

Report by: Head of Human Resources

To: Joint Staff Employer Forum – 6 July 2004

Executive Councillor (Commercial and Human Resources):
Councillor Jenny Liddle

Wards: None directly affected

NATIONAL JOINT COUNCIL 2004 PAY NEGOTIATIONS

1.0 DECISION TO BE MADE

- 1.1 For the Joint Staff Employer Forum (JSEF) to note the latest position on the NJC pay negotiations for 2004 and the City Council's response to the Employer's Organisation proposals for the of the latest package.

2.0 RECOMMENDATIONS

- 2.1 There are no recommendations - this paper is for information only.

3.0 BACKGROUND

- 3.1 The terms and conditions for over 1.4 million local government workers is determined by the national Joint Council (NJC) for local government services. The NJC itself has 70 members: 12 on the employer's side and 58 on the Trades Union side. The employers' organisation believes that it has now reached a package of proposals that are 'the best that can be achieved through negotiation'.
- 3.2 The context for the 2004 NJC pay negotiations is complex and includes:
- The 1997 National Single Status Agreement has still not been implemented in nearly 80% of authorities, although a further third have made good progress;
 - Equal pay claims are increasing in those areas where pay reviews have stalled;
 - The recommendations of the Pay Commission report of 2003, which need to be interpreted for implementation at local level;
 - Ongoing pressure on local government finances, affordability and low levels of inflation, all support realistic public sector pay settlements; and
 - The local government improvement agenda.

3.2 The details of the employers' position was reported to the JSEF in April 2004. The report also highlighted the equal pay issues that were emerging in some areas. The position nationally is worsening. A number of local authorities are now being targeted with claims for equal pay – one northern Council has received 144 such claims. Those authorities that have not yet completed job evaluation are most at risk of claims, which if successful, could mean pay increases backdated for up to 6 years based on comparator posts. If successful these claims could leave authorities at risk of distorted and unworkable pay structures and facing back pay claims for up to six years. For Cambridge City Council the risks of successful equal pay claims are considerably reduced because the grading review has been based on an agreed process using a recommended job evaluation system. However, we agreed with the trades unions to implement the pay structures from 1 January 2004 and not to back pay to an earlier date. This means we may be vulnerable depending on what happens elsewhere in the country. The combination of defending claims and any successful back pay award would run into millions and be a major issue for the Council. The Head of HR will continue to carefully monitor the situation. In principle, the local Trades Unions would not support such equal pay claims.

4.0 Summary of the employers' position

4.1 On Thursday 17 June, the Employers' side circulated a consultation paper to seek views from all local authorities on the package that they believed was the best that could be achieved through negotiation'. This includes pay increases of 2.75% from 1 April 2004, 2.95% from 1 April 2005 and 2.95% (or the rate of RPI at October 2005, whichever is the higher). This three-year pay deal will provide a stable, sustainable platform for reforms. There is no additional funding pressure for the Council as a result of the pay increase as provision has already been made within the Medium Term Strategy of 3.5% each year. Many other elements of the proposed agreement have been addressed through the City Council's Single Status Agreement. A copy of the Employers' package is attached as **Appendix 1**.

4.2 The City Council has confirmed to the Employers' Organisation that the package as outlined is acceptable and welcomes the strong emphasis on workforce development. The three-year pay deal has also been welcomed – see **Appendix B**.

IMPLICATIONS

- (a) **Financial Implications** – These will need to be assessed as the final position is negotiated.
- (b) **Staffing Implications** – None at present, although should the finally agreed pay award exceed the Council's financial provision for 2004/5 the impact of this on affordability will have to be assessed.
- (c) **Equal Opportunities Implications** – None at present. The Council has already implemented a pay review and so will not be at a high risk of equal pay claims from employees or the trades unions. The pay review has ensured that all jobs are ranked in the same way (via the NJC job evaluation scheme) but this will need to be regularly monitored and tightly controlled to ensure future consistency.

- (d) **Environmental Implications**—There are no environmental implications contained in this report.
- (e) **Community Safety Implications** – There are no community safety implications contained in this report.

If you have a query on the report please contact:	Author: Louise Harrington
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National Employers' Organisation for Local
Government Services (including Craft)



employersorganisation

To: Chief Executives in England, Wales and N Ireland
(additional copies for Chief Personnel Officer and Treasurer)
Members of the National Employers' Organisation
Regional Directors
Secretaries of the Local Government Associations

17 June 2004

Dear Chief Executive,

<p style="text-align: center;">NATIONAL PAY NEGOTIATIONS 2004 CONSULTATION PAPER</p>

*Further to my letter of 7 June summarising the proposals for a possible settlement to this year's pay negotiations, the National Employers met on 16 June and agreed to put to local authorities for consultation the attached package of proposals on the basis that they are the best that can be achieved through negotiation. The full detailed proposals are attached at **Appendix A**.*

*The consultation paper is attached at **Appendix B** and should be returned no later than **FRIDAY 9 JULY**.*

*by email: **harry.honnor@lg-employers.gov.uk***

*by fax: **020 7296 6747***

*The consultation paper is also available on our website here –
<http://www.lg-employers.gov.uk/conditions/lgs/index.html#2004>*

Yours sincerely,

Rob Pinkham
Acting Employers' Secretary

2004 LOCAL GOVERNMENT SERVICES PAY NEGOTIATIONS PROPOSALS FOR SETTLEMENT

1. General

- 1.1 The proposals set out below represent a comprehensive package in response to the trade unions' claim. They must be seen as a whole and no individual item should be seen as an offer in isolation from the package.

2. Reform

- 2.1 The Employers wish to see wide-ranging reforms to accompany this year's agreement. They are a mix of essential modernising developments, some of which will benefit staff, and all of which will help to secure the future health and improvement of services.

- 2.2 The Employers' six-point plan for reform consists of:

- A new approach to local pay reviews; with an onus on local employers to bring forward comprehensive proposals for modernised pay and rewards policies in all authorities including proposals for Part 3 premium rates.
- Revised national premium rate provisions and a subsequent joint review of Part 3 of the National Agreement.
- A joint review of conditions of service within Part 2 of the National Agreement.
- Local workforce development plans.
- Equal pay audits.
- A new agreement on modernisation and improvement to replace the agreement on Best Value.

3. Local Pay Reviews

- 3.1 The Employers recognise that these must be completed and implemented by all authorities, adhering to the National Agreement, during the lifetime of the 2004 settlement (by 31 March 2007). The Employers believe that this can best be achieved by including within the national agreement the requirement for a local timetable for the completion of the review process.
- 3.2 Pay reviews have now been completed in 26% of authorities, whilst a further third have made substantial progress. The 1997 agreement puts considerable emphasis on a joint approach to pay review. The Employers do not wish to undermine this and continue to encourage this approach. However, in some authorities the necessary conditions for a partnership, leading to a realistic outcome, have not been present. This leaves the modernisation process stalled and the employers left in a vulnerable position in respect of equal pay legislation.
- 3.3 The Employers believe that the National Agreement should now place a requirement on the local employers to produce comprehensive proposals by a specific date; a requirement on both local parties to negotiate towards a settlement by a specific date; and an established mechanism for dealing with

situations where progress cannot be made as suggested by the Pay Commission and that both sides of the NJC should reaffirm their preference for negotiated outcomes at local level and use their best offices to promote these.

3.4 Authorities that have completed a local pay review, and those whose pay and rewards approach already provides a single status pay structure under para 5 of the National Agreement, would be required to produce a statement to that effect.

3.5 It is intended that local employer proposals should include:

- A new pay and grading structure
- Details of the approach taken to determining the relative sizes of the Jobs included
- Proposals for assimilation for all current employees
- Proposals for protection
- Proposals for premium rates
- Proposals for progression
- Proposals for back pay
- Proposals for appeal against assimilation proposals
- An Equality Impact Assessment (or Equal Pay Audit where local pay reviews have been completed without such an audit)
- Proposals for bonus and other performance payments
- Proposals for any cost savings or productivity improvements required to offset the cost of implementation
- A timetable for implementation by 31 March 2007
- Resources necessary for the pay review and their estimated cost.

3.6 The employer proposals should make clear how they are designed to take account of service improvement and promote better work-life balance for employees.

3.7 The timetable would include a date at which any outstanding issues would be referred to an assisted bargaining process within which the two local parties would be assisted towards a settlement by an agreed third party.

3.8 The local employers would propose a timetable for regular equal pay audits. The National Joint Secretaries would produce joint advice on the approach to be taken to such audits.

3.9 The Employers have taken the additional costs of pay reviews into account in consideration of the appropriate pay offer for the period 2004-2007.

4. Part 2 of the National Agreement

4.1 The Employers support the Pay Commission conclusion that the Local Government benefit package compares well with those available in the wider economy. However, the Employers take the view that certain elements in the package may be out of line with prevailing norms in the labour market. The Employers propose a joint review of part 2, to report to the NJC by 1 April 2005.

5. Part 3 of the National Agreement

5.1 The Employers propose a revision of Part 3 Para 2 as follows:

Retain existing Para 2.1

Delete existing Para 2.2

Para 2.2

Local pay reviews will consider the issue of premium rates under the existing provisions of Part 3 of the National Agreement. In reaching local agreement concerning premium rates Paras 2.3 to 2.5 will apply.

Where no local agreement concerning premium rates is reached Paras 2.6 and 2.7 will apply.

Para 2.3

All employees required to work:

- *Beyond the full-time equivalent hours for the period in question*
- *On Saturday or Sunday*
- *At night*
- *Sleeping-in duty*
- *Public Holidays*
- *Shift work*
- *In the evening*
- *On free or rest days*
- *Following recall to work*
- *On standby*
- *On split shifts or split duties*
- *On an irregular hours basis*
- *Managing evening lettings*

will have the arrangements for remuneration for these working patterns, clearly set out in their contracts of employment. This may be by way of an inclusive rate of pay; locally agreed premium payments, or, by such other method as shall be agreed by the local parties.

Para 2.4

The pattern of any revised working arrangements and remuneration adopted by an authority should be clearly related to the continuous improvement of council services. In determining any new working arrangements required to deliver improvements authorities will:

- a. *Seek to meet employees' work-life balance needs and agree new arrangements that reflect the NJC joint guidance...*
- b. *Conduct an Equality Impact Assessment consistent with the NJC model set out in Part 4*
- c. *Ensure that part-time workers receive equal treatment in line with the provisions of Part 2, Para 8.*
- d. *Ensure that arrangements are consistent with Equal Pay legislation.*

Para 2.5

In seeking to ensure work-life balance and the needs of the service, working time arrangements should avoid:

- *Short notice changes to rostered or expected patterns of work*
- *Excessive hours in any particular week*
- *Unnecessarily long roster periods.*

Existing Para 2.3 becomes Para 2.6

Existing Para 2.4 becomes Para 2.7

5.2 There will be a joint review of Paras 2.1 to 2.7 to report back to the NJC by 1 April 2007.

6. Workforce Development

6.1 The Employers make the following proposals for changes in the National Agreement and suggest an additional set of guidance for Part 4 at Annex A:

Part 2

Para 3.1

Authorities will develop local 'Workforce Development Plans,' closely linked to their service delivery plans, which will provide the focus for the establishment of training and development priorities. Training and development should be designed to meet the corporate and service needs of authorities both current and in the future, taking into account the individual needs of employees. Local schemes on training and development should enable authorities to attain their strategic objectives through development of their employees. Training and development provisions should be shaped to local requirements and take account of the full range of learning methods. Such an approach should enable access to learning for all employees. The needs of part time employees and shift workers need particular consideration.

Para 3.2

Employees attending or undertaking required training are entitled to payment of normal earnings; all prescribed fees and other relevant expenses arising. Employees are also entitled to paid leave for the purpose of sitting for required examinations. When attending training courses outside contracted daily hours, part-time employees should be paid on the same basis as full-time employees. (Assistance for other forms of learning, for example that directed at individual development, will be locally determined). Some training can be very expensive and authorities may require repayment of all or part of the costs incurred should an employee leave the authority before a reasonable time period has expired. The authority's policy in this regard should be made explicit.

Para 3.3

Objectives for training and development programmes should include the following:

- *To enable Councils to attain their strategic objectives via investment in their employees.*
- *To promote equity of access to learning.*

- *To encourage employees to develop their skills and level of responsibility to the maximum of their individual potential.*
- *To widen and modernise the skills profile of employees to maximise their versatility, employability and so, job security.*
- *To enable employees to raise productivity, quality and customer service in pursuit of sustainable improvement*

Para 3.4

Authorities should establish local partnership arrangements, to include recognised trade unions, to develop their local workforce development plans.

Para 3.5

The NJC endorses partnership provision such as the “Return to Learn” scheme. Authorities and the recognised trade unions shall encourage and support employees taking on the statutory Union Learning Representative (ULR) role. This will include agreeing facilities and paid release in accordance with statutory provisions. ULRs should be enabled to play a full part in promoting and implementing local training and development programmes.

6.2 Delete all of Part 3 Para 3

7. The National Pay Spine

7.1 The Employers are seeking a 3-year agreement to April 2007. Our aim is to provide a stable, sustainable framework within which reform can be addressed. Pay increases must be at the same percentage rate at all points of the spinal column, although the Employers would be willing to enter discussions aimed at a phased restructuring of the spinal column to provide more even incremental progression, with a view towards implementation from 2007.

7.2 Any increase in the National Spinal Column rates must have regard to projected increases in the Consumer Prices Index, and must take into account the cost of local pay review (which the employers believe will add, on average, 1.5% per annum to paybills each year to 2007), and the substantial increase in employer pension contributions expected from April 2005.

7.3 The Employers propose an equal increase on all spinal column points to cover the period to April 2007 as follows:

1 Apr 04 – 2.75%

1 Apr 05 – 2.95%

1 Apr 06 – 2.95% (or the rate of RPI at October 2005, whichever is the higher).

7.4 Both sides in individual local authorities will enter into negotiations, with a view to reaching an agreement on new local pay structures and systems by April 2006. The national parties will agree a mechanism to monitor the successful completion of local pay reviews. Progress will be reported to the NJC.

8. Improvement

8.1 Both sides agree to enter into discussions aimed at reaching a national agreement on the improvement of services to replace the current agreement on

Best Value. This agreement would be to deal explicitly with Best Value, CPA, Treasury guidance on staff transfer, efficiency, the code of practice on a two-tier workforce and changes in pension transfer provisions.

New Part 4 Guidance**Part 4.8****Guidance on Local Workforce Development Plans****1. Preamble**

1.1 *The NJC believes that investment in workforce development is essential to the sustainable improvement of local government services. This guidance is intended to assist in developing and implementing plans for workforce development.*

2. Workforce Development Plan Guidelines

2.1 *The NJC recommends that plans include:*

- *Targets and commitments on access to learning.*
- *The approach to developing Learning Partnerships including any delivery of programmes jointly with the trade unions*
- *Provisions for ensuring that managers and trade union representatives are jointly trained to deliver the plan*
- *The approach expected of contractors in relation to workforce training and development.*

2.2 *The plan should also cover the role of Union Learning Representatives and specify the following in detail:*

- *Paid time off to attend Union Learning Representative training and accreditation*
- *Paid time off to attend joint training with managers in connection with developing and implementing the agreement*
- *Paid time off and facilities to carry out Union Learning Representative duties*
- *Any paid time off arrangement for employees to consult Union Learning Representatives.*

2.3 The following section contains action points **that authorities may wish to include as part of their plans:**

2.3.1 Corporate strategy:

- *Strive to become a ‘Learning Local Authority’¹ including seeking and maintaining Investors in People or Public Sector Excellence Model status*
- *Assess the authority’s future skill requirements, then examine the age profile and turnover of their current workforce (overall and by occupation) to identify areas that are a priority for action.*
- *Monitor their workforce in relation to equality and use measures such as positive action training to address under-representation of any groups in relation to the profile of the local community*

¹ Authorities that create a supportive climate and encourage learning for all their employees. For details see the EO website; <http://psd.lg-employers.gov.uk/> government occupations and roles. For details see the EO website at: www.lg-employers.gov.uk/

- *Identify external funding opportunities (such as individual learning fund accounts, Learning and Skills Council funds) and other resources such as local school or college facilities that can be used to assist in workforce development.*

2.3.2 Investing in the current workforce:

- *Give priority to addressing basic skills needs and to providing basic ICT skills development opportunities for employees.*
- *Explore new methods of learning such as distance learning and e-learning.*
- *Ensure that all managers have the skills to support their staffs' development, including the ability to organise on the job development opportunities and offer coaching.*
- *As part of employee benefit packages (to help to recruit and retain learning staff) and to encourage a positive attitude to learning, offer a variety of learning opportunities to enable employees to develop skills and knowledge beyond what they might need for work. (For example: by developing learning partnership arrangements with other local organisations; by finding ways to subsidise or negotiate reduced fees for college courses; or by setting up learning centres).*
- *Benchmark workforce development spend as a percentage of payroll against other public sector organisations*

2.3.3 Investing in the future workforce:

- *Contribute significant time and resources to effectively promoting local government careers in local schools, colleges and universities, via Connexions, Learning and Skills Councils and other careers services, etc.*
- *Devote sufficient resources to marketing the authority as a positive employment choice, e.g. pay attention to the quality of advertisements and recruitment materials*
- *Invest in sufficient progression opportunities and trainee posts to address future skill needs.*
- *Give appropriate priority to taking on student placements, both supporting the development of those in specific occupations and more general ones e.g. for undergraduates and those still at school.*
- *Set up or participate in schemes to attract groups of young people, such as Apprenticeships or Graduate Trainee schemes.*

2.4 Implementation and Measuring Progress:

The Workforce Development Plan should set out:

- *Assessment of current performance against the commitments;*
- *Key targets and performance indicators for improvement;*
- *Milestones and timetables towards achieving these targets;*
- *Responsibility for action;*
- *Methods for monitoring, and reviewing progress.*
- *Role of any local partnership arrangements*

3. General Information and Advice

3.1 *Workforce Development Plans can cover all types of learning including:*

- *Job-related training designed to equip employees to undertake their current job;*
- *Initiatives designed to develop new skills and knowledge, relating either to their current role or expanding scope for progression;*
- *Training and development that allows an employee to develop skills and confidence but is largely unrelated to the current role.*

3.2 *Workforce Development Plans are likely to concentrate on the first two areas of training and development. However authorities may wish to consider ways in which they might promote the third area as part of recruitment and retention initiatives, to promote learning designed to cover skills gaps and to encourage a positive approach to learning.*

3.3 *Workforce Development Plans should have clearly quantified objectives. These may include targets such as:*

- *An annual development assessment review for each employee.*
- *Specifications on access to learning opportunities for all employees.*
- *A specified level of achievement for nationally recognised qualifications.*

3.4 *The NJC recognises that quality marks such as Investors in People help to benchmark achievement in training and development and it encourages councils to seek this and other forms of appropriate external benchmarking of their training and development activity. The NJC will track progress, using indicators promoted by the People Skills Scoreboard to include Race, Gender, Age, Disability and Grade.*

3.5 *Apprenticeships and traineeships*

Following a local grading review the local parties may agree apprentice and trainee pay rates and training schemes for individual jobs. Training schemes could provide for:

- *Any arrangements for appointment to a permanent post following satisfactory completion of training.*
- *Training for a nationally recognised qualification where this is available.*
- *Quality training provided, or supervised by, a reputable training provider.*

3.6 *Skills Pathways*

Skills pathways are an approach to workforce development that focuses on the acquisition of core skills and occupational experience and values needed to enable an individual to perform at a level of competence within an occupational role.

The purpose of skills pathways is to clearly identify and map out opportunities for career progression, against the core competence levels required. These levels of competence are currently defined by the National Occupational standards

framework, however local authorities would be encouraged adapt these to meet regional and local needs.

Skills pathways will provide a clear set of expectations (skills profiles) and the mechanisms that need to be in place to assist employees obtain career progression in an occupational role. Skills pathways are not guaranteed steps to obtaining employment and must not be seen as stand alone approach.

Implementation will ensure that individuals can update their skills and are supported in the drive for continuous learning and improvement. This initiative will also provide opportunities for staff to move between services e.g. teaching assistants may become social workers or care workers.

3.6 Individual Development

Local schemes providing access to funds for individual development may be developed. The following broad characteristics are recommended:

- An account controlled by the individual employee but with a limited range of providers and with rigorous accounting procedures in place*
- Administration provided by or funded by the employer or an agreed external agency*
- Provision to be funded by any grant support available, an employer contribution, and an agreed employee contribution by deduction from salary*
- Links with one or more training providers and/or internal training facilities with an agreed range of learning options.*
- A focus on individual development, not usually supported by the employer.*

2004 PAY NEGOTIATIONS - CONSULTATION PAPER

AUTHORITY	Cambridge City Council
NAME	Louise Harrington
POSITION	Head of Human Resources

1. Do you consider that the National Employers should agree that the proposed package as set out at Appendix A to this circular should be accepted as a settlement to this year's pay negotiations?

YES ✓	NO
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2. Additional Comments

The City Council supports the proposed package, which is affordable and offers medium term stability rather than uncertainty on the future pay bill.

The Council also welcomes the emphasis placed on workforce development, which we are already working to address via our emerging Learning and Development Strategy and Workforce planning.

The joint review of part 2 is a welcome development for the future and should help to promote even more local determination of terms and conditions.

This form should be returned no later than **FRIDAY 9 JULY 2004**

by email: **harry.honor@lg-employers.gov.uk**

by fax: **020 7296 6747**

