WAGE

The Living Wage has become a standard benchmark for the minimum needed for low-paid staff to have a “basic but acceptable” standard of living.

The Royal Borough is now competing in a labour market where the Living Wage of £7.85 an hour outside London (which equates to an annual wage of £15,144 based on a 37 hour week) and £9.15 an hour in London, has become an increasingly common minimum point in the pay scale.

Studies supported by Barclays Bank have shown that Living Wage (LW) employers report an increase in productivity, a reduction in staff turnover / absenteeism rates and improvements in their public reputation.

Consequently, there are now approaching 2,000 employers accredited as living wage employers by the Living Wage Foundation, including some of the UK's largest private companies, such as Barclays, HSBC and PriceWaterhouseCoopers.

Across the public sector, national agreements have raised minimum rates to at least the living wage in all Scottish governmental organisations, the Welsh NHS, English further education colleges, the higher education sector and among police support staff.

At the same time, local agreements have resulted in over half of local authorities across the UK paying the Living Wage to their directly employed staff.⁹ However, due to the local authorities that do not pay the Living Wage, 30% of the workforce is estimated to earn below the living wage.

The government has announced that it will introduce a legally enforceable “national living wage” of £7.20 an hour for employees aged 25 and above from April 2016. However, in reality this rate is a higher version of the National Minimum Wage, which is calculated without reference to the cost of living. The Living Wage announced annually by the Living Wage Foundation remains the most accurate indicator of the wage needed to achieve a basic, but acceptable, standard of living.

⁸ £6.50/hour times 37 hours times 52.14 weeks

⁹ This data was derived from a Freedom of Information request sent to all UK local authorities over the summer of 2015, which received a 93% response rate

It should also be noted that, despite the introduction of the government's higher minimum wage rate from April next year, many low-paid staff are set to suffer major cuts in their income due to the slashing of entitlements to in-work benefits such as working tax credits.

10. PUBLIC SECTOR PAY AND BENEFITS POLICY – WHAT DOES IT MEAN FOR RBWM WORKERS?

Although this claim is submitted to the Royal Borough it is time for central government to take responsibility for the stark circumstances that local government and its workforce now find themselves in. It is important to set out how central government policy on public sector pay relates to pay in local government.

The government claims to be putting an end to low pay and to be promoting economic growth through populist policies such as maintaining a 1% cap on public sector pay, introducing a new national 'living wage' and implementing cuts to working tax credits to reduce public expenditure. This pay claim notes the real harm that our families face as a result of the havoc the Chancellor is unleashing on the public purse - and particularly local government finances.

The government's 1% cap on public sector pay and its austerity agenda is attacking the very people who have done nothing to cause the financial collapse – including local government and school workers. These vital public servants are being forced to deal with the deficit. It is a public policy response without a shred of fairness. A report by Landman Economics¹⁰ for UNISON in April 2014 set out the major benefits to the economy which would arise from lifting the public sector pay cap and easing the squeeze on living standards. These include increasing revenue from an increase in the tax take and national insurance contributions as people's take home pay increases, a boost in the collection of additional indirect taxes as additional take-home pay is spent on goods and services and a multiplier effect arising from the stimulus to demand as take-home pay increases.

UNISON and GMB believe that there is an alternative to austerity which would fund an increase in public sector pay. It includes increases in corporation tax, the introduction of a land value or property tax, a financial transactions tax, reducing tax avoidance and evasion and a reduction of wasteful spending such as the £3 billion that could be saved in user fees and interest every year if PFI schemes were replaced with conventional public procurement¹¹.

The recent announcement of cuts to tax credits will inevitably reduce living standards further for many families. Your employees in low-paid jobs will no longer be able to rely on the tax credit system and will face a widening income deficit.

¹⁰ <https://www.unison.org.uk/content/uploads/2014/05/On-line-Catalogue223292.pdf>

¹¹ Ibid, p.20.

The changes affect the household incomes of some workers on most pay scales, as the examples below illustrate:

£1,768.69	Couple, one earner, full time, 1 child	
	April 2015	April 2016
Annual Pay	£15,207.00	£15,207.00
Income Tax	-£921.40	-£841.40
National Insurance	-£857.64	-£857.64
Child Benefit	£1,076.40	£1,076.40
WTC and CTC	£4,502.33	£2,653.64
Total	£19,006.69	£17,238.00

£1,892.03	Couple, one earner, full time, 1 child	
	April 2015	April 2016
Annual Pay	£16,969.00	£16,969.00
Income Tax	-£1,273.80	-£1,193.80
National Insurance	-£1,069.08	-£1,069.08
Child Benefit	£1,076.40	£1,076.40
WTC and CTC	£3,779.91	£1,807.88
Total	£19,482.43	£17,590.40

£2,259.04	Couple, one earner, full time, 2 children	
	April 2015	April 2016
Annual Pay	£22,212.00	£22,212.00
Income Tax	-£2,322.40	-£2,242.40
National Insurance	-£1,698.24	-£1,698.24
Child Benefit	£1,788.80	£1,788.80
WTC and CTC	£4,410.28	£2,071.24
Total	£24,390.44	£22,131.40

£2,872.66	Couple, one earner, full time, 3 children	
	April 2015	April 2016
Annual Pay	£30,978.00	£30,978.00
Income Tax	-£4,075.60	-£3,995.60
National Insurance	-£2,750.16	-£2,750.16
Child Benefit	£2,501.20	£2,501.20
WTC and CTC	£3,596.22	£643.56
Total	£30,249.66	£27,377.00

11. RETENTION AND PROTECTION OF TERMS AND CONDITIONS

Our call for decent pay for our members also reflects the massive increase in productivity, which has arisen from fewer workers providing almost the same services as a result of Coalition and current government cuts. Cost savings are being achieved by simply getting more from staff for less. Increased work intensity, accompanied by greater job insecurity and low or non-existent pay increases have characterised RBWM working life for far too long.

Cuts are being met by reducing pay alongside other changes to terms and conditions, working patterns and processes. The current proposal to reduce benefits of the RBWM sick pay scheme is an example of this.

Working against a background of budget cuts, staff have been facing greater workload pressures. The resulting increased stress and declining morale poses a long-term threat to the employers' ability to retain dedicated and skilled employees and provide a consistent quality of service. Investment in the workforce is often seen as distinct from investment in better public services. However, there's a clear link between decent pay and conditions and quality services - services that are responsive, reliable, consistent, caring and accessible. Continued improvement depends on decent pay, conditions and staff training and development. In many cases, the service *is* the staff, face to face and often working under difficult conditions.

The rewards employers will reap in return for investment in the well-being of their employees cannot be underestimated. An employer offering a pay cut in real terms for the next four years, on top of cuts in the last five years, will struggle to retain or attract the existing and new skilled people it needs for the future.

A guarantee that the terms and conditions will be retained and protected would be a key way that employers could demonstrate that they value and support their dedicated and skilled workforce.

12. CONCLUSION

There can be no doubt that all staff working for the Royal Borough have seen a significant fall in their living standards. Their real earnings have fallen substantially.

To deliver a quality service the Royal Borough relies on its workforce and the retention of a specialist, skilled, experienced and dedicated workforce is important to the quality of service delivery. Competition for that workforce from other sectors is strong.

2016 is the year in which the Royal Borough can begin to demonstrate that its workforce is included in the recovery. This is a fair and realistic claim which we ask the Royal Borough to meet in full.

Notes on pay awards and trends for 2016-17 pay claim September – November 2015

1. Economic data

- The annual change CPI was -0.1% in the year to September 2015, down from 0% in August.
- RPI was 0.8% in September 2015, down from 1.1% in August
- XpertHR RPI inflation forecasts: Q3 2015 average 0.9% and Q4 average 1.2%
- Inflation on the RPI measure is expected to remain low for the remainder of the year, before picking up slightly to average 2.3% over 2016.

2. General pay trends

- Labour Research Department – 2.2%
- Engineering Employers Associate – 2%
- XpertHR has recorded Pay awards continue to outstrip inflation, but as a median 2% to the end of September 2015 they remain low.
- XpertHR report pay freezes a shade higher at 7.4% in October 2015, previously it was 7.1%

3. The national picture

- 3.1 According to XpertHR's survey analysis, the median private-sector pay award from 1 September 2015 to 31 August 2016, is expected to be 2%. This is in line with the level of basic awards recorded in the sector over the previous bargaining year and unchanged on the predictions in both the pay forecasts survey carried out at the start of the year and the pay prospects survey carried out a year ago.
- 3.2 This is consistent with recent Labour Market Outlook (LMO) reports, median pay increase expectations are higher in the private sector (2%) than in the public (1%) and voluntary (1.5%) sectors.
- 3.3 The CIPD Labour Market Outlook (LMO) report for August 2015 states that looking ahead, the average median basic pay award anticipated by employers in the 12 months to June 2016 is 2%, up from 1.8% in the previous report. Public sector organisations' predictions of **median** pay increases of 1% will continue to lag behind those in the private (2%) and voluntary sectors (1.5%). At the same time, **average** pay expectations have increased to 2.1% from 1.8%. On the upside, around a fifth of employers plan to raise basic pay by 3% or more.

4. Recruitment

- 4.1 The proportion of employers planning to recruit has fallen to just under two-thirds (65%) from 71% since the last report. Hiring intentions have fallen modestly in both the public sector, down to 72% from 79%, and the private sector, where hiring intentions have decreased to 63% from 68% since the previous report.

5. Labour turnover

- 5.1 The average labour turnover rate among LMO employers is 8%. The extent of churn is higher in the public sector (10%) than in the private sector (8%) and voluntary sector (5%). Some caution should be attached to these figures due to a modest proportion of employers that were unable to identify the turnover figure.

- 5.2 Employment figures are up 140,000 compared with previous quarter, according to the office for National Statistics (ONS). Employment increased and unemployment fell when comparing June to August with March to May.

6. National pay negotiations

6.1 A continuation of the 1% public sector pay cap was announced by Central Government as well as a review of incremental increases. The current position on pay negotiations is:

- 'Green Book' staff – Currently consulting on April 2016 settlement. The trade unions have submitted a claim for minimum pay based on the living wage of £8.25 and £1 per hour on all other pay scales.
- Scottish Local Government – as part of a 2 year deal, there was 1.5% from 1 April 2015 and 1% from April 2016.
- Soulbury – no announcement for 2016/17*
- Craft Workers – as per Green Book
- Chief Executive and Chief Officers – 1% for 2015, 2016 still undetermined
- Youth and Community – as per green book.

*Historically pay awards for these groups have generally mirrored the 'Green Book' award.

7. National Minimum wage

Year	21 and over	18 to 20	Under 18	Apprentice
2015 (from October)	£6.70	£5.30	£3.87	£3.30
2014	£6.50	£5.13	£3.79	£2.73
2013	£6.31	£5.03	£3.72	£2.68
2012	£6.19	£4.98	£3.68	£2.65
2011	£6.08	£4.98	£3.68	£2.60
2010	£5.93	£4.92	£3.64	£2.50

The Living Wage

- The current UK Living Wage is £8.25 an hour
- The current London Living Wage is £9.40 an hour

National Living Wage

- April 2016 – National living wage £7.20 for over 25's. This will replace the National Minimum Wage for over 25's.

8. Other Public Sector pay settlements

- **NHS** – 2015 1%, 2016 still undetermined.
- **Civil Service** – Average pay awards limited to up to 1%
- **Police** – 2016 as yet undetermined but subject to 1% pay
- **Firefighters** – The NJC has agreed an increase of 1% with effect from 1 July 2015, 2016 is still pending

9. RBWM - Local pay settlements history

- April 2009 - the last global pay award under national pay.
- April 2010 – no annual pay award.

- April 2011 - £250 (consolidated) to those earning less than £21,000 per annum.
- April 2012 – 1% consolidated to those on the maximum pay point of scales 2-6.
- April 2013 – extra increment to the value of 2.5 % added to the top of scales 2 and 3, and 2% for scales 4 and 5. Increment values for scales 2 and 3 adjusted to reflect at least 2.5% increase. (nb: scales now renumbered as Grades as result of new pay Reward Scheme).
- With the introduction of the Pay Reward Scheme from April 2014, incremental progression is subject to at least satisfactory performance. Other staff have the potential to receive performance related pay.
- April 2015 – the pay reward was applied as follows: Good - 0.85%, Excellent - 2.56% Outstanding - 5.97%

10. RBWM - Recruitment and Retention

10.1 Over the past 12 months there has been a continuation of the control of the filling of vacant positions in order to maximise redeployment opportunities and budget efficiencies.

10.2 Generally recruitment has a high success rate although we are experiencing challenges in some specialist areas such as Accountancy and Planning. Feedback suggests that these difficulties are also being encountered by neighbouring authorities. There has been a high success rate for recruitment, apart from some specialist niche roles that have required repeat advertising. The revised pay structures for Social Workers in Children’s Services have greatly assisted in the recruitment of Social Workers, however recruitment of experienced management positions within the service remain hard to fill. There is huge competition nationally for suitable candidates at this level and we have recently launched a new recruitment microsite dedicated to Children’s Social Care to assist with this and to build on our employer profile. Voluntary turnover is stable and reduced in social care roles.

11. RBWM - staff turnover

	2013/2014				2014/2015			
	13/14 Q1	13/14 Q2	13/14 Q3	13/14 Q4	14/15 Q1	14/15 Q2	14/15 Q3	14/15 Q4
% Turnover	16.58%	13.65%	14.07%	14.20%	13.95%	16.09%	16.82%	36.69%
%Voluntary turnover	10.91%	10.78%	10.62%	11.08%	10.97%	11.99%	11.78%	11.09%

11.1 Despite forecasts that the UK economy will grow at a slightly slower pace in 2015 than the 2.6% recorded in 2014, the labour market has held up well over the past few years and unemployment has fallen. With both CPI and RPI inflation at historically low levels, this has yet to feed through into upward pressure on pay awards or earnings.