

Workforce Update

Purpose

For information and discussion.

Summary

This report sets out the key workforce policy developments that have taken place since the last Board meeting on 5 December 2016.

Recommendations

That the LGA Resources Board note the update and provide a steer on the development of the LGA's workforce work programme.

Action

As directed by Members.

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Workforce Update

Background

1. The LGA's workforce team works with councils and their partners to help create a workforce able to respond to major changes within the public sector.
2. At the first meeting of the Resources Board this political meeting year, Members' agreed a work programme that would focus on: Workforce Strategy; Pay and negotiation; and Pensions.
3. This report sets out key developments in these three areas.

Strategy

4. The LGA co-commissioned the New Local Government Network to develop [Outside the Box](#), a thought-provoking report on the future of the employment 'deal' in local government, including the results of a survey and case studies, highlighting the need for new approaches to recruitment and staff engagement. The report was launched in December.

Pensions

5. The Markets in Financial Instruments Directive (MiFID II) response was submitted as per the discussion at the last meeting of the Resources Board. Discussions are ongoing with the Financial Conduct Authority (FCA) to minimise the impact on range of investment vehicles and asset classes available to local authorities.
6. Exit payment reform discussions have continued with the Department for Communities and Local Government (DCLG) and unions regarding the new maxima proposed by the Treasury. New arrangements for severance and pension strain costs will need to be in place by June 2017. Regulations for exit payment recovery and cap are expected early in 2017.

Pay and negotiations

Review of the National Joint Council (NJC) pay spine

7. The NJC Joint Working Group is now up and running to consider options for a new pay spine to meet the challenge of the likely level of the National Living Wage when it reaches its target level in 2020. On the Employers' side, this is supported by a sounding board of HR and payroll practitioners from councils and a couple of regional employer representatives. There has been some initial discussions with the unions about principles to underpin the review. Detailed and updated pay data from councils is in the process of being verified to enable the costs of any options to be estimated as accurately as possible.

Sleeping-in payments

8. This has been a significant unresolved issue for some time and we have been to meetings with the Department for Business, Innovation & Skills BIS (as was) both as the LGA and jointly with the Association of Directors of Adult Social Services (ADASS) and Voluntary Organisations Disability Group (VODG). It is a bigger issue for the costs of procuring social care than for the directly employed workforce. In summary, the Regulations surrounding the National Minimum Wage (NMW) have always said that sleeping in hours do not count for calculating the NMW, but some recent case law has come to a different conclusion and updated government guidance has moved in that direction, as well as the approach taken by some HMRC inspectors.
9. Members will recall that last autumn the LGA supported a statement to the Department for Business, Energy and Industrial Strategy (BEIS) that was also backed by a wide range of adult social care providers. The statement asks that as a matter of urgency that BEIS looks into this issue with a view to confirming that the position is as stated in the Regulations. LGA officers will continue to work with ADASS and VODG to share intelligence on this issue.
10. Although the focus of the debate has largely been about adult social care, there are likely to be other service areas for which this issue has implications (e.g. residential schools and children's homes). Lead Members considered this matter further at their meeting on 16 December and decided that the LGA's position at this stage should be to remain silent on this issue and await further developments. It was acknowledged that workers would not receive less pay than they currently do; the issue is whether they should receive more and the cost implications of this for the sector are such that it was agreed that a 'watching brief' was the most appropriate course of action at present.

Implications for Wales

11. The pay negotiations and pension policy sections above cover Welsh councils, whereas the strategic elements of the LGA's work do not directly apply to Welsh councils.

Financial Implications

12. The outlined activities are within the work programme and therefore have been budgeted for.

Next steps

13. Members are asked to comment on and provide a steer on the activities outlined.