

REMUNERATION COMMITTEE – 9 SEPTEMBER 2014

THE OXFORDSHIRE LOCAL AGREEMENT AND THE LIVING WAGE – LATEST DEVELOPMENTS

Report by Chief Human Resources Officer

Introduction

1. The OLA was successfully introduced into all ex-Green Book contracts of employment with effect from 1 April 2014. (See Annex 1 for a copy of the agreement.) The agreement covers all relevant employees in county schools, but not academies.
2. The OLA includes a commitment by the Council to ‘work towards the introduction of the payment of the Living Wage as its minimum hourly rate by 1 April 2017’. Representatives from Schools Forum attended the Remuneration Committee on 11 February 2014 to voice the concerns of both county schools and academies about the implications of the OLA, especially the potential costs of introducing the Living Wage, which would fall primarily to their budgets. These comments were taken into account by the Committee in making their decision to adopt the agreement. These concerns continue to be raised. (See Annex 2 for current details on the Living Wage)
3. Schools and academies have also voiced concerns about the consultation process for any future changes which might arise from the OLA.

Summary of the Current Position with Regards to County Schools and Academies.

4. Officers have attended the Schools Forum on a number of occasions since February and have also been invited to address the Oxfordshire Secondary Head Teachers Association on the implications of the OLA. Schools’ Forum specifically asks the Committee to consider the full costs to schools before introducing the Living Wage.
5. County Schools – Estimates of the cost of implementing the Living Wage have been made available to county schools. Schools view this as another potential additional cost on their budgets, following other unavoidable costs such as increases in employer pension contributions and changes to the calculation of annual leave for part-time term-time only staff. They indicate that, while they are in principle in favour of the introduction of the Living Wage, they would struggle to fund this. They do not consider that there is any market pressure to pay this increased rate of pay and they are fearful of the consequential implications on the pay of other employees who will lose their differentials if the Living Wage is implemented.
6. Academies – In Oxfordshire academies have retained national terms and conditions of employment. Some have considered whether to change from this and to adopt the OLA. Legal advice has been received on the potential

implications of the OLA for academies. One multi-academy trust has opted to introduce its own local agreement (similar in most respects to the OLA, other than the degree of commitment to the introduction of the Living Wage) in order to harmonise their original staff with those recently joining the group who are now employed on the OLA. However, generally academies have indicated that they will wait to see how developments unfold before making any change to their current contracts.

Impact of the National Pay Negotiations.

7. The current national annual pay award negotiations have broken down and trade unions are planning strike action. This action will not apply in Oxfordshire, in the main, as the OLA has been introduced. However, the outcome of these negotiations is significant to Oxfordshire because the OLA states that the Council will match the national agreement for the first two years, 2014-15 and 2015-16.
8. The national employers' final offer is set out below.
 - £580 (4.66%) on SCP5 with effect from 1 April 2014
 - £550 (4.36%) on SCP6 with effect from 1 April 2014
 - £400 (3.10%) on SCP7 with effect from 1 April 2014
 - £275 (2.06%) on SCP8 with effect from 1 April 2014
 - £200 (1.46%) on SCP9 with effect from 1 April 2014
 - £175 (1.25%) on SCP10 with effect from 1 April 2014
 - 1.0% on SCPs 11 and above with effect from 1 April 2014.

Although this was rejected by unions, it implies that any settlement which is eventually reached is likely to be at least as generous as this offer. The Council and county schools will be obliged to match this and will increase the pay of those below the Living Wage in line with the settlement. The effect of this will be to bring those employees currently below the Living Wage closer to this level, irrespective of any local moves to introduce the Living Wage under the OLA. The Living Wage is currently £7.65 per hour which is equivalent to just below SCP 11 after the 1% rise has been applied. In effect, some of the costs of introducing the Living Wage will become costs associated with the pay award. If this trend of favouring the lower paid continues in the national negotiations for 2015-16 another step will be taken in bringing pay in line with the Living Wage and it is possible that by 2017, when the OLA aims to implement the Living Wage, there will be relatively little to catch up.

Proposed Procedure for Negotiating Changes to Terms and Conditions under the OLA.

9. Both county schools and academies have expressed a desire to be formally consulted when changes are planned regarding employment conditions under the OLA. Currently, the Council generally uses the Schools Forum for such consultations and a Cabinet member attends the Forum. The Forum would welcome a more formal arrangement to be agreed. A draft procedure has been prepared at Annex 3 which would give structure to future consultations

and bring confidence to schools, and any relevant academies should they seek to adopt the OLA in the future, that they will be formally consulted on any proposed changes under the OLA, especially where these impact directly on their budgets.

Financial and Staff Implications

10. There are no direct financial and staff implications arising from this report.

RECOMMENDATION

11. **The Remuneration Committee is RECOMMENDED to:**
 - (a) Receive, note and comment on this report;**
 - (b) Adopt the Procedure for Negotiating Changes to Terms and Conditions under the OLA at Annex 3; and**
 - (c) Agree to review their position on the Living Wage when the national pay settlement is reached.**

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Background papers: None

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Annex 1.

Agreement between Oxfordshire County Council and Oxfordshire Unison.

Following consultations and negotiations, Oxfordshire County Council (the Council) and Unison have entered into this legally binding agreement to make changes to employees' terms and conditions of employment.

This agreement will cover all employees who were previously employed under the National Agreement on Pay and Conditions of Service for Local Government Services (the Green Book). The agreement will be incorporated into contracts of employment for all relevant employees and will be known as '**The Oxfordshire Local Agreement**'.

This agreement will take effect on 1 April 2014 (unless otherwise specified below) and will apply for three years, ending on 31 March 2017. Further local negotiations will take place to come to future agreement from 1 April 2017.

For the avoidance of doubt, the Council and Unison enter into this agreement so that all and any general changes to pay or terms and conditions will only be implemented following a negotiated settlement under the terms of this agreement.

Unison agrees not to pursue any legal claims against the Council in relation to these changes.

Introduction of Local Negotiations for Pay and Terms and Conditions of Employment from 1 April 2014.

The Council will cease to apply the Green Book terms and conditions and pay awards and will undertake annual local negotiations which will cover major changes to pay and other terms and conditions of employment.

The national and local pay and conditions of service which are in place on 31 March 2014 will continue to apply until they are changed by locally negotiated agreement.

Minor or limited changes to pay or terms and conditions may be agreed through negotiation with Unison separately throughout the year as required.

The Council guarantees to make an annual cost of living pay award of at least 1 % on 1 April each year to all spinal column points for each year of this agreement. The Council guarantees to match the Green Book cost of living pay award if this is in excess of 1% in 2014-15 and 2015-16. The Council will consider but does not guarantee to apply any other aspects of the Green Book settlement for 2014-15 and 2015-16.

Agreed Changes to Local Terms and Conditions.

Pay Protection.

The Council's agreed Pay Protection Policy will be amended to limit the amount of protection given to employees whose redeployment will avoid a dismissal due to redundancy or ill-health. Pay protection will be given up to one grade for one year in duration in these cases.

Disturbance Travel Allowance.

The Council will limit the reimbursement of excess travel costs payable when an employee's place of work is changed. Reimbursement will be given for up to one year from the change of work location.

Living Wage.

The Council undertakes to work towards the introduction of the payment of the Living Wage as its minimum hourly rate by 1 April 2017.

Annual Leave Entitlement for Grades 6 and below.

The Council will increase the annual leave entitlement of employees paid on Grade 6 and below who have completed 10 years' continuous service to 30 days per annum.

Time off in Lieu of Work Outside the Flexitime Scheme.

Where employees undertake work outside the hours covered by the Flexitime Scheme, or where the scheme does not apply, they will be entitled, by prior agreement with their manager, to take an equivalent amount of time off from normal working hours, usually within two months of undertaking the work.

Standards of Office Lay-out for Agile Working.

The Council will agree with Unison on basic standards of office equipment and lay-out where Agile Working is implemented.

Unison Representation in Academy Schools.

The Council will seek an arrangement whereby Unison time spent on trade union duties in academies is funded by the academies.

Date: March 2014

Annex 2.

The Living Wage – Briefing Note.

Main Points for Information.

General:

- Currently the Living Wage is £7.65 per hour outside London.
- Living Wage is set by the Centre for Research for Social Policy at Loughborough University.
- Some local employers pay the Living Wage, e.g. Oxford City Council.
- Oxford City Council reports that they require their contractors to pay the Living Wage.

Oxfordshire County Council:

- OCC's lowest pay equates to £6.53 per hour, paid to some cleaners in schools.
- Living wage equates to £14,718 p.a. which is just under Spinal Column Point 11 (£15,029 p.a.).
- Employees paid on Grade 3 and below include cleaners, catering assistants, lowest grade administrators, teaching assistants, customer service advisers and apprentices.
- Directorate and Schools employees are legally part of the same employment and the same pay and grading systems must apply.
- OCC currently employs 92 employees below the Living Wage in Directorates.
- Cost to the Council to pay all employees in Directorates the Living Wage = £33,416 p.a. (approx. max.)
- Schools currently employ 1462 employees below the Living Wage.

ANNEX 3

Procedure for Negotiating Changes to Terms and Conditions under the Oxfordshire Local Agreement.

Preamble.

The Oxfordshire Local Agreement (OLA) came into effect on 1 April 2014. The agreement sets down the introduction to Oxfordshire County Council of local negotiations on pay and terms and conditions for Green Book employees. This document sets down the procedure for undertaking these local negotiations.

The Council and Unison acknowledge the need to fully consult schools and those academies who decide to adopt the OLA in reaching agreements on changes to pay or terms and conditions.

Unison are responsible for consulting and obtaining agreement from their membership on proposals as appropriate. The council will consult managers, schools, academies, and employees as appropriate.

Procedure.

1. The Council and Unison undertake to maintain full and open informal discussions in order to preserve the most productive possible negotiating relations and to avoid difficulties of timing.
2. When the Council or Unison seeks to open negotiations under the OLA they will produce a draft written proposal in good time which will be shared by both sides.
3. When a draft written proposal has been lodged under the OLA the Council will consult Schools Forum on the proposal, including giving potential costs and implications for schools. This will include the opportunity to discuss the proposal at a full meeting of the Forum. Schools Forum will provide comments on the proposal and these will be taken into account in the negotiations and decision making process.
4. Formal negotiations on draft proposals will take place between the Council and Unison with a view to reaching a mutually acceptable draft agreement.
5. Once a draft agreement has been reached this will be communicated to Schools Forum.
6. The draft agreement will be considered by Remuneration Committee and a formal resolution will be made. Schools Forum may submit written representations or send representatives to Remuneration Committee and their views will be taken into account in the decision making process.
7. Once changes to pay or terms and conditions have been approved by Remuneration Committee the Council will communicate this to Schools Forum and employees and will give notice of the change where necessary. Unison will inform their membership.
8. It is anticipated that the cost of living pay award will be negotiated annually through this procedure.

Disputes.

Changes to pay and terms and conditions will only take place through this procedure under the OLA unless agreement to vary the procedure has been reached. Both parties undertake to maintain constructive negotiating relationships with a view to mutual agreement. However, where disputes arise these will be referred to the Employees Consultative Committee for discussion and resolution.

July 2014.