

Summary

Rambøll Management Consulting (Rambøll) has carried out a survey on behalf of KS (the Norwegian Association of Local and Regional Authorities) of how local pay negotiations are conducted in Norwegian local and regional authorities. The Main Collective Agreement (Norwegian: *Hovedtariffavtalen*, HTA)¹ is the most important collective agreement in the KS area, with provisions on matters such as pay and working conditions, local negotiations and pensions.

With regard to pay trends in the KS area, all pay for positions covered by Chapter 5 of the HTA and for managers following the negotiation provisions of Chapter 3.4 is determined by means of annual local negotiations. Pay under Chapter 4 is primarily set centrally, but with a local pot that is distributed by means of local negotiations, providing local flexibility for adjusting and adapting pay trends for the employees included in that chapter.

OBJECTIVE OF THE PROJECT

The main goal of this R&D project is to establish an up-to-date and thorough experience-based foundation for local pay determination in the municipal sector. This involves gathering more information about how local pay negotiations in the KS area are conducted in practice for Chapters 3.4, 4 and 5 of the HTA.

The survey covers the following:

- a. how the negotiations under Chapters 3.4, 4 and 5 of the HTA are organised and conducted,
- b. how local pay policy and related criteria are utilised in preparing for and conducting local negotiations, and
- c. whether the provisions of the collective agreement meet the needs of the employer.

In addition, perceived success criteria and challenges in local determination of pay have been surveyed, along with the criteria for success in local pay negotiations.

The project is based on document review, a large-scale survey and interviews. The survey was aimed at HR managers and chief administrative officers in all of the local and regional authorities in Norway (also including some other individuals in central employer functions). In addition, a total of 26 interviews were conducted: three introductory interviews with two local authorities and one regional authority, and 23 in-depth interviews with HR managers and chief administrative officers in 20 selected local authorities and three regional authorities respectively. Data collection took place in February and March 2019.

MAIN FINDINGS

Local pay policy

The pay system under the HTA requires formulation of a local pay policy (cf. Chapter 3, item 3.2). All employees must be made aware of this so that it can be anticipated and so that employees can be given an opportunity to prepare for it.²

¹ KS Hovedtariffavtale (Main Collective Agreement)

² KS Hovedtariffavtale (Main Collective Agreement)

The survey shows that 95 per cent of local and regional authorities report having a local pay policy, and that the pay policy plan has been adopted by the vast majority. This adoption level is somewhat lower among the regional authorities than among the local authorities.

Within most of the local and regional authorities, the pay policy plan appears to be a living document. The survey shows that approximately half of the local and regional authorities have revised the pay policy plan over the last two years, and that 75 per cent use the pay policy criteria actively in connection with local pay negotiations. When it comes to the content of the pay policy plans, we find that the level of detail varies between local and regional authorities. Several authorities state that it is difficult to arrive on an appropriate level of details in the pay policy plan as if the plan is too detailed it becomes too complicated for the employees to apply in negotiations, and on the other hand if it is too vague it does not provide any direction to the negotiations. In both cases, the pay policy plan becomes difficult to use. However, most appear to be relatively satisfied with the pay policy plan, and many find the local pay policy to be a useful tool for local negotiations.

ORGANISATION OF LOCAL PAY NEGOTIATIONS

Only a few local and regional authorities include elected representatives in local negotiations. Where elected representatives participate in pay negotiations, they primarily contribute by participating in preparative meetings on the employer side, and to some degree in the pay policy discussion meetings; they participate in the actual negotiations only in a small number of the local and regional authorities.

In the vast majority of local and regional authorities, senior executives participate in the preparations and in local negotiations. Where senior executives participate, they primarily contribute by participating in preparative meetings on the employer side. Approximately half of the senior executives who participate also take part in the actual negotiations, as well as in pay policy discussion meetings. Many also provide written input regarding priorities prior to the negotiations.

Participation by line management (business managers, service managers and/or unit managers) in negotiations varies between chapters, being considerably lower during local negotiations under Chapter 3 than under Chapters 4 or 5 (43, 76 and 68 per cent respectively). Individuals from line management contribute primarily by providing written input for the employer side, and some also state that they participate in preparative meetings on the employer side.

PREPARATIONS FOR LOCAL NEGOTIATIONS

According to Chapter 3, item 3.2.1 of the HTA, on the initiative of the employer, local parties are required to hold each year one or more pay policy discussion meetings that together cover all of the pay chapters. These pay policy discussion meetings are held in advance of the local negotiations. The employer is also required to publish each year statistics showing pay levels and pay trends, broken down by parameters such as gender and position code, as a basis for facilitating the discussion of equal pay.

The survey shows that 96 per cent of local and regional authorities find that there is agreement between the parties in the local negotiations regarding which statistics and which pay data should be prepared in advance of the negotiations.

In order to conduct useful negotiations, it is important that those taking part in the processes related to the negotiations have sufficient knowledge and expertise. The survey shows in this respect that the vast majority find that the employer side possesses both sufficient negotiating expertise *and* sufficient financial expertise to conduct the local pay negotiations.

In connection with preparations for the local pay negotiations, a number of topics have been highlighted as important. The three most important topics that employers feel should be addressed at the pay policy discussion meetings are 1) criteria for locally negotiated pay increases, 2) challenges relating to recruiting and retaining certain employees and/or employee groups, and 3) priorities and the reasons for these.

Furthermore, the survey shows that the following success criteria are vital to ensuring good preparations and discussion meetings:

- Having plenty of time for preparation
- Sharing information, and transparency regarding statistics
- Creating a shared understanding of challenges and the financial situation

CONDUCTING LOCAL PAY NEGOTIATIONS, AND THEIR RESULTS

According to Chapter 3, item 3.2.1 of the HTA,³ local parties are encouraged to find practical ways of working, e.g. by decentralising negotiations in large employer areas, through the use of the negotiation amalgamation model, or by otherwise coordinating the negotiations. In addition, according to the HTA, local parties are required to hold annual evaluation meetings about the local pay negotiations.

The survey shows that the local and regional authorities generally find that the local pay negotiations are conducted well, without major challenges, and that most are satisfied with the results achieved by the previous local negotiations. Furthermore, the local and regional authorities also find that the results of the negotiations conform to the local pay policy. It should also be mentioned that most of the local and regional authorities feel that their priorities to a large extent met with approval at the previous local negotiations under all chapters.

The most common priority that the local and regional authorities had at the previous local pay negotiations was the elimination of unintended individual pay discrepancies. This applies to all three chapters.

In addition, the survey shows that the following success criteria promote conducting the local negotiations successfully and good results:

- Good procedures and predictability
- Informal meetings and regular contact with trade union representatives
- Good dialogue, transparency and trust
- Shared understanding of the local or regional authority's situation and financial limitations
- Clear direction and sound reasoning
- Subsequent evaluation
- Good cooperation and a good negotiating climate

Concerning the local negotiations under Chapter 4, the survey shows that 14 per cent of the respondents find to a large or very large degree that the results are in proportion to the time taken for local negotiations under Chapter 4. By comparison, the equivalent figures for Chapters 3 and 5 are 66 and 58 per cent respectively. The primary reason for such great differences is that 89 per cent of all employers in the KS area are included in Chapter 4, which naturally can entail a longer negotiation process for this chapter. In addition, this can also be seen in the context of the perceived local flexibility under Chapter 4 relating to the size of the local pot.

³ KS Hovedtariffavtale (Main Collective Agreement)

SPECIAL NEGOTIATIONS

In addition to annual local pay negotiations within the local and regional authorities, the parties can if needed initiate special negotiations pursuant to various legal authorities in Chapters 3, 4 and 5, depending on the pay chapter in which the position is placed. The survey shows that special negotiations are conducted to varying degrees under different chapters, and that 80 per cent conduct special negotiations on an ongoing basis through the year.

Most who did not conduct special negotiations pursuant to Chapter 4.2.4 during the last 12 months have a scheme under which relevant skills development receives automatic remuneration, over and above local negotiations. Very few special negotiations pursuant to Chapter 4.2.2 have ended in local mediation during the last year.

THE HTA AS A TOOL FOR EMPLOYER POLICY

The survey shows that 75 per cent find to a large or very large degree that the pay and negotiation provisions in the HTA meet the employer's needs. Furthermore, 79 per cent are satisfied with the allocation of positions/position codes between Chapters 4 and 5 in the HTA.

Markedly fewer believe that local negotiations are important under Chapter 4 than under other chapters. This can be seen in light of the fact that the local and regional authorities find that there is a perception of rather less local flexibility under Chapter 4, and that the largest and most important pay growth under the chapter takes place centrally, unlike Chapters 3 and 5, where all pay is settled locally.