

Briefing on ...

Public Sector Pay

Finance Committee Report

Introduction

The Scottish Parliament Finance Committee has conducted an inquiry into public sector pay.

The inquiry focussed on the Scottish Government's pay policy and procedures but it also covered

experiences of the 2008 local government pay dispute.

This briefing covers the Finance Committee's final report and UNISON Scotland's reaction to its recommendations.

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Background

The Finance Committee decided to take evidence on the issue of public sector pay – both for chief executives/senior staff and all other staff.

They took evidence from the Scottish Government's Pay Policy Unit officials, and from some of the main unions involved in both central and local government and Non-Departmental Public Bodies (NDPBs) and agencies. The Committee also took evidence from COSLA and from the Cabinet Secretary for Finance and Sustainable Growth, in terms of his

role both in setting public sector pay policy and in representing the central government employer.

A further evidence session focussed on the process for approving pay remits for public bodies - with representatives from the Pay Policy Unit, Scottish Water, the Care Commission, UNISON and the GMB.

UNISON Scotland's evidence can be viewed at www.unison-scotland.org.uk/response/publicsectorpay08.html and the final report at www.scottish.parliament.uk/s3/committees/finance/reports-09/fir09-04.htm

Local Government Pay

Whilst not the main focus of the report the committee made a number of recommendations in relation to local government pay. These included support for a working group with Cosla and the trade unions to look at low pay.

In addition they recommended tripartite discussions between unions, COSLA and the Scottish Government when pay is discussed as part of the local government settlement.

NDPB Pay Policy and Practice

The report includes a detailed description of the pay policy and the processes followed by the Pay Unit and employers. It recognised many of the criticisms made by UNISON regarding these processes and their recommendations reflect our concerns.

The Committee noted that whilst the opportunity for the trade unions to discuss matters with the Cabinet Secretary is welcome, there is no formal negotiating machinery with the Scottish Government. They recognised the frustration this causes at a local level given that the actual negotiation and approval process is

with the NDPB and the Scottish Government. The Committee therefore recommended that the Cabinet Secretary explores ways of reducing the number of bargaining areas and the practicability of direct negotiations with other representative bodies involved. UNISON Scotland has followed this up with a proposal to the Cabinet Secretary that a new negotiating framework should be established. One table for central government and those agencies with a close relationship to civil service grades and another for NDPBs and public corporations that have weaker links to civil service conditions.

Whilst the Committee recognised affordability concerns in the current financial context, they welcomed the focus on addressing low pay and have asked the Cabinet Secretary to demonstrate how low pay is being addressed in policy and in practice. UNISON's position is that in practice only lip service is given to low pay. The Committee also recommended that pay increments should be separated from pay increases and that the cost of addressing equalities issues and mergers as a result of public service reform are separated from the annual bargaining agreements. This is again a very welcome recommendation that would address many of the causes of NDPB disputes in recent years.

UNISON's evidence majored on the excessive delays in the pay process. The Committee acknowledged that improvements have been made. However, they believed that there is further scope for improvement and asked the Cabinet Secretary to bring forward proposals to address this issue. They also recommended that in terms of the pay unit's staffing, HR provision must be a core part of the pay policy unit. This reflects the problem the finance driven Pay Unit have had with issues like equal pay and job evaluation.

The pay policy is largely driven by the Pay Unit's experience of civil service pay and they have particularly struggled to understand the importance of benchmarking with organisations that particular NDPBs recruit from. The Care Commission and social work is a good example of this. The Committee recommended that the Cabinet Secretary looks further at benchmarking proposals in this regard.

The Committee recommended that the Cabinet Secretary explores what flexibility or discretion can be given to reflect local circumstances, within the context of affordability and equality. The rigidity of the pay policy, not always affordability, has been a cause of disputes, most notably in the 2008 Scottish Water dispute.

A well publicised element of this inquiry was senior staff pay and the introduction of large bonuses that seek to copy private sector practice. The Committee is of the view that the policy of paying bonuses to senior appointees should be reviewed; and as each of these particular appointments comes up for renewal, bonus arrangements should be altered or brought to an end in line with the outcome of the review..

UNISON Response

UNISON Scotland welcomed the Committee report and recommendations.

<http://www.unison-scotland.org.uk/news/2009/mayjune/2206.htm>

We have asked the Cabinet Secretary to respond positively and have set out further proposals for new negotiating machinery that we believe will begin to address many of the problems highlighted by this report.

The Finance Committee is also the lead committee for the Public Services Reform Bill that seeks to simplify the NDPB structure. Reform of pay policy and process is entirely consistent with this approach and the Bill may provide an opportunity for Parliament to act on the Finance Committee recommendations.