

Report Title:	UNISON and GMB Pay Claim for 2018/19
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	n/a
Meeting and Date:	Employment Panel – 13 November 2017
Responsible Officer(s):	Alison Alexander, Managing Director and Terry Baldwin, Head of Human Resources
Wards affected:	None

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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, Executive and Deputy Directors and Managing Director.
2. It recommends that Employment Panel reviews and considers the information provided in relation to any pay increase being applied from April 2018.
3. These recommendations are being made as part of a local agreement the council has with its recognised trade unions, allowing them to annually propose an increase for non school based staff.
4. The financial implications of these proposals are set out in section 4.1.

1 DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Employment Panel notes the report and:

- i) **Reviews the trade union pay claim and the supplementary information supplied as part of the consideration of the annual pay review for eligible staff for 2018/19.**
- ii) **Identifies any additional pay option(s) that it wishes HR to explore or develop further for its consideration.**

2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Local pay, terms and conditions framework agreement

- 2.1 The Royal Borough came out of the 'Green Book' terms and conditions in 2011 and has agreed local pay provisions. Appendix C, table 5 provides details of pay increases under the 'Green Book' and then after, under local terms and conditions. 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 each year for consideration by Employment Panel.
- 2.2 In accordance with the framework, following Cabinet's approval of budgets, Employment Panel should advise trade unions of the pay and reward settlement for 2018/19 once it has been finalised. The trade unions are entitled to ballot its members on the outcome of the pay settlement.

Trade union pay claim

- 2.3 The trade unions are able to submit a claim for a pay award (movement of salary scales), pay reward (pay for performance) or mixture of both. For 2018/19 the trade unions have chosen to submit a joint claim and to only submit a claim for a pay award.
- 2.4 Appendix A details the joint claim as:

- A 5% or £500 (whichever is the greater) across the board increase on all salary points and allowances
- Deletion of pay points to reach the Foundation Living Wage of £8.45

Initial response to the pay claim

- 2.5 The cost of the pay claim has been modelled in Appendix B. It equates to an additional cost to salary budgets of £1,000,765.
- 2.6 The lowest paid RBWM employees are apprentices, who receive salaries starting at £10,890 per annum. This means that no existing staff would be eligible for the cash increase of £500 as it reflects earnings up to £9,994 per annum.
- 2.7 £8.45 per hour equates to £16,302 per annum. Table 1 details the 17 employees who currently earn less than this amount, they are Apprentices, some of whom are paid above the national rate, and staff on the supported employment scheme. The cost of this increase is £41,000 including employers' costs.

Table 1: Employees earning less than £16,302 per annum

Post	FTE	FTE Salary	Prorated salary	New FTE salary	Pro rata	Difference/increase
Apprentice	1.0000	10,890	10,890.46	16,302.51	16,302.51	5,412.05
Apprentice	1.0000	10,890	10,890.46	16,302.51	16,302.51	5,412.05
Apprentice	0.8108	10,890	8,830.10	16,302.51	13,218.25	4,388.15
Apprentice	1.0000	13,710	13,710.31	16,302.51	16,302.51	2,592.20
Apprentice	1.0000	13,710	13,710.31	16,302.51	16,302.51	2,592.20
Apprentice	1.0000	13,710	13,710.31	16,302.51	16,302.51	2,592.20
Apprentice	1.0000	13,710	13,710.31	16,302.51	16,302.51	2,592.20
Apprentice	1.0000	13,710	13,710.31	16,302.51	16,302.51	2,592.20
Apprentice	1.0000	13,710	13,710.31	16,302.51	16,302.51	2,592.20
Apprentice	0.9459	14,585	13,797.04	16,302.51	15,421.29	1,624.25
Supported employment role	0.2162	14,907	3,223.14	16,302.51	3,524.87	301.73
Supported employment role	0.2162	14,907	3,223.14	16,302.51	3,524.87	301.73
Supported employment role	0.1081	15,056	1,627.68	16,302.51	1,762.43	134.76
Supported employment role	0.2162	15,056	3,255.35	16,302.51	3,524.87	269.52
Supported employment role	0.6757	15,056	10,172.97	16,302.51	11,015.21	842.24
Supported employment role	0.1081	15,056	1,627.68	16,302.51	1,762.43	134.76
Supported employment role	0.6216	15,056	9,359.14	16,302.51	10,133.99	774.86
Supported employment role	0.2162	15,159	3,277.62	16,302.51	3,524.87	247.25
Total salary difference						32,804
Total cost including on costs						41,005

- 2.8 Both unions will send representatives to the Employment Panel meeting on 13 November 2017 to present the details of their claim.

Finalising pay increase budget and method

- 2.9 The salary increase budget will be confirmed following Cabinet meeting in February 2018, HR will then model a range of options and ratios covering both pay award and pay reward. The chosen increase formula will be agreed at Employment Panel in March 2018 and the trade unions informed.

Local and economic information

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

Table 2: Options

Option	Comments
Consider the pay claim submitted by the trade unions. This is the recommended option	This request forms part of the annual pay review approach as detailed in the local pay, terms and conditions framework agreement.
Do not consider the trade union pay claim. This is not recommended	This would contravene the agreed framework.

3 KEY IMPLICATIONS

- 3.1 The final pay settlement will be fully costed once Employment Panel has reviewed and identified its preferred option for 2018/19 in March 2018.

Table 3: Key implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Any additional options identified by Employment Panel are modelled and costed	The additional option(s) is not modelled and costed	The additional option(s) is modelled and costed	n/a	n/a	By March 2018 Employment Panel

4 FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 The costed options, including employers' costs are detailed in Table 4. This has been broken down to display the salary, overtime and costs for casual temporary staff, which all impact on the annual salary bill.

Table 4: Financial impact of report's recommendations

	Extrapolated annual salary	5% increase	
		Increase	New salary
Salary	19,504,591	975,230	20,479,821
Overtime	333,015	16,651	349,665
Casual	177,686	8,884	186,570
Grand Total	20,015,292	1,000,765	21,016,056

4.2 The modelled data has been reviewed and approved by an Accountancy Technician on 25 October 2017.

5 LEGAL IMPLICATIONS

5.1 The council has had a local pay, terms and conditions agreement with its recognised trades unions since 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 RISK MANAGEMENT

6.1

Table 5: Impact of risk and mitigation

Risks	Uncontrolled Risk	Controls	Controlled Risk
Not allowing trade unions the opportunity to present a pay claim	Medium - negative publicity, possible industrial action	Allow trade unions to present their pay claim	Low - negative publicity minimised

7 POTENTIAL IMPACTS

7.1 An equality analysis will be conducted in May 2018 as part of the moderation exercise once the employee rating process is finalised.

8 CONSULTATION

8.1 The Head of HR or nominated deputies consult regularly with the trade unions, and this process has followed the agreed timetable.

8.2 UNISON and GMB have consulted with their members prior to making their pay claim.

TIMETABLE FOR IMPLEMENTATION

9.1 In accordance with the local pay framework, the timetable is set out below:

Table 6: Implementation timetable

Month	Pay and reward cycle
13 November 2017	Trade unions submit their pay claim to Employment Panel
20 February 2018	Salary increase budget agreed at Full Council
March 2018	HR model a number of pay scenarios for consideration
	Employment Panel make final decision for pay claim
	Trade unions and staff are informed of the outcome
	Trade unions may ballot their members about the pay decision

April 2018	Staff appraisal process takes place to be concluded by 30 April
May 2018	Trade unions advise management of any outcome of ballot
	Management consider outcome of ballot
June 2018	Any agreed pay award and/or reward is implemented for all staff on local pay, terms and conditions and backdated to 1 April

9 APPENDICES

- Appendix A – Unison and GMB local pay claim 2018
- Appendix B – Pay modelling
- Appendix C – Pay awards and trends for 2018 pay claim

10 BACKGROUND DOCUMENTS

10.1 None.

11 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Commented & returned
Cllr Targowska	Principal Member for HR	03/11/17	05/11/17
Alison Alexander	Managing Director	02/11/17	
Russell O'Keefe	Executive Director	02/11/17	
Andy Jeffs	Executive Director	02/11/17	04/11/17
Rob Stubbs	Section 151 Officer	02/11/17	03/11/17
Terry Baldwin	Head of HR	02/11/17	03/11/17
Mary Kilner	Head of Law and Governance	02/11/17	

REPORT HISTORY

Decision type: Non-key decision	Urgency item? No
Report Author: Vanessa Faulkner, HR Manager, 01628 685622	

Appendix A



ROYAL BOROUGH OF WINDSOR & MAIDENHEAD LOCAL PAY CLAIM 2018

INTRODUCTION

This pay claim is submitted by UNISON on behalf of members employed by The Royal Borough of Windsor & Maidenhead

UNISON's claim is for the following:

- Appropriate reward for the major change our members have experienced through outsourcing of many parts of the Council's service, and subsequent reorganisation of the remaining staff.
- Reward for the increasing stress faced by front line workers arising from changes to work organisation and location.
- A substantial above-inflation pay rise to help restore and maintain employees' living standards
- Nobody being paid less than the recognised Foundation Living Wage rate, which has become a benchmark for the minimum level of decent pay across the UK and is now paid by large sections of the public services and many major private companies.
- A settlement weighted towards the, often female, lower paid members of the workforce who have done least well in monetary terms out of recent pay awards

UNISON and GMB are therefore submitting the following claim for 2018, which seeks to improve and enhance the morale and productivity of our members. 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 5%, or £500 (whichever is the greater) across the board increase on all salary points and allowances
- Deletion of pay points to reach the Foundation Living Wage of £8.45 (UK)

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.

Prior to submitting this claim UNISON carried out a survey of all its members to inform the claim, and to make sure that it truly reflected the feeling of staff. We handed out surveys to all members arriving for work over a period of three weeks and met them at lunchtime to receive the completed surveys

back. The majority of those who responded worked full time and earned over £30,000 per year, did not get paid for any overtime they worked and working for RBWM was their sole employment. The majority were long-standing staff who had worked for RBWM for more than 5 years, though nearly half of them were looking for another job. The majority of them asked us to submit a pay claim which asked for an across the board pay rise, not related to performance appraisal ratings.

GMB undertook a collective consultation with GMB members in August and September. GMB held a number of workplace based consultation meetings located at different venues of RBWM. GMB members completed an anonymous pay survey and we also had an open discussion with members about their pay rise expectations. GMB reps encouraged and consulted with members on an individual basis. All consultation meetings were very constructive. Once workplace consultations were concluded, members who were unable to attend the GMB workplace based consultation meetings, were sent the pay survey via post to ensure that as much feedback as possible is received. This was to ensure that GMB fully represented members' view and interests. The vast majority of GMB members strongly expressed their stance and preference to receive a percentage rise regardless of performance, as this will reflect permanently on their wages. GMB members feel strongly about restoring some of the losses they have experienced over recent years with below par pay increases.

The greatest asset of The Royal Borough is its employees. In this pay round, our members are looking for evidence of the value that The Royal Borough places upon them and a share in the economic recovery.

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

1. COST OF LIVING

According to the Office for National Statistics (ONS):

The Retail Prices Index rose from 222.8 (April 2010) to 270.64 (April 2017) – an increase of 21.5% (January 1987 = 100). Over the same period the Consumer Prices Index rose from 89.2 (April 2010) to 102.9 (April 2017) – an increase of 15.4% (2015=100).

Salary April 2010	April 2017 salary that maintains real value. (Salary April 2010 uprated in line with RPI)
10000	12150
12000	14580
15000	18255
18000	21870
20000	24300
25000	30375
30000	36450
40000	48600

50000	60750
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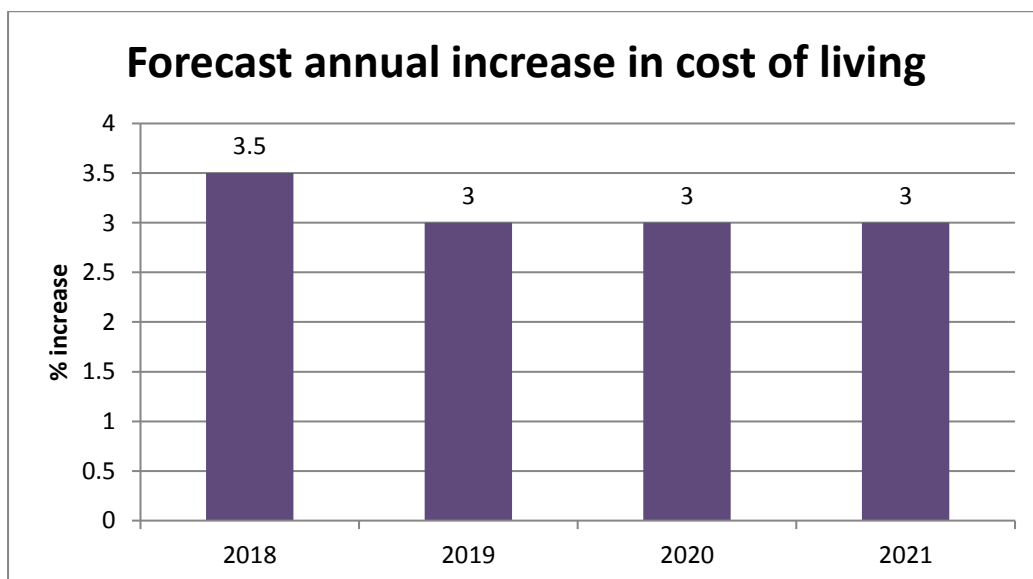
Between April 2010 and April 2017 inflation rose by 21.5% while pay in The Royal Borough rose by far less, with a pay freeze for many staff for many of these years. This represents a fall in real living standards for The Royal Borough employees.

UNISON believes 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 believes 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 under-estimates 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 again in 2018, with the rate hitting 3.5% followed by three successive years of inflation at 3%. If these rates turn out to be correct, the cost of living employees will face will have grown by over 13% between 2018 and 2021, following the pattern set out in the graph below.

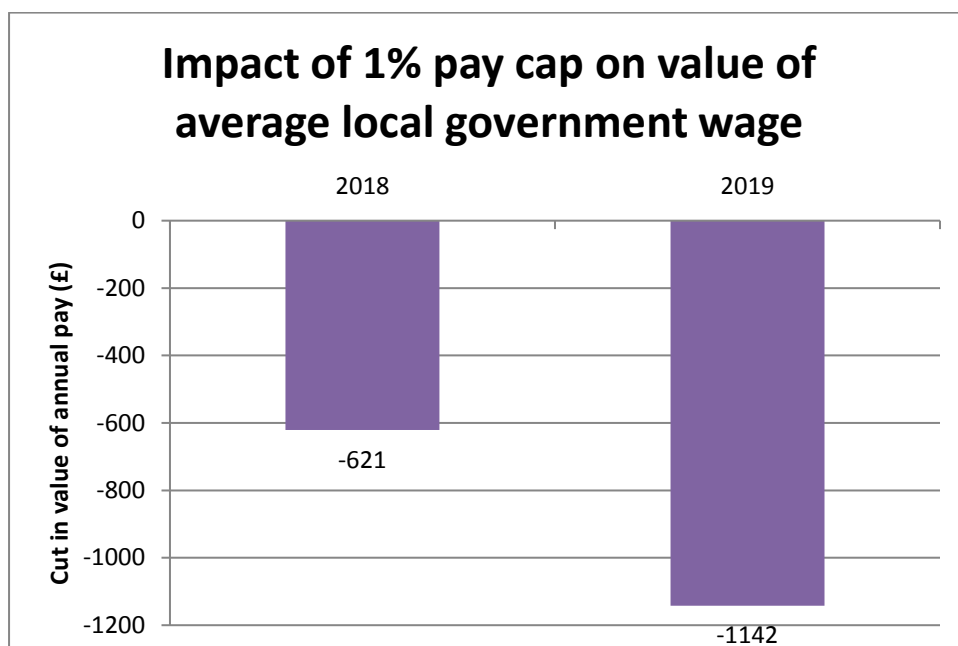


Source: HM Treasury, Forecasts for the UK Economy, August 2017

Pay increases below these forecasts will only lead to a further erosion in the real value of take home pay and increase the debts which many of our members are faced with.

4. IMPACT ON REAL WAGES

Given the government's intention to maintain the 1% public sector pay cap to 2019, the potential impact of this inflation forecast on the value of an average local government wage is shown below. Over the next two years, the average wage would have declined in value by a further £1,142.



The most recent data from the Annual Survey of Hours and Earnings suggests that the real value of average UK pay packets has fallen by 11% since 2010, with employees losing almost £2,900 a year from the value of their pay packet since the government came to office. The average worker would have accumulated more than £20,268 more had their wage kept pace with inflation.

For those public sector workers who have not benefited from any incremental progression in their pay, the decline has been even sharper. Between 2010 and 2016, the public sector worker on the median wage saw a 15% cut in the real value of their earnings, leaving their 2016 wage £5,171 down on the value of their earnings at the start of 2010 and the accumulated loss from their wage failing to keep pace with inflation each year stood at over £26,618.

5. INFLATION COMPONENTS

The changes in the price of components of the Retail Prices Index over the year to July 2017 are shown in the table below.

Item	Average % increase to July 2017
Consumer durables	7.4
Personal expenditure	6.0
Travel and leisure	4.3
Alcohol and tobacco	4.1
Housing and household expenditure	2.9
Food and catering	2.8
All goods	3.9
All services	3.9

All items	3.6
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Source: Office for National Statistics, Consumer Price Inflation Reference Tables, July 2017

Within these broad categories, some costs are rising particularly fast, with electricity bills jumping 9% over the last year, travel fares rising 6.3% and clothing / footwear picking up 9.5%.

The price of housing also remains one of the biggest issues facing employees and their families. Across the UK, house prices rose by 4.9% in the year to June 2017, taking the average house price to £223,000¹. In the South East, annual house price inflation was 4.9% over the year to June 2017, taking South East average house prices to £320,000.

The rate of increase in rents has been more subdued, but still jumped 2.1% in the year to June 2017, when average rents across England and Wales were £827 (£885 in the South East)². Rents among new tenancies across the UK hit £925 a month in July 2017³, with the South East ahead at average monthly rent of £1,025. In UNISON's local government membership survey⁴, 51% of South East respondents reported that they were finding housing costs more or much more difficult to meet compared to the previous twelve months.

UNISON surveys have consistently found that around one third of employees have child caring responsibilities. Though not specifically assessed by CPI or RPI figures, childcare costs represent a key area of expenditure for many employees. Therefore, it is also worth noting that the annual Family & Childcare Trust survey⁵ for 2017 found that the annual cost of a part-time nursery place for a child under two has hit £6,061 per year and the annual cost for a full-time place is £11,594.

Current inflation rates can mask longer term changes in the cost of living. The table below shows the scale of the increases in certain core items of expenditure between 2010 and 2016 .

Item	% price rise 2010 - 2016	Item	% price rise 2010 - 2016	Item	% price rise 2010 - 2016
House prices	31%	Bus and coach fares	26%	Electricity	28%
		Rail fares	24%	Gas	24%

6. PAY SETTLEMENTS AND AVERAGE EARNINGS

The ability of The Royal Borough to attract and retain staff in the long term will be damaged if pay 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 huge gap opened up between private and public sector settlements in 2010. This grew during 2011-12 when the public sector pay freeze was accompanied by average private sector pay rises of 2.5%. Since then, the 1% public sector pay cap has been running at around half of the average rate in

¹ Office for National Statistics, House Price Index June 2017, published August 2017

² LSL Property Services. Buy to Let Index, July 2017

³ HomeLet Rental Index, July 2017

⁴ Under pressure, underfunded and undervalued- UNISON members keeping communities together June 2016

⁵ Family & Childcare Trust, Childcare Costs Survey 2016

the private sector. Latest figures show public sector pay settlements at 1% over the last year, private sector settlements at 2% and voluntary sector settlements at 1%

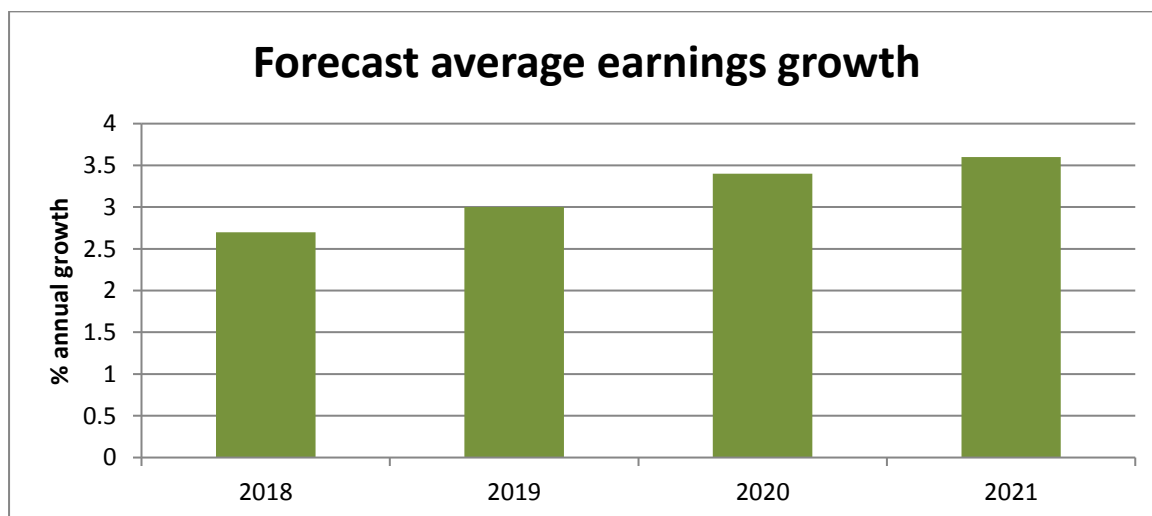
A sample of economic sectors that can provide alternative career options for The Royal Borough staff shows pay settlement rates varying between 1.5% and 2.5%.

Sector	Average reported pay settlements
Across economy	2.0%
Private sector	2.1%
Not for profit	1.8%
Retail & wholesale	2.5%
Transportation & storage	2.2%
Information & communication	1.5%
Admin & support services	2.3%

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

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

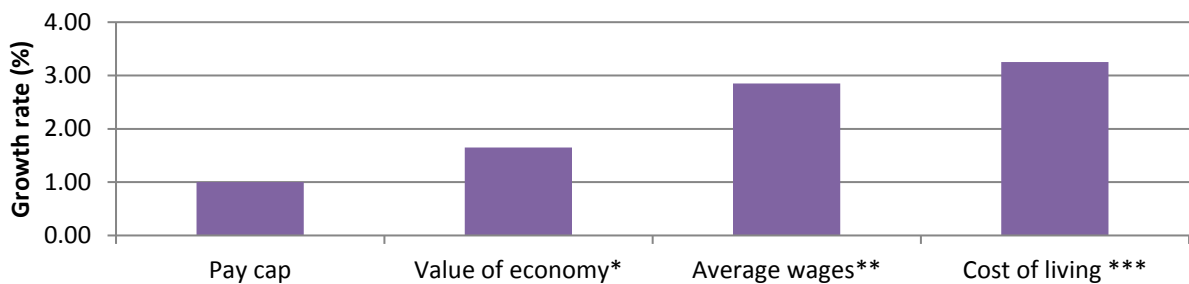
In order to remain competitive with wages across the economy, The Royal Borough will need to keep up with average earnings growth predicted to rise across the economy at 2.7% in 2018 and rise steadily to 3.6% by 2021, following the pattern shown below.



Source: Office for Budgetary Responsibility, Economic and Fiscal Outlook, March 2017

When examining the outlook over the next two years, the average increase in the value of the economy is set to run at 1.7%, average earnings growth at 2.9% and the cost of living at 3.2%.

How does the pay cap compare to forecasts for next few years?



Sources:

* Based on GDP forecasts from Office for Budgetary Responsibility, Economic and Fiscal Outlook, March 2017

** Based on average earnings forecasts from Office for Budgetary Responsibility, Economic and Fiscal Outlook, March 2017

** Based on RPI forecasts from HM Treasury, Forecasts for the UK Economy, August 2017

7. RECRUITMENT AND RETENTION PRESSURES BUILDING

The unemployment rate has been on a steady decline and is now at its lowest level in 42 years. The Office for Budgetary Responsibility predicts that the rate will remain near historically low levels over the next four years. Such a labour market background makes competitive wage rates ever more crucial.

The use of temporary and agency staff can be linked to issues around workload and morale, as temporary and agency staff are used to deal with staffing problems caused by absenteeism or recruitment and retention difficulties. In UNISON's local government membership survey⁶, 39% of South East respondents said the use of temporary/agency staff had increased in the last twelve months.

8. LOW PAY

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

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.

⁶ Under pressure, underfunded and undervalued- UNISON members keeping communities together June 2016

⁷ Institute of Fiscal Studies, IFS Green Budget 2014

9. A LIVING WAGE

The Living Wage (LW) has become a standard benchmark for the minimum needed for low-paid workers to have a “basic but acceptable” standard of living. The Living Wage is calculated and announced annually by the Living Wage Foundation. It remains the most accurate indicator of the wage needed to achieve a basic, but acceptable, standard of living. It is currently £8.45 pence an hour outside London - £16,302 for a 37 hour week – and £9.75 pence an hour in London.

The Royal Borough is now competing in a labour market in which where the Living Wage of £8.45 an hour has become an increasingly common minimum point in the pay scale.

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

Consequently, there are now over 3,000 employers accredited as Living Wage employers by the Living Wage Foundation, including some of the UK’s largest private companies, such as Barclays, HSBC, IKEA and Lidl.

Within the public sector, the Living Wage is now the minimum rate in collective agreements in all Scottish governmental organisations, the NHS and further education colleges in Wales, and across the UK’s universities (for staff on a 35-hour week).

In 2015 research by UNISON showed that over half of local authorities paying the Living Wage to their directly employed staff.⁸ Despite this, we have begun to see ‘real’ Living Wage rates frozen, to allow catch up by the statutory national Living Wage.

10. WELFARE CUTS – WHAT DOES IT MEAN FOR RBWM WORKERS?

Household income for people on low incomes consists of pay and in-work support provided by the government. This pay claim needs to be seen in the context of reductions in the system of ‘in-work’ support that is provided through tax credits and housing benefit.

Although the government reversed its plans to change the tax credit threshold and the taper, those elements have been frozen and are not adjusted for inflation. The family element for new claimants was removed in April 2017 and support limited to two children.

Local housing allowances - housing benefit for private sector and housing association tenants – have been frozen, meaning that tenants have had to find the money to pay any rent increase. Family premium has been withdrawn from new claim and child benefit has been frozen since April 2010.

11. CONCLUSION

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

UNISON and GMB believe it is right that RBWM offers staff a genuine reward for all their hard work and commitment over the past year and in 2017. UNISON and GMB further believe that a reasonable uplift is necessary to ensure the commitment of the workforce and to allow them to feel valued and

⁸ 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

rewarded. UNISON and GMB also firmly believe that the members deserve an uplift to help improve their standards of living, not simply to try to keep their heads above water, as they have done for some time.

Some of the headline figures mask the harsher realities of inflation that our members have to deal with on a daily basis. The prices of many other essentials have risen at a far higher rate. Such increases hit working people and their families very hard. They are not costs that can be avoided. This squeeze on incomes compounded over the years by wage erosion means that employees are looking for wage rises to compensate for cuts in real take home pay.

As you are aware, last year, the pay increase did not keep up with the headline inflation rate which in real terms means a pay cut for our members. It is essential that our members are able to restore some of the losses they have experienced over recent years with below inflation pay increases.

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.

2018 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.

Appendix B

Trade Union pay claim - 2018/19

5% or £500, whichever is the greater, across the board increase on all salary points and allowances regardless of appraisal rating.

Salary modelling, including 25% employers costs

Grade	1%	2%	3%	4%	5%
Apprentice	1,094	2,189	3,283	4,377	5,472
LP Grade 1A	566	1,133	1,699	2,265	2,832
LP Grade 1B	98	197	295	393	491
LP Grade 1C	591	1,182	1,773	2,363	2,954
LP Grade 2	6,586	13,172	19,758	26,343	32,929
LP Grade 3	15,225	30,450	45,675	60,900	76,125
LP Grade 4	8,818	17,636	26,454	35,273	44,091
LP Grade 5	38,394	76,787	115,181	153,575	191,968
LP Grade 6	16,582	33,164	49,746	66,328	82,910
LP Grade 7	35,802	71,604	107,406	143,208	179,010
LP Grade 8	18,776	37,552	56,329	75,105	93,881
LP Grade 9	11,960	23,920	35,880	47,840	59,800
LP Grade 10	7,780	15,559	23,339	31,119	38,899
LP Grade 11	11,506	23,012	34,517	46,023	57,529
LP Grade 12	4,825	9,650	14,476	19,301	24,126
LP Grade 13	6,480	12,960	19,440	25,920	32,400
Head of Service	7,015	14,030	21,046	28,061	35,076
Deputy Directors	2,266	4,531	6,797	9,062	11,328
Executive Directors	1,250	2,500	3,750	5,000	6,250
Strategic Directors	4,539	9,077	13,616	18,155	22,694
Grand Total	200,153	400,306	600,459	800,612	1,000,765

Appendix C

Pay awards and trends for 2018 pay claim

October 2017

1. Economic data

- 1.1 The Consumer Price Index rose by 3% in the year to September 2017, following a 2.9% gain in the previous month. It was the highest inflation rate since April 2012, mainly due to rising prices of food, transport and leisure activities.
- 1.2 The annual core inflation rate, which excludes prices of energy, food, alcohol and tobacco, stood at 2.7%, unchanged from the previous month's five-year high and in line with market consensus.
- 1.3 Retail Price Index (RPI) annual inflation remained at 3.9% in October 2017.
- 1.4 Inflation Rate forecast as published by Office for National Statistics (ONS) in the United Kingdom averaged 2.58% from 1989 until 2017, reaching an all time high of 8.50% in April of 1991 and a record low of -0.10% in April of 2015.



SOURCE: TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

2. General pay trends

- 2.1 Figures provided by XpertHR, an online resource for employment law, HR good practice and benchmarking, showed the median whole economy pay settlement level of 2.0% to the three months ending July 2017, unchanged from 2.0% for the three months to June 2017.
- 2.2 Results from the Labour Research Department (LRD) survey showed the median level of union-negotiated awards for the whole economy was 2.3% in the three months to July 2017, a decrease from 2.4% for the previous three months to June 2017.

2.3 The Engineering Employers Federation mean (EEF, manufacturing) was 2.4% in the three months to June 2017, up 0.1% from 2.3% for the three months to May 2017. The EEF has not published figures for the three months to the end of July 2017

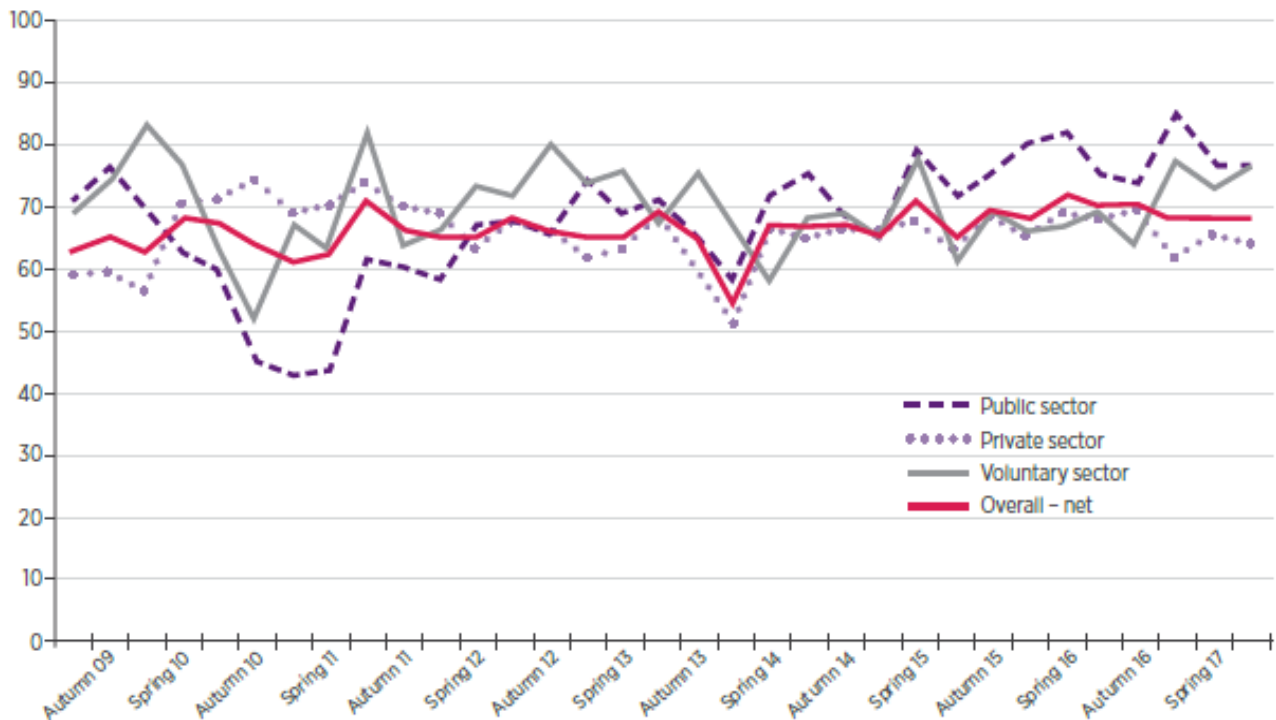
3. Recruitment and redundancy outlook

Recruitment

3.1 The latest report from Labour Market Outlook (LMO) (Summer 2017) suggests that employment confidence has increased modestly since the previous spring report. As in the spring report, employment confidence is high across much of the private sector. In the manufacturing and production sector it has fallen modestly, while employment growth prospects have increased in the private sector services. In addition, the employment outlook for the public sector has improved since the previous report and is broadly consistent with the trend over the last couple of years. Employment confidence has increased among employers in the public administration and defence sector. Additionally, employment prospects in the voluntary sector have increased since spring 2017 and remain positive in the healthcare sector and education sector.

3.2 Recruitment intentions among LMO employers are broadly consistent with recent trends. Just over two-thirds (68%) of organisations state that they are planning to recruit employees in the three months to September 2017. More than three-quarters (77%) of public sector employers plan to recruit employees during the same period, compared with almost two-thirds (64%) of private sector firms and more than three-quarters (77%) of voluntary sector employers. Recruitment intentions are strongest in the healthcare (80%), education (73%) and public administration and defence sectors (72%).

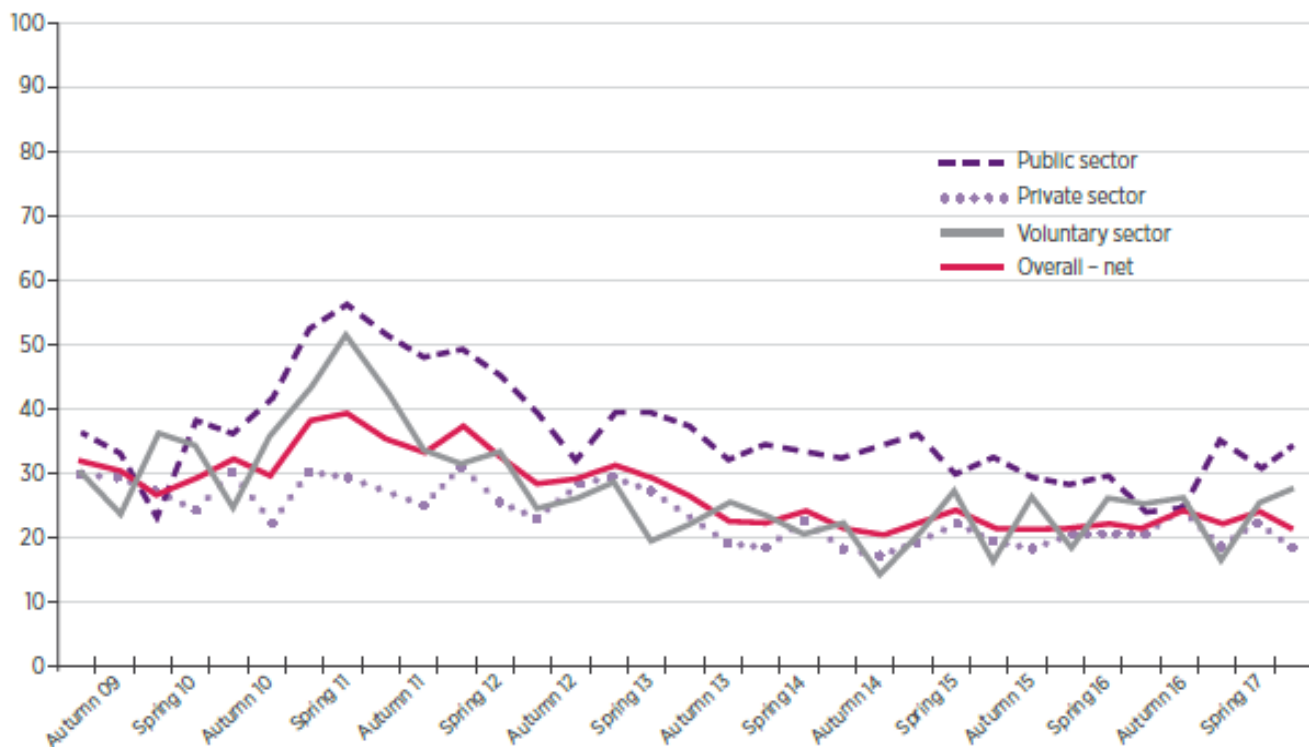
Q4 2016 recruitment intentions, by sector (%)



Redundancies

3.3 The proportion of LMO employers expecting to make redundancies in Q3 of 2017 is broadly consistent with recent reports. Overall, around a fifth of organisations (21%) are planning to make redundancies over the next three months. The proportion of organisations planning to make redundancies remains lower in the private sector (18%) than in the public sector (33%). Meanwhile, redundancy intentions remain elevated. More than a quarter (27%) of voluntary sector organisations plan to make redundancies in Q3.

Q4 2016 redundancy intentions (%)



4. Labour supply

4.1 Reflecting the weakness in wage growth, the survey data suggests that the continued strength in labour demand has yet to feed through to recruitment pressures for employers. On average employers received a median of 24 applicants for their last low-skilled vacancy compared with 19 applicants for their last medium-skilled vacancy and eight applicants for their last high-skilled vacancy they sought to fill. Overall, nearly half of the applicants were deemed suitable. These figures are broadly consistent with the figures reported in the LMO report in 2014 and 2015, suggesting there is still some slack in the labour market. This is despite the further decline in the unemployment rate, which fell to a record low of 4.5% in the three months to May 2017.

4.2 Closer analysis of official labour market data illustrates how the fall in unemployment rate has been mirrored by an increase in supply, and the ability to hire non-UK nationals from the European Union. The Government's welfare reforms and higher participation rates of older workers appear to be key factors that are offsetting the tight labour market conditions. According to the latest official data, the number of non-UK nationals from the European Union in employment in the UK increased by 171,000 from Q1 2016 to Q1 2017 and by around 900,000 between Q1 2013 and Q1 2017. However, there has been some volatility across the past four quarters, while the latest net migration data suggest that it is falling due to an increase in emigration and a reduction in immigration from Eastern Europe. The prospect of EU immigration making a net contribution to labour supply therefore appears highly uncertain.

5. National pay negotiations

5.1 In September 2017 the Government announced an end to the 1% public sector pay cap. The current position on pay negotiations is:

- **Nationally negotiated local government employee terms and conditions (Green Book)** – two year deal for 2016 and 2017, with bottom loaded fixed sum increases up to Scale 3, and then 1% for all other pay points. RBWM employees are on local pay, terms and conditions.

- **Scottish Local Government** –for 2017 only, £350 flat increase for those earning less than £35,000, 1% for all other employees.
- **Craft Workers** – as per Green Book.
- **Chief Executive and Chief Officers** – two year deal 1% for 2016 and 2017. RBWM senior leaders are on local pay, terms and conditions.

6. National Minimum wage rates

6.1 Table 2 details the increase in National Minimum wage since 2010.

Table 2: National Minimum wage

Year	25 and over	21 to 24	18 to 20	Under 18	Apprentice
2017	£7.50	£7.05	£5.60	£4.05	£3.50
2016	£7.20	£6.95	£5.55	£4.00	£3.40
2015		£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

RBWM lowest hourly (excluding apprentices) rate is £7.73.

The UK Living Wage (Voluntary)

- The current UK Living Wage is £8.45 an hour.
- The current London Living Wage is £9.75 an hour.

National Living Wage

- April 2017 – National living wage (NLW) is £7.50 for over 25's. This replaced the National Minimum Wage for over 25's. RBWM pays £7.73 per hour as it lowest hourly rate.
- The NLW came into effect in April 2016 and continues to increase the wage bill for many employers. More than 43% report that their wage bill has seen an increase, and the same proportion has seen no effect.
- Around 17% private sector employers and 15% voluntary sector employers report that their wage bill has increased compared with less than 8% public sector establishments.
- Among the LMO employers who said that the NLW increased their organisation's wage bill, over 85% are planning to do something to manage these additional wage costs in the year ahead. 32% plan to take lower profits and/or absorb the costs, 29% plan to manage this through improved efficiency/raised productivity and 18% say they will pass on the cost to the consumer. 28% of public sector employers will look to reduce the size of their workforce.

Apprentice rates

6.2 Table 3 details the current apprentice rate:

Table 3: RBWM apprentice rates

Annual	Hourly rate	Age range
£10,890.46	£5.64	18 – 20*
£13,710.31	£7.11	21 - 24
£14,585.44	£7.56	25 plus

*This is higher than the current national rate of £3.50 per hour.

7. Other public sector pay settlements

7.1 Table 4 details other public sector pay settlements.

Table 4: Other public pay settlements

Organisation	Pay settlements
NHS	1 April 2017 - 1% consolidated pay increase for all NHS staff in the UK, as well as 1% uplift to the minimum and maximum rates for High Cost Area Supplements.
Civil Service	Average pay awards limited to up to 1% for four years from 2016-17.
Police	From 1 April 2017 police officers will receive: <ul style="list-style-type: none"> • 1% increase to base pay for all ranks • an additional one-off non-consolidated payment to officers at federated and superintending ranks • 1% increase to the London weighting payment. • 1% increase to the dog handlers' allowance
Firefighters	The NJC has agreed an increase of 2% with effect from 1 July 2017
School Teachers Pay	September 2017, 2% Main scale Teachers, 1% all other teachers and allowances.

8. RBWM - Local pay settlements history

8.1 Table 5 details the history of local pay settlements:

Table 5 – local pay settlements

Date	Pay change
April 2009	the last global pay award under national pay.
April 2010	no annual pay award.
April 2011	£250 (consolidated) given 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 had 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%
April 2016	the pay reward was applied as follows: Good - 0.78%, Excellent – 2.34%, Outstanding – 3.9%
April 2017	the pay reward was applied as follows: Good – 0.35%, Excellent 0.69%, Outstanding – 1.38%
	April 2017 – a pay award of 0.8% was also applied to all salaries

9. RBWM - Recruitment and Retention

9.1 General recruitment has a high success rate for RBWM. Recruitment has previously been challenging in Finance and Planning in line with the national picture, however the position has improved significantly following restructures in these areas. A dedicated microsite for Planning and publicity of the council's regeneration programme are likely to have contributed to a very successful recruitment campaign in early autumn, which has led to a number of long-standing vacancies being filled.

9.2 The council no longer employs adult and children's social workers and other hard to fill social care roles following the partnership arrangements with Optalis and AfC and the associated

transfer of staff. Therefore the council is not responsible for recruitment to these skill shortage roles.

10. RBWM - staff turnover

10.1 Table 6 shows the percentage turnover of staff within the Royal Borough since April 2017. Turnover is defined as all staff leaving the council, including those transferred to a new employer through a TUPE transfer or those leaving through redundancy. Voluntary turnover refers purely to staff who resign from their positions or retire from the council.

Table 6: RBWM staff turnover

	2017/2018					
	April	May	June	July	August	September
RBWM Turnover (YTD) including TUPE	1.45%	5.94%	7.26%	41.61%	51.15%	52.85%
Voluntary Turnover (YTD)	0.97%	2.06%	2.88%	4.87%	7.22%	8.55%

Figures for RWM turnover now reported as year to date following a change in the reporting methodology.