

Briefing on ...

Public Sector Pay Policy : 2009 – 10

Introduction

This briefing provides an overview of the Scottish Government's guidance for Scottish Public Sector Pay Groups in 2009/10.

This pay policy guidance applies to those public sector bodies whose pay requires the approval of Scottish Ministers. This includes the Scottish Government, Executive Agencies and related Departments which have their own pay bargaining units and others such as: Scottish Water, Learning & Teaching Scotland and Highlands and Islands Airports Limited

The policy for 2009/10 applies to those public bodies who will enter new pay settlements between May 2009 and April 2010 (inclusive).

Background

The guidance states that the Scottish Government's policy on public sector pay has three strategic aims:

a) To make sure that public sector pay settlements are affordable and sustainable

b) To provide flexibility within an overarching policy for public bodies to determine the pay and reward systems

that are right for their business needs; and

c) To work towards making sure that pay is fair and non-discriminatory.

The paper also states that smaller public bodies (those with less than 60 FTE staff) can 'analogue' to another public body or submit joint pay proposals. In effect basing their pay claim on that of another public sector employer.

Standard Remit Increase

Excluding key priorities (see below) the general guidance is that the total limit on standard remit elements is an increase for staff in post (ISP) of 3%. This figure relates to the cost of the proposed increase in pay and benefits as a percentage of the baseline paybill.

However, within this amount the basic award (the inflation/ cost of living element of the pay award) is limited to

no more than 1.5%. The current inflation rate (CPI) stands at 1.8% (June 2009).

The other elements contained within the standard remit limit include performance related bonuses and increases in overtime, allowances etc that result from the increase in pay and benefits proposed.

Key Pay Policy Priorities

The guidance highlights some specific priorities that should be addressed within the pay guidance. These are:

- addressing inequalities within pay and reward systems and structures to work
- reducing the width of pay ranges,
- recruitment, retention or motivation issues that directly impact on a public body's ability to deliver outcomes;

- addressing low pay.

The headline cost of the full pay award (standard and key pay policy elements) must not exceed 3%.

One method for funding these priorities is through recyclable savings. However any such savings that are redirected to pay will be on top of savings already planned to have been delivered. These

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savings must be delivered in the year in which they are being re-used.

Increases targeted at the key priorities will fall into the following categories:

a) Increases with ongoing cost implications, for example;

- addressing inequalities by reducing progression journey times;
- addressing particular issues such as low pay and recruitment, retention and motivation of staff by adjusting pay range minima, maxima or target rates; or

- restructuring of pay and reward systems. These costs relate to the assimilation of staff onto a new structure.

b) One-off increases, i.e. buying out terms and conditions of employment that are now outdated. These are actual costs to the paybill but are limited to a single year; and

c) Increases in benefits or non-pay rewards, i.e. reduction in working hours or additional leave. Such proposals have notional cost benefits for staff but do not add actual costs to the paybill.

Other Issues

Harmonisation

Although there are limits on the increases in pay and benefits that can be made in any year, there is an exception for the one-off costs of harmonising terms and conditions of employment of different groups of staff as a direct result of the Scottish Government's drive to have fewer national public bodies. Harmonisation usually involves the buying-out of the more beneficial terms and conditions of employment for one group of staff.

Multi-Year Deals

For multi-year pay deal it is possible to average the basic award over the period of the pay remit deal so long as the basic award is no more than 1.5% in each year.

Pay Range

It is also possible for organisations to make increases to the minimum and maximum rates in their pay range. However when deciding their maximum rates, these should be compared to the medians of the maxima in the public sector labour market or a particular labour market if that is more appropriate (i.e. for specialist posts). Proposals which seek increases to pay range maxima above the Basic Award limit must not result in pay range

maxima being more than 5% above the median of the maxima of the relevant labour market maximum.

Proposals to make additional increases to the minima of an organisation's pay ranges should take into account the "Solidarity" target in the Scottish Government's Economic Strategy which is "to increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017" by specifically considering your lowest paid groups of staff.

Finance Committee Report

A recent report on Public Sector Pay by the Scottish Parliament's Finance Committee included recommendations to: ensure that low pay is addressed properly; review pay systems and the costs of addressing discrimination; and review controversial senior staff bonuses. UNISON Scotland welcomes this report and calls on the Scottish Government to engage directly with unions and employers to implement the recommendations of the Finance Committee's Report on Public Sector Pay (<http://www.scottish.parliament.uk/s3/committees/finance/reports-09/fir09-04.htm>) - for further information see P & I Briefing 212.

Action for Branches

This briefing paper is intended to update members on the Scottish Government's Public Sector Pay Policy 2009-10 and to encourage debate within branches.

Further Information

UNISON Scotland

<http://www.unison-scotland.org.uk>

Scottish Government: Public Sector Pay Policy 2008-09

<http://www.scotland.gov.uk/Publications/2009/05/15092526/0>