



**MSP Briefing
Public Services Reform (Scotland) Bill
Proposed Amendment**

New: After Section 98

Pay bargaining committee: Non-Departmental Public Bodies and public corporations

What is the current wording?

New section.

Why is an amendment needed?

The stated aim of this Bill is to simplify public bodies and improve the exercise of public functions. One of the key issues impacting on the effectiveness of public bodies is the arrangements for negotiating the pay and conditions of staff employed by NDPBs. This is reflected in the Finance Committee's inquiry into public sector pay.

At present each NDPB has its own individual negotiating structure that is closely directed by Scottish Ministers. This results in a lengthy and costly process that has resulted in many disputes in recent years and fundamentally undermined staff confidence and the service to the public. In summary the problems include:

- The timescale for preparing the guidance that means that pay settlement dates are missed and negotiations take place under guidance covering different years.
- Pay guidelines are introduced with limited consultation at national level and then form the basis for very constrained negotiations at local level. This undermines the concept of collective bargaining and disputes inevitably end up at ministerial level where the real decision rests.
- It takes too long for the Pay Unit to respond to NDPB management's proposals and there are further delays as issues are clarified and approvals sought during negotiations.
- The guidance itself is very complex (arguably unnecessarily so) and organisations and their trade unions have struggled to follow them. This has led to lengthy disagreements, confusion and further delay.
- These problems have been exacerbated due to the complexity of many negotiations as employers grapple with equal pay and harmonisation and the associated costs. It also appears to have stretched the expertise of the Pay Unit that is drawn from staff within the finance function.

Sadly very little has been done to implement the recommendations of the Finance Committee report. Whilst ministers are sympathetic to streamlining the process they wish to proceed by consensus. That is of course normally the correct approach. However, in this case there are a large number of disparate organisations involved and consensus is difficult to achieve.

What is the proposed solution?

As one of the Bill's aims is to streamline the quango state and improve efficiency it remains open to parliament to force the pace on this issue. Whilst it would not be appropriate for primary legislation to set out in detail a new negotiating structure, it could set out an enabling framework.

Amendments 217 to 222 (5th grouping of amendments) provide for the establishment of a bargaining committee to cover NDPBs and Public Corporations. This excludes Executive Agencies that are traditionally linked to the civil service. Unlike agencies this recognises that many NDPBs and public corporations drew their staff, terms and conditions and culture from a wider background (primarily in local government) and therefore there is only a limited link to the civil service.

The advantages of this approach include:

- It recognises the reality of the decision making process on public service pay in Scotland and the detailed involvement of Scottish Ministers.
- It still enables the different NDPB and civil service cultures and approaches to pay and conditions to be reflected in terms and conditions.
- It streamlines the pay process and would avoid the time consuming and expensive charade of local negotiations on matters that are really decided elsewhere.
- In the current financial climate streamlining the process would substantially reduce the significant costs associated with this hugely bureaucratic process.
- This is consistent with Scottish Government policy on streamlining processes in the Efficient Government programme, Crearer Review and NDPB rationalisation programme. Another good example is the proposal for one pay bargaining table in Further Education.
- It would limit the fairly regular procession of local disputes that end up at ministerial level.
- It would formally enable the HR and other expertise in NDPBs to be brought into the bargaining process where it matters, rather than leaving these matters solely to a unit of the Finance Department whose main expertise is in the financial processes.

Obviously the arrangements would require some detailed discussion including the scope and membership of these negotiating committees. The amendments therefore only provide a framework to enable those discussions.

Scottish Ministers could of course establish such committees without legislation. However, for the reasons set out above they have been unable to make progress. This amendment therefore gives the Finance Committee a route to the practical implementation of the recommendations in their recent report.

Amendment:

Amendment numbers 217 to 222 in the 5th grouping of amendments to be considered by the Finance Committee.

<http://www.scottish.parliament.uk/s3/bills/26-PubSerRef/b26s3-stage2-ml5.pdf>

Further information:

Finance Committee's inquiry into public sector pay
<http://www.scottish.parliament.uk/s3/committees/finance/reports-09/fir09-04.htm>.

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