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18 January 2017

To: Chairman – Councillor Pippa Corney
Members of the Employment Committee – Councillors Doug Cattermole,
Simon Edwards, Sebastian Kindersley, Ray Manning, Alex Riley, Bridget Smith,
Edd Stonham and Peter Topping

Quorum: 3

Dear Councillor

You are invited to attend the next meeting of **EMPLOYMENT COMMITTEE**, which will be held in **MONKFIELD ROOM, FIRST FLOOR** at South Cambridgeshire Hall on **THURSDAY, 26 JANUARY 2017** at **10.00 a.m.**

Members are respectfully reminded that when substituting on committees, subcommittees, and outside or joint bodies, Democratic Services must be advised of the substitution *in advance of* the meeting. It is not possible to accept a substitute once the meeting has started. Council Standing Order 4.3 refers.

Yours faithfully

Alex Colyer

Interim Chief Executive

Requests for a large print agenda must be received at least 48 hours before the meeting.

AGENDA

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1. APOLOGIES FOR ABSENCE To receive Apologies for Absence from Committee members.	
2. DECLARATIONS OF INTEREST	
3. MINUTES OF PREVIOUS MEETING To agree the minutes of the meeting held on 15 September 2016.	1 - 2
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OUR LONG-TERM VISION

South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

OUR VALUES

We will demonstrate our corporate values in all our actions. These are:

- Working Together
- Integrity
- Dynamism
- Innovation

GUIDANCE NOTES FOR VISITORS TO SOUTH CAMBRIDGESHIRE HALL

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Agenda Item 3

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Employment Committee held on
Thursday, 15 September 2016 at 1.00 p.m.

PRESENT: Councillor Val Barrett – Vice-Chairman

Councillors: Pippa Corney
Sebastian Kindersley
Bridget Smith
Peter Topping

Simon Edwards
Alex Riley
Edd Stonham

Officers: Susan Gardner Craig
Tom Lewis
Graham Watts

Human Resources Manager
Head of the 3C Shared Services Legal Practice
Democratic Services Team Leader

1. APOLOGIES FOR ABSENCE

Councillor Val Barrett, Vice-Chairman, reported that Councillor Ray Manning had resigned as Chairman of the Employment Committee.

Upon calling for nominations for the position of Chairman of the Committee, having been proposed and seconded and there being no further nominations, Councillor Pippa Corney was duly **ELECTED** as Chairman of the Employment Committee.

Apologies for absence were received from Councillors Ray Manning and Doug Cattermole.

Graham Watts, Democratic Services Team Leader, reported that Councillor Peter Topping was in attendance as a substitute for Councillor Manning in order to comply with the requirement in the Council's Constitution for the Leader of the Council to be a Member of the Employment Committee when considering the recruitment of a Chief Executive.

2. DECLARATIONS OF INTEREST

No declarations on Members' interests were made.

3. MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting held on 15 January 2016 were confirmed and signed by the Chairman as a correct record.

4. RECRUITMENT OF CHIEF EXECUTIVE

The press and public were excluded from the meeting for the consideration of this item in accordance with Paragraph 1 of Schedule 12A of Section 100(A)(4) of the Local Government Act 1972, as amended.

Consideration was given to a report which set out the options available for the recruitment of a Chief Executive Officer following an announcement that the current post holder had resigned from the position with effect from 21 October 2016.

Councillor Pippa Corney, Chairman, in presenting the report noted with regret that Jean Hunter had given notice of her resignation.

The Committee debated the options contained within the report, which included a range of internal, external and shared post proposals, both on an interim and permanent basis, together with associated considerations, risks and opportunities.

Further to extensive consideration and discussion, the Employment Committee:

- (a) **NOTED** the resignation of the current post holder.
- (b) **RECOMMENDED** to Council the appointment of Alex Colyer as Interim Chief Executive Officer, Head of Paid Service, Electoral Registration Officer and Returning Officer for up to nine months or until the permanent appointment of a Chief Executive Officer.
- (c) **DELEGATED** authority to the Head of Paid Service to undertake restructuring in the senior management tiers to provide appropriate capacity during interim arrangements.
- (d) **AGREED** to the external recruitment of a permanent replacement Chief Executive Officer at South Cambridgeshire District Council and **AGREED** to form a Sub-Committee, consisting of six Members, to undertake the work associated with the recruitment process for this post.
- (e) **DELEGATED** authority to the Leader of the Council, in consultation with the Portfolio Holder for Finance and Staffing, to discuss and agree the salary associated with the interim appointment.

5. APPOINTMENT OF MONITORING OFFICER

Councillor Pippa Corney, Chairman, presented this item and took the opportunity to thank Shirley Tracey, for the work she had undertaken as Interim Monitoring Officer.

Councillor Corney proposed that Council be recommended to appoint Tom Lewis, Head of the 3C Shared Services Legal Practice, as South Cambridgeshire District Council's Monitoring Officer.

Mr Lewis was in attendance to meet with Employment Committee Members and answer any questions.

The Employment Committee unanimously **RECOMMENDED** to Council the appointment of Tom Lewis, Head of the 3C Shared Services Legal Practice as South Cambridgeshire District Council's Monitoring Officer.

The Meeting ended at 2.10 p.m.

Agenda Item 4



Report To: Employment Committee

26 January 2017

Lead Officer: Head of People and Organisational Development

PAY POLICY STATEMENT

Purpose

1. This report appraises Members of the Employment Committee of the requirements of the Localism Act in relation to a pay policy statement.

Recommendations

- a) That the Employment Committee recommend the approval of the Pay Policy Statement to Full Council;
- b) Note the 2017 pay claim from Unison

Reasons for Recommendations

2. In January 2016, the Council approved the Pay Policy Statement for the authority. This policy has been reviewed and updated with 2017 pay and organisational structures and job titles.
3. This report sets out the requirements of the Localism Act 2011 sections 38 to 40, in relation to the development of a Pay Policy Statement for South Cambridgeshire District Council. It appraises Members of the definitions and principles, such as transparency and affordability.

Background

4. The 2011 Hutton Review of Fair Pay recommended a requirement to openly compare the policies on remuneration for chief officers, and details of how decisions are made about the salaries of the highest paid officers and how that relates to the lowest paid.
5. The Localism Act 2011 requires English local authorities to produce a statutory Pay Policy Statement for each financial year. The pay policy statement must be approved by a resolution of Full Council and must include pay and other remuneration for chief officers and other employees, including the lowest paid.
6. The DCLG statutory guidance on the Localism Act refers to "Openness and accountability in local pay" and covers such matters as pay fairness in the public sector by increasing transparency over pay and tackling disparities between the lowest and the highest paid in public sector organisations.
7. Remuneration is defined widely, to include pay, charges, fees (such as returning officer fees), allowances, and benefits in kind, pension, termination payments, performance bonus and severance payments. The statement should also refer to the

authority's approach to the re-employment of officers and, in particular senior officers who have returned to a local authority into a similar senior officer role.

8. The Council's strategy must be one of balancing between securing and retaining high-quality employees whilst maintaining pay equality and avoiding excessive pay rates. In developing the policy the authority must be satisfied that its policy is workable, affordable and reasonable and, that it will instil public confidence.
9. In November 2015 the Government indicated its intention to go ahead with proposals to introduce a cap on exit payments for employees in the public sector. This has been included within the Enterprise Bill 2015. Regulations have been drafted and subjected to consultation during 2016. Current plans are for final approval in early 2017.
10. The Enterprise Bill states Government's intention that there will be:
 - A maximum tariff for calculating exit payments
 - A ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment.
 - A maximum salary on which exit payments can be based (£80,000)
 - A taper on the amount of lump sum compensation.
 - Limit or end employer funded early access to pension.
 - Exit payments in the public sector will be capped at a maximum of £95,000 including any pension strain costs
 - The cap will include all payments in relation to all exits from relevant employments that occur within 28 day period
 - The cap will include a wide range of payments including pension strain costs
 - There will be a limited number of exempt payments (e.g. death or injury)
 - There will be power for full council to waive the cap subject to Treasury directions.
11. Relevant council employment and pension policies will be revised once the full details and implications are known in relation to the regulations concerning termination arrangements and exit payments.

Considerations

12. The Council has made provision in the medium term financial strategy (MTFS) for a 1% pay increase for 2017/2018 financial year. South Cambridgeshire District Council agrees annual pay awards through local negotiation with the recognised trade unions (GMB and Unison).
13. The Unison local branch has submitted a pay claim for 2017, see Appendix 2. The claim sets out a number of arguments for an increase in pay for employees including the rising cost of living in the South East, the impact of recent pay freezes and pay caps in the public sector and recruitment and retention pressures. The trade union has also made reference to the National Living Wage and Living Wage Foundation rate. The trade union has requested a pay increase of 5%, across all spinal points which would increase the Council's pay bill by £750K in the first year.
14. The Finance and Staffing Portfolio Holder will give consideration to the pay claim once Council has approved the budget for 2017/2018.

Implications

Financial

15. Salaries referred to in the Pay Policy Statement are within current budgets.
16. An increase of 5% on current pay points would result in further savings of £750K needing to be found for 2017/2018. A proposal to increase the Council's pay bill by more than the amount in the MTFs would need Full Council approval.

Legal

17. The Localism Act 2011 requires the Council to have a Pay Policy Statement.

Staffing

18. Pay and benefits for Council employees remains a key element in terms of attracting and retaining talent and therefore delivering first class services. The Council's pay and reward strategy has been developed to ensure that employee pay is based on a fair and transparent evaluation process.

Equality and Diversity

19. The Council's pay grades and evaluation method meets the requirements of the current Equalities Act.

Consultations (including from the Youth Council)

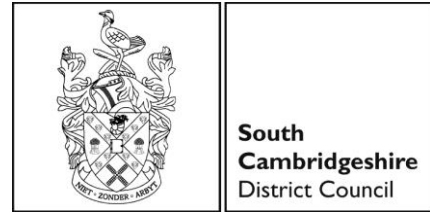
20. Trade Unions were fully involved in the Job Evaluation project and, as such, were consulted throughout the process of achieving the Single Status Agreement and pay and grading structures. Employees were consulted and balloted on the Single Status Agreement, which details the Council's approach to pay and benefits.
21. Unison has submitted a pay claim for 2017, this is attached at Appendix 2

Background Papers

22. The following background papers were used in the preparation of this report:
 - Local Government Association and ALACE guidance dated November 2011
DCLG Code of recommended practice for Local Authorities on transparency
September 2011
 - www.gov.uk/government/consultations

Report Author: Susan Gardner-Craig – Head of People and Organisational
Development
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PAY POLICY STATEMENT 2017 / 2018

The Localism Act 2011 ('the Act') (sections 38 to 40) requires English local authorities to produce a pay policy statement for each financial year. The DCLG statutory guidance on the Localism Act refers to "Openness and accountability in local pay" and covers such matters as pay fairness in the public sector by increasing transparency over pay and tackling disparities between the lowest and the highest paid in public sector organisations. The Act states that the policy must include pay and other remuneration for chief officers and other employees, including the lowest paid.

The Act defines remuneration widely, to include pay, charges, fees, allowances, benefits in kind, pension and termination payments.

The pay policy statement:

- must be approved formally by Full Council by the end of March each year
- can be amended in-year

1.0 Scope

1.1 The pay policy statement applies to the following posts at South Cambridgeshire District Council:

- Chief Executive (Head of the Paid Service)
- Executive Director (Section 151 Officer)
- Directors
- Heads of Service

2.0 Salary

2.1 The current salary scales for Chief Executive, Executive Directors, Directors, and Heads of Service are presented in the table below.

Chief Executive	109,264	112,386	115,507	118,629	121,751	124,872
Executive Director	88,452	91,574	94,695	97,816	100,939	104,060
Director (Grade11)	70,731	73,473	76,217	78,962	81,705	84,451
Head of Service (Grade 10)	60,059	62,195	64,328	66,462	68,597	70,731
Head of Service (Grade 9)	52,437	53,962	55,487	57,011	58,536	60,059

2.2 Progression through the pay grade is determined by assessment of the employee's performance in line with the Council's Performance and Development Review process.

3.0 Pay Awards

3.1 The Council has local arrangements for the negotiation of annual pay awards with trade unions recognised by the council, namely the GMB and Unison. Reference is made to the nationally negotiated pay award for Chief Executives, Chief Officers and other local government employees. The national negotiating bodies are:

- Joint Negotiating Committee for Chief Executives
- Joint Negotiating Committee for Chief Officers
- National Joint Committee for Pay and Conditions of Service for Local Government

The Council will also have regard to the Living Wage Foundation rate when it agrees annual pay awards for its staff each year. The Council, however, does not intend to seek formal accreditation from the Living Wage Foundation.

4.0 Terms and Conditions of Employment

4.1 The terms and conditions of employment for the Chief Executive are determined in accordance with collective agreements, negotiated by the Joint Negotiating Committee for Chief Executives.

4.2 The terms and conditions of employment for the Executive Director are determined in accordance with collective agreements, negotiated by the Joint Negotiating Committee for Chief Officers.

4.3 The terms and conditions of employment for the Directors and Heads of Service are determined in accordance with collective agreements, negotiated by the National Joint Committee for Pay and Conditions of Service for Local Government.

4.4 These are supplemented by local collective agreements reached with trade unions recognised by the Council and by the rules of the Council.

5.0 Remuneration on Recruitment

5.1 The Council will approve the appointment of the Head of the Paid Service, Executive Director, Chief Finance Officer and Monitoring Officer and following the recommendation of such appointments by the Employment Committee or Sub-committee of the Council, which must include at least one member of the Executive. The full Council may only make or approve the appointment of these posts where no well-founded objection has been made by any member of the Executive. The salary on recruitment will be within the current salary range of these posts at that time.

5.2 The Employment Committee or Sub-Committee of the Council, which must include at least one member of the Executive, will appoint Directors. An offer of

employment as a Director can only be made where no well-founded objection from any member of the Executive has been received. The salary on recruitment will be within the current salary range of these posts at that time.

- 5.3 Appointment of Heads of Service is the responsibility of the Chief Executive or his/her nominee and may not be made by Councillors. The salary on recruitment will be within the current salary range of these posts at that time.

Rules governing the recruitment of the Chief Executive, Executive Director, Directors and Heads of Service are set out in the Council's constitution in section: Part 4 Rules of Procedure - Officer Employment Procedure Rules.

6.0 Bonus Payments

- 6.1 There are no bonus arrangements payable to the Chief Executive, Executive Directors, Directors or Heads of Service.

7.0 Progression through Pay Grades

- 7.1 The salary of employees within the scope of this policy rises by increments to the top point of their salary grade, subject to good performance. Progression through the pay grade is determined by assessment of the employee's performance in line with the Council's Performance and Development Review process.

8.0 Salaries over £100,000

- 8.1 The posts of Chief Executive and Executive Director are the only posts that can carry salaries of over £100,000.

9.0 Publication of salary data

- 9.1 Salary data for the Chief Executive, Executive Directors, Directors and Heads of Service is published on the council's website

For the Chief Executive and Executive Director this includes name, job title, actual salary, expenses and any election fees paid. For Directors and Heads of Service this includes salary by post title.

This pay policy statement once approved by Full Council will be published on the Council's website.

10.0 Expenses

- 10.1 The expenses which may be payable to the Chief Executive, an Executive Director, Director or Head of Service are as follows:

- Car/Motorcycle/Bicycle allowance – these are stated in the Council's Mileage policy which is set out in the Single Status Agreement approved by trade unions in May 2012.

- Re-imbusement of travel and subsistence – this is in accordance with the Council’s stated policy as at June 2011
- Payments under the eye test scheme as stated within the Council’s Health & Safety policy

11.0 Other Benefits

- 11.1 The employees within the scope of this policy are entitled to participate in the Council’s Childcare Voucher scheme in conjunction with Sodexo Say Care Childcare Voucher Provider. Employees can sacrifice part of their salary for childcare vouchers. These vouchers are exempt from income tax or National Insurance contributions and therefore represent a saving for employees who then use them to purchase childcare. Employees within the scope of this policy can purchase an annual maximum of £2916 worth of childcare vouchers through the scheme. Employee savings can amount up to £933 per annum.
- 11.2 The employees within the scope of this policy are entitled to participate in the Council’s Cycle Scheme whereby employees can sacrifice part of their salary to lease cycles for travel to work. The amount sacrificed is exempt for income tax and national insurance contributions and therefore represents a saving for participating employees.

12.0 Severance Payments

- 12.1 Severance payments are made in accordance with the Council’s Organisational change and Redundancy policy as approved by Cabinet in November 2013 and are the same for all staff.
- 12.2 Employees with more than two years service will be entitled to redundancy pay in line with local government guidelines and statutory calculations. Where the employee is entitled to a redundancy payment, the calculation is based on the employee’s actual weekly pay.
- 12.4 The Council provides career counselling and out placement support for employees facing redundancy, this includes job search and interview skills.
- 12.5 Settlement agreements will only be used in exceptional circumstances where they represent best value for the Council.

13.0 Pension and Pension Enhancements

The employees within the scope of this policy are entitled to and receive pension contributions from the Local Government Pension Scheme (LGPS). This is a contributory scheme and they contribute between 8.5 and 11.4% of their salary to the scheme. Changes to the LGPS regulations were implemented in April 2014, and this changed contribution rates and changed the scheme from a final salary scheme to a career average (CARE) scheme.

14.0 Election Fees

- 14.1 The Returning Officer is the person who has the overall responsibility for the conduct of elections. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983. Although appointed by the Council the role of the Returning Officer is one of a personal nature and distinct and separate from their duties as an employee of the Council. Elections fees are paid for these additional duties and they are paid separately to salary.

The Chief Executive is the Council's Returning Officer.

The fees for Parliamentary, Police Commissioner and Euro Elections are set by the Government.

Fees for local elections are set locally and are currently £373.72 per contested ward and £55.20 per uncontested ward.

Other officers, including senior officers within the scope of this policy, may receive additional payment for specific election duties.

15.0 Relationship to lowest paid employees

- 15.1 The lowest pay grade of the Council's pay structure is Grade 1. For this reason we have chosen staff employed on grade 1 as our definition of the 'lowest paid' for the purposes of this policy. Ratios are based on base salary and do not include other payments.

Grade 1 currently ranges from £13,659 to £15,296 per annum. The lowest paid employee on the council's pay scale is currently £15,296 per annum.

The Chief Executive's current salary scale runs from £109,264 to £124,872.

The current ratio between the lowest and highest pay points is - 1:1.8

The current ratio between the lowest and highest pay points on the Chief executive grade is 1:1.14

The ratio of the lowest paid employee to the current interim chief executives salary is 1:7.5

The Council does not have a policy on maintaining or reaching a specific pay ratio between the lowest and highest paid staff.

- 15.2 The gender balance of the highest 5% of SCDC earners is 48% females to 52% males.
- 15.3 The median earnings figure is £21,646.

16.0 Re-engagement of ex South Cambridgeshire District Council staff within the scope of this policy

- 16.1 All permanent or fixed term posts are advertised in accordance with the council's recruitment policies and appointment is made on merit, in accordance with the rules governing the recruitment of the Chief Executive, Executive Directors, Directors and Heads of Service set out in the Council's constitution in section: Part 4 Rules of Procedure - Officer Employment Procedure Rules.
- 16.2 Interim management appointments are made in accordance with the council's procurement policies and the provisions for contract for services.
- 16.3 Chief Executive, Executive Director, Directors
The Council will not normally re-engage under a contract of services or re-employ any individual who has previously been employed by the Council and, on ceasing to be employed, is in receipt of a severance or redundancy payment.
- 16.4 All other grades of employee
The Council will not normally re-engage under a contract of services or re-employ any individual who has previously been employed by the Council and, on ceasing to be employed, is in receipt of a severance or redundancy payment within three years from cessation of employment, this includes casual bank assignments.
Only in exceptional circumstances will re-engagement be considered in line with the council's re-engagement policy.
- 16.5 Employment of those in receipt of an LGPS pension
Where the Council employs as a Chief Executive or Chief Officer a person who is in receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the Council's Administering Authority for the LGPS, pursuant to Regulations 70 and 71 of the Local Government Pension Scheme (Administration) Regulations 2008 will be applied.



LOCAL PAY CLAIM 2017

INTRODUCTION

This pay claim is submitted by UNISON on behalf of **South Cambridgeshire District Council**

UNISON's claim is for the following:

- a substantial above inflation pay rise to help restore and maintain employees living standards

UNISON is therefore submitting the following claim for 2017, which seeks to improve and enhance the morale and productivity of our members. Meeting our claim will give the **South Cambridgeshire District Council** 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

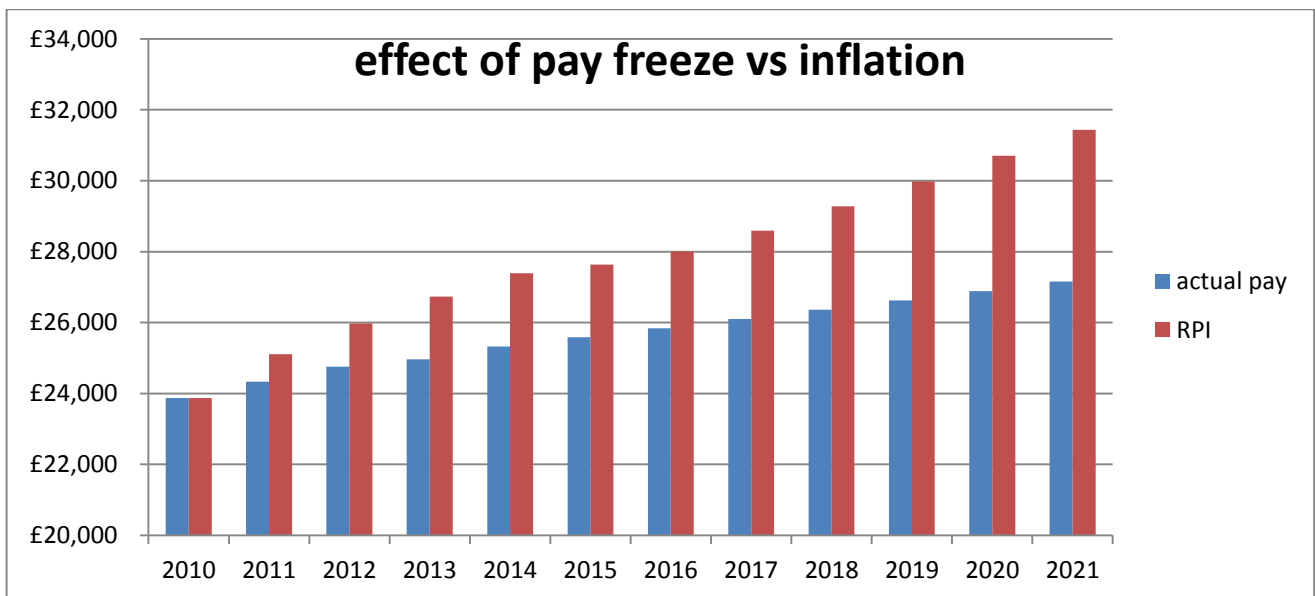
We are seeking:

- A 5% cross the board increase on all salary points and allowances

1. 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. The current budget estimate projects inflation to increase to 2.4% per annum whilst the annual pay award is capped at 1%. The average public sector pay was £23,868 in 2010. With the proposed pay cap at 1% this will rise to no more than £27,158 by 2021. If pay rises matched inflation average pay would rise to £31,436 by 2021, a difference of £4,278 per annum.

The evidence suggests that a 10% pay award would restore the imbalance and bring the average pay for 2017 to £28,423, approximately where it would be if a pay award equal to RPI had been made each year since 2010. However, we recognise that a pay award of 10% is unrealistic.



[

The greatest asset of the **South Cambridgeshire District Council** is its employees. In this pay round, our members are looking for evidence of the value that the **South Cambridgeshire District Council** 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 **South Cambridgeshire District Council** will give this claim the full consideration and response which employees expect and richly deserve.

2. COST OF LIVING

According to the Office for National Statistics (ONS):

The Retail Prices Index rose from 222.8 (April 2010) to 261.4 (April 2016) – an increase of 17.3% (January 1987 = 100). Over the same period the Consumer Prices Index rose from 89.2 (April 2010) to 100.2 (April 2016) – an increase of 12.33% (2015=100).

Salary April 2010	April 2016 salary that maintains real value. (Salary April 2010 uprated in line with RPI)
10000	11733
12000	14079
15000	17599
18000	21119
20000	23465
25000	29331
30000	35198
40000	46930
50000	58663

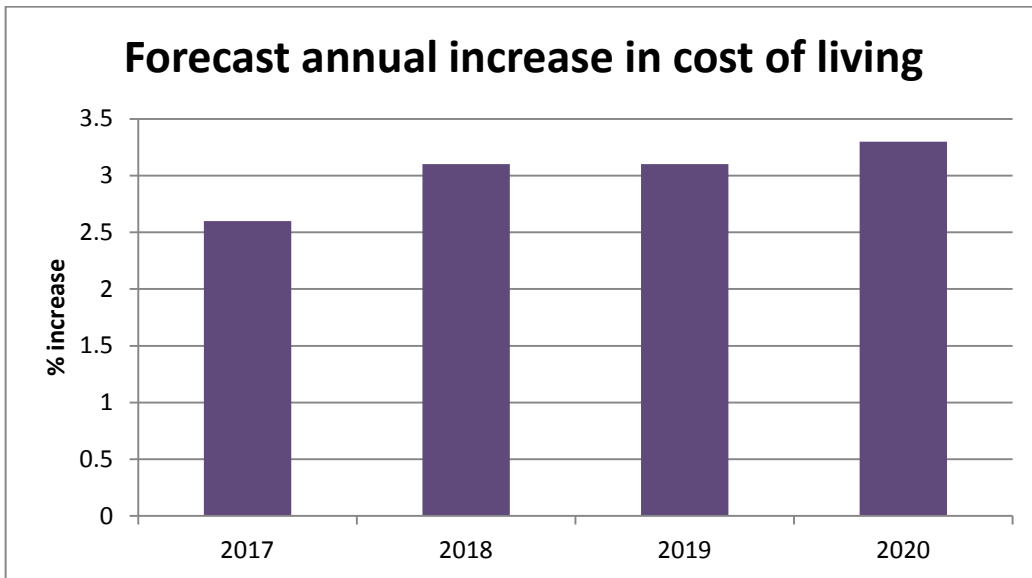
Between April 2010 and April 2016 pay in **South Cambridgeshire District Council** rose by only 10 %, while inflation rose by 17.3%. This represents a fall in real living standards for **South Cambridgeshire District Council** employees.

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 underestimates 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 once more, with the 2017 rate hitting 1.9 % followed by an acceleration to over 2.4% a year between 2018 and 2020. If these rates turn out to be correct, the cost of living employees will face will have grown by almost 15% by the close of 2020, following the pattern set out in the graph below.

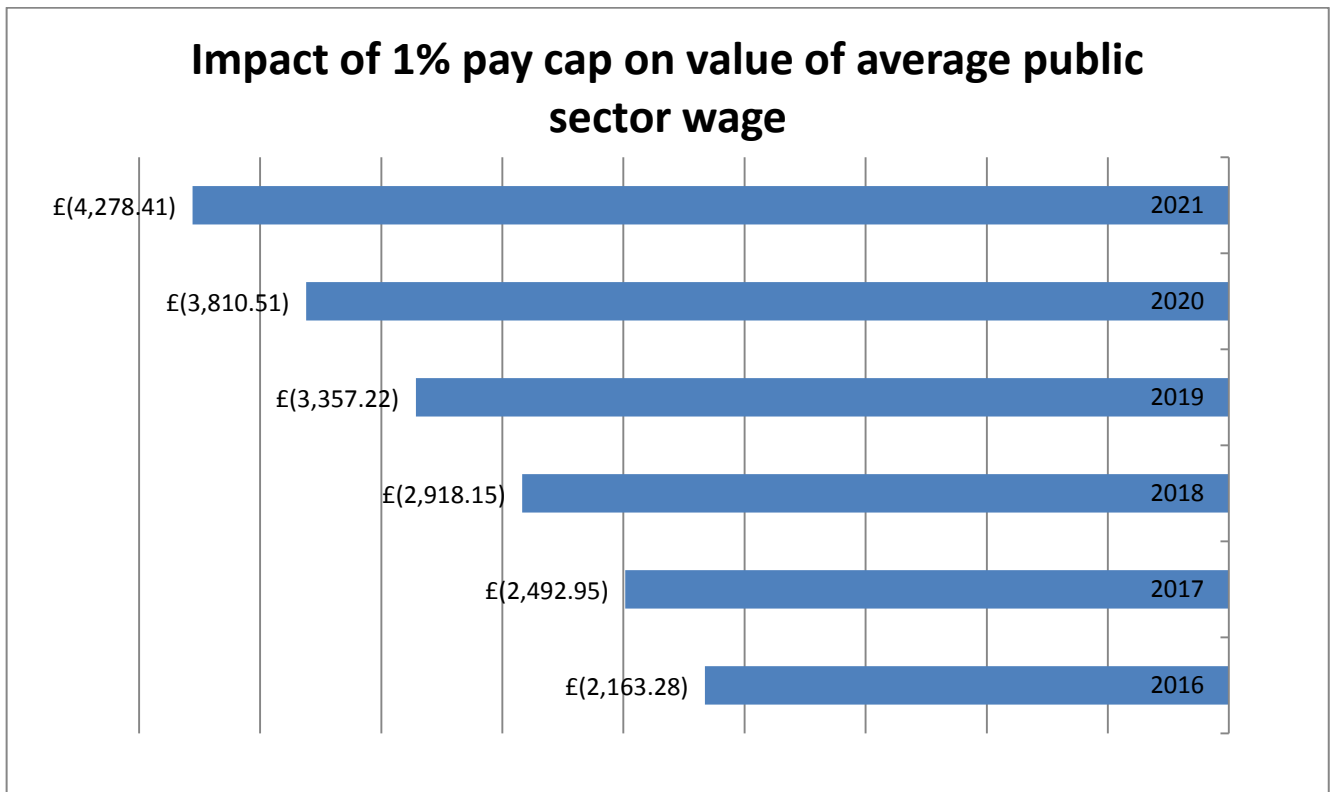


Source: HM Treasury, Forecasts for the UK Economy, May 2016

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 extend the 1% public sector pay cap to 2019, and the Councils proposals to extend this to 2021, the potential impact of this inflation forecast on the value of an average public sector wage is shown below. By 2021, the average wage would have declined in value by over £4,200.



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 12% since 2010, with employees losing almost £2,800 a year from the value of their pay packet since the government came to office. The average worker would have accumulated more than £16,700 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 2015, the public sector worker on the median wage saw a 14% cut in the real value of their earnings, leaving their 2015 wage £4,854 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 £21,447.

5. INFLATION COMPONENTS

The changes in the price of components of the Retail Prices Index over the year to June 2016 are shown in the table below.

Item	Average % increase to June 2016
Personal expenditure	3.2
Housing and household expenditure	2.4
Consumer durables	2.3
Mortgage interest payments & council tax	1.6
Alcohol and tobacco	1.5
Travel and leisure	1.5
Food and catering	-1.2
All goods	-0.6
All services	2.8
All items	1.6

Source: Office for National Statistics, Consumer Price Inflation Reference Tables, June 2016

The drop in the inflation rate over recent years has been driven by declines in energy prices after years of strong growth, along with falls in food prices. However, the biggest cause has been the major fall in oil prices. Nonetheless, some costs are rising significantly, with a 5.5% acceleration in prices for clothing and footwear among the most notable features of the latest inflation figures.

The price of housing also remains one of the biggest issues facing employees and their families. Across the UK, house prices rose by 8.1% in the year to May 2016, taking the average house price to £211,230¹. In the South East, annual house price inflation was 12.9% over the year to May 2016, taking South East average house prices to £306,037.

The rate of increase in rents has generally been well ahead of general price increases. However, a surge in homes to let before introduction of the stamp duty surcharge on second homes took the annual rate of increase down to 1.8% over the year

¹ Office for National Statistics, House Price Index March 2016, published May 2016

to May across England and Wales, when average rents hit £793². The same trend was apparent in new tenancy rates, though prices still jumped by 3.5% across the UK (excluding London) in the year to June 2016³. At the same time, the South East saw average monthly rent hit £978. 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 2016 found that the cost of a part-time nursery place for a child under two grew by an average annual rate of 5.3% since 2010. This means that it now costs £6,072 per year to place a child in nursery care for 25 hours a week.

Current inflation rates can mask longer term changes in the cost of living that have taken place since 2010. For instance, food price inflation is currently quite low, but between 2010 and 2015 it saw major rises, as reflected in the table below.

Item	% price rise 2010 - 2015	Item	% price rise 2010 - 2015	Item	% price rise 2010 - 2015
Beef	26%	Fruit	16%	Gas	32%
Fish	18%	Mortgage interest payments	16%	Electricity	28%
Butter	24%	Bus and coach fares	21%	Water	18%
Potatoes	15%	Rail fares	23%		

6. PAY SETTLEMENTS AND AVERAGE EARNINGS

The ability of **South Cambridgeshire District Council** 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 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%.

² LSL Property Services. Buy to Let Index, May 2016

³ HomeLet Rental Index, June 2016

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

⁵ Family & Childcare Trust, Childcare Costs Survey 2016

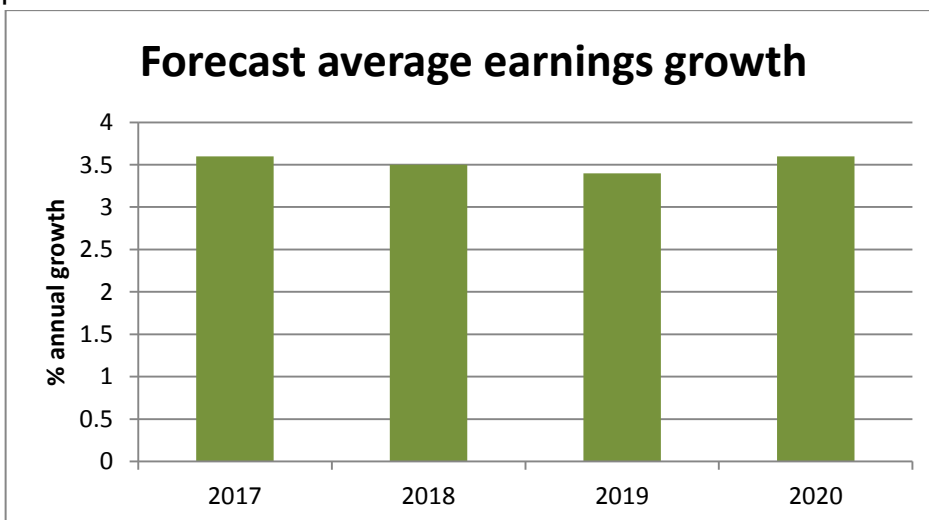
A sample of economic sectors that can provide alternative career options for **South Cambridgeshire District Council** staff shows pay settlement rates varying between 2% and 2.4%.

Sector	Average reported pay settlements
Across economy	2.0%
Private sector	2.0%
Public sector	1.0%
Not for profit	1.0%
Retail & wholesale	2.4%
Transportation & storage	2.0%
Information & communication	2.0%
Admin & support services	2.0%

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

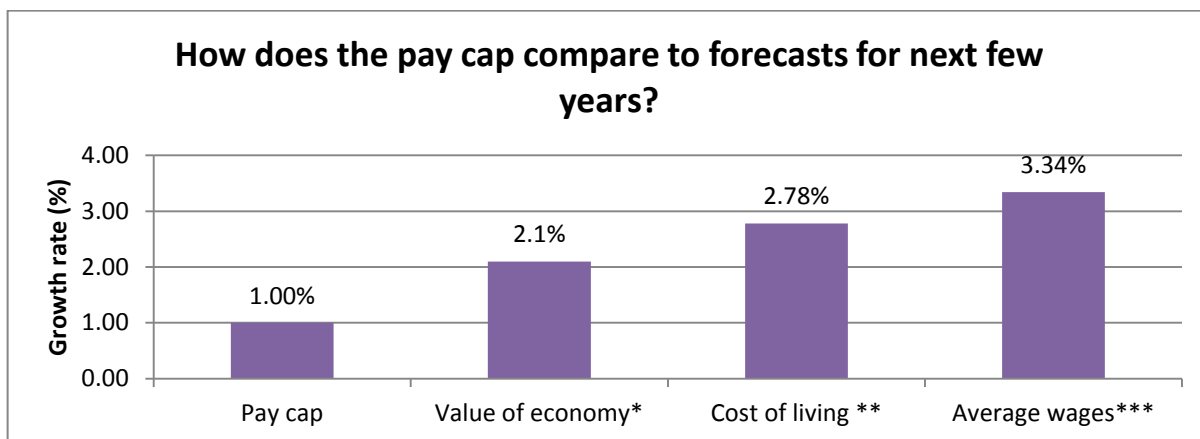
These trends add to wage differentials, which already show that local government pay rates are the worst in the public sector.

In order to remain competitive with wages across the economy, **South Cambridgeshire District Council** will need to keep up with average earnings growth predicted to rise across the economy at 3.6% in 2017 and continue in that region until 2020, following the pattern shown below.



Source: Office for Budgetary Responsibility, Economic and Fiscal Outlook, March 2016

When examining the outlook over the next four years, the average increase in the value of the economy is set to run at 2.1%, the cost of living is due to grow at 2.8% a year and average earnings growth is expected to average 3.3%.



Sources:

* Based on average GDP forecasts from Office for Budgetary Responsibility, Economic and Fiscal Outlook, March 2016

** Based on average RPI forecasts from HM Treasury, Forecasts for the UK Economy, May 2016

*** Based on average earnings forecasts from Office for Budgetary Responsibility, Economic and Fiscal Outlook, March 2016

7. RECRUITMENT AND RETENTION PRESSURES BUILDING

The unemployment rate has been on a marked downward trend over most of the last three years. This decline is predicted to continue into 2016, vacancies are getting harder to fill and staff turnover is on the rise. Latest figures from UK Commission's Employers Skills Survey estimate that vacancies have grown by 42% over the last two years.

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 South Cambridgeshire District Council.

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.

9. NATIONAL LIVING WAGE

The minimum statutory rate for employees aged 25 and over in the National Living Wage (NLW) rose to £7.20 an hour from April 2016. This equates to an annual wage of £13,890.10.

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

⁷ Institute of Fiscal Studies, IFS Green Budget 2014

The government has labelled the new minimum statutory wage of £7.20 for employees aged over 24 as the “National Living Wage.” The hourly rate from 1 April 2017 has not yet been announced. However, this rate is calculated without reference to the cost of living. It should also be noted that, despite the introduction of the government’s higher minimum wage rate in the NLW, many low-paid employees are set to suffer major cuts in their income due to welfare cuts.

Currently the lowest pay point in **South Cambridgeshire District Council** is £13,659 just £11.90 above the NLW. For an employer aiming to provide high quality services, this kind of poverty pay is unacceptable. It is even more concerning that this is happening in an area with a higher-than-average cost of living.

UNISON believes that all employees doing the same or similar work should be paid at least at the level of the NLW, whatever their age. This claim is therefore for all employees, not just those over 25.

10. 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 .

South Cambridgeshire District Council is now competing in a labour market in which over 50% of councils are now paying the Living Wage as the minimum point in their pay scales.

And Cambridge City Council is an accredited Living Wage employer and we suggest that South Cambs District Council adopt the same approach.

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 approximately 2,300 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 Welsh NHS and among police support staff.

At the same time, local agreements have resulted in over half of local authorities across the UK paying the Living Wage to their directly employed staff.⁸ However, over 30% of the workforce is still estimated to earn below the Living Wage.

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

11. WELFARE CUTS – WHAT DOES IT MEAN FOR [South Cambridgeshire District Council](#) 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 has now reversed its plans to change the tax credit threshold and the taper, the elements have been frozen and are not adjusted for inflation. The family element for new claimants will be removed in April 2017 and support will be limited to two children.

Local housing allowances - housing benefit for private sector and housing association tenants - are being frozen. This means that tenants will have to find the money to pay any rent increase. Family premium is also being withdrawn from new claims. Child benefit has now been frozen since April 2010.

12. RETENTION AND PROTECTION OF TERMS AND CONDITIONS

Our call for decent pay for our members also reflects the massive increase in productivity which has arisen from fewer workers providing almost the same services as a result of Coalition and current government cuts. Cost savings are being achieved by simply getting more from staff for less. Increased work intensity, accompanied by greater job insecurity and low or non-existent pay increases have characterised [South Cambridgeshire District Council](#) working life for far too long.

The expectations of service users can add to pressure on staff. In UNISON's local government members survey⁹, 82% of South East respondents reported an increase in service users' expectations in the last 12 months. This was the greatest perceived increase across all UK nations and regions.

Working against a background of budget cuts, employees have been facing greater workload pressures. The resulting increased stress and declining morale poses a long-term threat to the employers' ability to retain dedicated and skilled employees and provide a consistent quality of service.

Investment in the workforce is often seen as distinct from investment in better public services. However, there's a clear link between decent pay and conditions and quality services - services that are responsive, reliable, consistent, caring and accessible. Continued improvement depends on decent pay, conditions and staff training and development. In many cases, the service *is* the staff, face to face and often working under difficult conditions.

The rewards employers will reap in return for investment in the well-being of their employees cannot be underestimated. An employer offering a pay cut in real terms for the next three years, on top of cuts in the last six years, will struggle to retain or attract the existing and new skilled people it needs for the future.

⁹ Under pressure, underfunded and undervalued- UNISON members keeping communities together June 2016

A guarantee that the terms and conditions will be retained and protected would be one key way in which our employer could demonstrate that they value and support their dedicated and skilled workforce.

14. CONCLUSION

There can be no doubt that all employees working for the **South Cambridgeshire District Council** have seen a significant fall in their living standards. Their real earnings have fallen substantially.

To deliver a quality service, the **South Cambridgeshire District Council** 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.

2017 is the year in which **South Cambridgeshire District Council** can begin to demonstrate that its workforce is included in the recovery. This is a fair and realistic claim which we ask the **South Cambridgeshire District Council** to meet in full.

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