

Workforce Update

Purpose

For information.

Summary

This report sets out the key workforce policy developments that have taken place since the last Board meeting on 3 April 2017.

Recommendation

That the LGA Resources Board note the update.

Action

As directed by members.

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Workforce Update

Background

1. The most important developments since the last meeting of the Board concern the review of the national pay spine.
2. This report sets out key developments on the pay spine and gives some brief updates in other areas including senior officer conduct and capability, social work recruitment and retention, apprenticeships and the local government workforce strategy.

Review of the National Pay Spine and the National Living Wage

3. The introduction of the National Living Wage (NLW) was announced by George Osborne in his July 2015 Budget. He indicated that its target level was to reach 60% of median hourly earnings by 2020. At the time of the announcement the forecast for 2020 was £9.35 per hour and in his speech he referred to it being “at least £9”.
4. The subsequent two-year local government pay agreement covering April 2016 to March 2018, made some headway in bridging the gap and introduced minimum hourly rates of £7.52 (April 2016) and £7.78 (April 2017). This agreement included some further bottom-loading in each of the 2 years to maintain differentials and then annual pay awards of 1% further up the pay spine. This two-year deal added 2.4% to the national pay bill. These rates provided some headroom in relation the NLW which was £7.20 (April 2016) and £7.50 (April 2017).
5. The 2016-18 pay deal included a commitment for the National Joint Council (NJC) to review its pay spine. There was overwhelming support among councils for restructuring the national pay spine in order to meet the ‘2020 challenge’. Other messages from the regional pay consultations included: councils wanted a clear longer term plan, rather than a series of single year deals; that a revised pay spine should be ‘future proofed’ in order to absorb annual changes to the NLW; have equal differentials between each spinal column pay point; did not cause equal pay problems for employers; and should require the minimum amount of time and effort for employers to implement and assimilate.
6. The NJC set up a pay spine review group to look at what could be done from a technical point of view; it is not a negotiating group. Both sides have worked hard to ensure that we had a full set of pay data which has been used for modelling and costing purposes.
7. The group looked at a range of potential models that covered 1, 2 and 3 year options. All but one model involved assimilation onto a new ‘evened out’ pay spine. Notwithstanding the caveat that the review group was not ‘negotiating’, and without any formal discussion with a wider audience, the working group indicated that a two-year settlement would appear to be a likely outcome of negotiations. This could consist of a ‘traditional’ pay award on the existing pay spine in 2018, with assimilation on to a new pay spine in 2019. All percentages relating to such a deal would be subject to the usual negotiation process which is outside the remit of the working group.

8. We had agreed with the unions at the start of the review process that we would not provide a running commentary on our discussions. However, once we started to cost various models it became clear that we needed to get subtle messages out to councils to ensure that financial planning was not being based on an assumption of headline 1.0% pay increases. A 'warming up the audience' message was sent out to Finance Directors and through the regional employer organisations, indicating that likely costs on the national pay bill over 2-3 years were about 4.5-6%.
9. The scale of the bottom-loading required over the next couple of years to remain legally compliant, means that the overall impact on the national pay bill of various models will hide greater local variations than those that would normally arise in a 'traditional' pay settlement, as there are huge variations in the proportion of the workforce employed at the lower end.
10. It should also be noted that the pay data on which costings are being modelled does not include schools due to the difficulty of getting full and accurate data on schools where in many cases the local authority does not provide payroll services to its schools. However we have gathered some sample data on schools which suggests that the skewed distribution of school support staff towards the lower end of the pay spine means that the impact of the tested models on school 'Green Book' pay bills is likely to be about 2% greater than that on 'corporate' pay bills.
11. The two year models that appear worth further consideration have a minimum rate of between £8.75 and £9.00 by April 2019. Were we to reach agreement of £8.75 in 2019, and then to assume pay awards of 1.0% in each of 2020 and 2021, then based on the most recent Office for Budgetary Responsibility estimates for the NLW we would lose the bottom two pay points on the new spine after just two years.
12. The unions' claim is likely to be lodged in mid-June. We understand that the claim will be for one year and will be for a 5% increase on all NJC pay points, plus the deletion of the bottom 4 NJC pay points.
13. To inform the response to the claim, we have arranged the usual series of regional pay briefings for during July/August. It is intended to use the pay briefings to seek feedback on the principles that have been applied to the review of the pay spines.
14. Following the consultation, further modelling will be carried out with a view to seeking agreement from the NJC Employers' Side on the shape of an offer by mid to late September.

Senior Officer Conduct and Capability

15. The JNC for chief executives has now agreed and trained a cohort of expert independent investigators. As and when conduct or capability cases arise, a local authority can contact the LGA who will provide three names and CVs, for the local parties to consider. Only genuine conflicts of interest should prevent selection from the names provided. LGA officers will manage the list on a 'taxi rank' system as per our original submission to CLG, prior to the abolition of the DIP process. To date we have had two requests for support in this context.

Social Work Recruitment and Retention

16. On the 1 June we ran an event in the West Midlands to support councils with issues they are facing in children's social care. The region has the second highest turnover rate (16.1%) and vacancy rate (17.5%) outside London. The event was attended by over 50 councils and looked at ways of reducing agency usage and cost as well as new ways of recruiting and retaining social workers, such as flexible hiring and a Come Back to Social work programme.

Apprenticeships

17. LGA is responding to councils need to address the apprenticeship levy. The LGA is delivering a support programme to councils to help them plan and manage the apprenticeship levy and meet their public sector targets. The levy will cost councils £207m per year to achieve 36,000 apprenticeship opportunities. Several issues have emerged which involve the development of appropriate training standards and the application of the levy in schools. The LGA is providing practical advice and guidance to help councils sharing practice and supporting new standards development.

Local Government Workforce Strategy

18. It has been seven years since the last formal version of the Local Government Workforce Strategy was published. It feels timely to produce a refreshed statement of shared workforce priorities, together with ideas about how to approach local priorities and the support that the LGA can offer. The workforce strategy team has begun work on a briefing document and further updates will be provided at subsequent meetings.

Implications for Wales

19. 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

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

Next steps

21. Members are asked to note the report.