

ROTHERHAM BOROUGH COUNCIL
REPORT TO CABINET MEMBER MEETING

1. Meeting:	Cabinet Member Meeting
2. Date:	19th November 2012
3. Title:	Local Government Pay Issues & Living Wage
4. Directorate:	Resources

5. Summary

This report provides information to promote a discussion regarding the current levels of pay in the Council and pressures to respond to the Trade Union sponsored 'Living Wage' campaign.

6. Recommendations

The Cabinet Member is asked to note the update on National pay negotiations and to confirm the proposed approach to pay and benefits including the continued promotion of various relevant initiatives to support Council employees.

7. Proposals and Details

Background

The national position on public sector pay freezes has resulted in the Council's workforce not receiving a pay award since 1st April 2009 (Chief Officer's since 1st April 2008).

In addition locally we have applied both a temporary pay reduction of 1.15% (equivalent to 3 days pay) and a 2 year freeze on incremental progression awarded for satisfactory performance up to a spinal column maximum commensurate with the grade of the employee. (Non school employees only).

A previous report to this meeting in September 2012 set out the wide range of financial and other flexible benefits promoted by the Council to help pay stretch further and hopefully this is something that employees value and additionally therefore recognise us as a 'good' employer. By way of a brief reminder these include a range of tax efficient salary sacrifice schemes i.e. Childcare Vouchers, car parking and, car leasing. In addition further benefits include additional leave purchase, access to local shop discounts and discounts at national chains on the nationally-run 'Local Authorities discount' website.

Nevertheless it is acknowledged that in this period of austerity and pay restraint, the situation in respect of relative pay levels is something that is receiving more publicity. Increases in the National Minimum wage rates at a time when local government (unlike other public sector employers) has had to apply a pay freeze has meant both this benchmark rate plus those rates paid to some comparable occupations in the private sector has significantly narrowed or in some isolated instances even overtaken our rates of pay.

A recent example was highlighted by the recent Waste Collection dispute in Doncaster, where the agreement to settle the dispute is reported as resulting in a higher rate now being paid for the loader operators compared to our similar posts. It needs to be explained that their service is performed by the private sector compared to our own in-house arrangement. Interestingly even post this new agreement our own rates for drivers are still in excess of the private contractor.

Clearly there are always difficulties comparing the overall value of the total pay package. These matters are often case specific and can be as a result of timing of annual pay settlements. We do review these matters regularly and understand the volatility these matters may generate. It is however extremely difficult to quantify the overall comparative value of pay packages when things like holidays, pensions, sickness and death in service benefits and children's allowances etc all form part of the package, and some allowance has to be given in relation to the cultural differences of relevant organisations in the way employees are managed/recognised and consulted.

A recent comparison of various comparator jobs is attached to this report at Appendix 1. This would suggest that even allowing for other sectors not being held back by national pay restraint the rates being paid in general at the bottom end of our pay structure still remain in excess of private sector rates. Other examples in profession specific occupations especially at the higher rates of pay are more difficult to compare in like for like arrangements but again our rates generally compare favourably with the market place.

Currently there is a significant campaign from the TUC and individual Trade Unions lobbying Councils to support a drive towards paying a 'Living Wage' assessed at £7.20 per hour. We have more than 1500 employees paid below this level in occupations such as cleaning, catering, grounds maintenance and waste collection labourers. Even in this climate our rates still do compare favourably with those recently offered in the market place by private sector. (See Appendix 1).

The implications of a migration to such minimum levels would be significant for our job evaluated pay structure and indeed overall costs / budget pressures. It should be noted that a move to a minimum rate of £7.20 would result in an immediate cost to Rotherham M.B.C., of over £900K plus an additional £1m from incremental progression (subject to satisfactory performance)., plus it is not evident that we need to pay such rates from a market perspective as more recently we do not generally fail to recruit to any vacancies, including Social Work professions. It may also be an unintended consequence that a move to this sort of level of pay where private sector does not mirror such arrangements could result in making outsourcing arrangements appear more attractive, resulting in ultimately less public sector jobs.

Rotherham M.B.C. is committed to supporting national pay bargaining and is awaiting the outcome of proposals and counter-offers in respect of next year's pay settlement (2013/14). Rotherham has already committed to re-instating incremental progression next year (only increments due to our lowest paid on grades A& B were applied this year as a concession to in some way address the consequences of the recession affecting the low paid). The national pay negotiations are anticipating some form of offer to the workforce this year albeit in the light of continuing budget challenge this is anticipated to be minimal and may include balancing changes to some terms and conditions of employment and/or bottom-loaded effect to support lower paid. These are still to be determined but we would seek to apply whatever is agreed nationally.

Cabinet Member is asked to note the information in this report and to affirm the Council's approach on these matters.

8. Finance

There are potential financial implications from any increase in pay rates and Living Wage arrangements. A 1% increase would generally represent an increase to the pay bill of approximately £1m.

The salary sacrifice and benefit arrangements currently in place to help reduce costs to employees also contribute to reducing the operating costs in the Council. In 2011/12 these initiatives contributed to saving the Council around £120k.

9. Risks and Uncertainties

A failure to introduce effective pay and rewards will impact upon the Council's ability to recruit, retain and motivate employees.

10. Policy and Performance Agenda Implications

The way we do business: Right people, right skills, right place, right time, reducing bureaucracy and getting better value for money.

11. Background Papers and Consultation

- a) SLT Budget Reports
- b) LGE National Pay Award negotiations
- c) Cabinet Member paper on Employee Benefits tabled in September 2012.

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29th October 2012

APPENDIX 1 - External Pay Data September 2012

Job Title	Annual Salary	RMBC Pay equivalent	Difference
Contact Centre Operative	£13k - £14k	£16,830	20% above
Security Guard (Canklow)	£13.5k	£15,444	15% above
Tenant Liaison Officer (Housing Ass)	£19k	£24,646	25% above
Contracts Manager	£45 - £48k	£47,655	Nil
Civil Engineering Foreman (Yorkshire Water)	£28 - £35k	£27,849	Nil
Quantity Surveyor	£35 - £42k	£34,549	Nil
Streetworks Supervisor (Sheffield)	£25 - £28k	£27,849	Nil
Senior Mechanical Engineer	£35 - £42k	£34,549	Nil
CPCS Driver	£19k	£19,126	Nil
Quantity Surveyor (Ground Works)	£25 - £40k	£30,851	Nil
Labourer	£13.5k	£13,589	Nil
Electric Project Engineer	£27 - £29k	£27,849	Nil
Domiciliary Care Manager	£26 - £30k	£34,549	15% above
Communications Officer	£18 - £21k	£21,519	Nil
HR Advisor	£30k	£30,851	Nil
HR Advisor	£30 - £35k	£34,549	Nil
Horticultural Technician	£12k	£15,444	25% above
Print Finishing Technician	£13.5 - £14.5k	£15,444	7% above
Electrician	£25 - £27k	£27,849	Nil
Financial Controller	£35 - £40k	£41,616	Nil
Java Software Developer	£22 - £30k	£30,851	Nil
Class 2 HIAB	£16k	£16,830	Nil
Customer Service Advisor	£12.5k	£16,830	35% above
Night Care Assistant (SAGA)	£12k	£16,830	40% above
Management Accountant	£35 - £38k	£38,042	Nil
Commercial Accountant	£39k	£38,042	Nil
Domiciliary Care Co-ordinator	£17.5k	£19,126	10% above
Facilities Manager	£25 - £30k	£30,851	Nil
Procurement/Purchasing Officer	£24.5 - £30.5k	£30,851	Nil
Billing Clerk	£14 - £15.5k	£16,830	8% above
PA to Senior Management Team	£25 - £27k	£27,849	Nil
Conveyance Solicitor	£25 - £30k	£38,042	25% above
HR Director (Sheffield)	£100k	£81,098	20% below
Director/Senior Manager (Leeds)	£100k	£81,098	20% below

Jobs within 5 mile travelling distance of Rotherham on Total Jobs website 20th September 2012

SITA Waste Management Pay Rates

Job Title	Hourly rate	RMBC Pay Hourly Rate	Difference
Refuse Loader	£7.56	£7.04	- £0.52
Refuse Driver	£8.19	£9.91	+ £1.72