

## Notice of Meeting

# General Purposes Committee

**Date:** Tuesday 14 February 2023

**Time:** 5.30 pm

**Venue:** Conference Room 1, Beech Hurst, Weyhill Road, Andover,  
Hampshire, SP10 3AJ

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The recommendations contained in the Agenda are made by the Officers and these recommendations may or may not be accepted by the Committee.

**PUBLIC PARTICIPATION SCHEME**

*If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.*

### **Membership of General Purposes Committee**

#### **MEMBER**

#### **WARD**

Councillor K Hamilton (Chairman)

Andover Harroway

Councillor K North (Vice-Chairman)

Andover Romans

Councillor N Adams-King

Blackwater

Councillor D Baverstock

Romsey Cupernham

Councillor J Burnage

Romsey Cupernham

Councillor A Dowden

Valley Park

Councillor M Flood

Anna

Councillor V Harber

Andover St Mary's

Councillor R Meyer

Andover Winton

Councillor P North

Bourne Valley

Councillor T Swain

Chilworth, Nursling & Rownhams

**General Purposes Committee**

Tuesday 14 February 2023

**AGENDA**

**The order of these items may change as a result of members  
of the public wishing to speak**

- 1 Apologies**
- 2 Public Participation**
- 3 Declarations of Interest**
- 4 Urgent Items**
- 5 Finalising Staff Pay Award for 2022/23 4 - 22**

To finalise the 2022/23 Staff Pay Award.

## **ITEM 5 Finalising Staff Pay Award for 2022/23**

Report of the Chief Executive

### **Recommended:**

- 1. That the Council makes a full and final pay award for 2022/23 of £1,925, (already paid to all employees) with effect from 1 April 2022.**
- 2. That in addition to the provision in paragraph 1, from 1 April 2023, to provide an additional day's annual leave to those up to and including Grade 8 with less than 5 years' service.**
- 3. That this be put forward to the Unions as a full and final offer to conclude the pay negotiations for 2022/23.**

#### **SUMMARY:**

- The report recommends a full and final pay award for 2022/23 to the trade unions in response to their pay claim for 2022/23.
- The current cost of living pressures mean that a slightly different approach has been taken this year in relation to the cost of living pay award for 2022/23. In response to the current situation, in September 2022, the General Purposes Committee (GPC) approved a second interim award to be paid to all employees, taking the total increase agreed from 1 April 2022 to £1,925. This is being paid to employees.
- This amount matched the amount offered by the National Employers as part of the national pay negotiations. Since that date the national negotiations have been concluded with a pay award of £1,925. This same pay award was agreed for employees on different national terms and conditions, Green Book, Chief Officer and Chief Executive.
- In addition, the national pay negotiations agreed an extra day's annual leave for those on Green Book terms and conditions from 1 April 2023. A review of the Council's annual leave, has led to a recommendation for an increase in one days leave from 1 April 2023 for those with 24 days annual leave entitlement, (employees up to Grade 8, with less than 5 years' service).

### **1 Introduction - The Union Pay Claim**

- 1.1** Members will recall that the GPC meeting in May 2022 approved an interim pay award of 2% for all employees (with the exception of the Chief Executive and Deputy Chief Executive). At a further meeting in September 2022, an updated interim award was agreed for all employees of £1,925 (this award was inclusive of the previous 2%). These GPC committee reports can be found in Annex 1 and 2. The reports outlined at the time that the interim awards were put in place to provide TVBC employees a timely uplift in pay at a

time of high inflation to help with increased household costs whilst at the same time allowing the authority to have regard to what is happening with local government national pay negotiations. The national pay negotiations are now concluded, and this report looks to agree a full and final pay offer for this financial year to put forward to the Unions for agreement.

- 1.2 Local Conditions of Service apply at TVBC. Members will recollect that the UNISON, Unite and GMB trade unions pay claim requested “a packet of measures to reward staff for dealing with increasing workloads and pressures over the previous year, particularly in light of Covid-19 and the additional demands that have arisen” and that this included “a request for a substantial above-inflation (RPI) pay rise of 10% to help restore and maintain employees’ living standards”. Other requests included relating to reviewing allowances and a one day increase in annual leave. The full pay claim can be found in Annex 3.

## **2 The national picture**

- 2.1 The National Employers have agreed a final pay offer with the Unions representing NJC “Green Book” employees for 2022/23 of:

- An increase of £1,925 on all NJC pay points with effect from 1 April 2022;
- A 4.04% increase on all allowances (as listed in NJC pay agreement circular dated 28 February 2022) with effect from 1 April 2022;
- A 1 day increase in annual leave allowance from 1 April 2023;
- Deletion of pay point 1 from NJC scale from 1 April 2023.

- 2.2 A similar pay award of an increase in pay of £1,925 has also been agreed with the Unions representing local authority Chief Executives and those representing Chief Officers.

## **3 Information for Members to consider in putting forward a full and final pay offer**

- 3.1 The interim pay awards which have uplifted employees pay by £1,925 effective from 1 April 2022, have been greatly appreciated by employees. Members’ agreement to pay this ahead of the national agreement being concluded is appreciated by employees as we go through this continued period of high inflation and high cost of living. The latest inflation figures see CPI at 10.5% and CPIH at 9.2% for the 12 months to December 2022, these are down slightly from their peak in October 2022. The prediction is for inflation to fall sharply from the middle of 2023. This is because energy prices and imported goods are not expected to continue to rise so quickly and because there is expected to be less demand for goods and services.

- 3.2 The interim pay award matched that of the agreed national pay awards, in terms of the £1,925 added to pay, for NJC Green Book Employees and JNC Chief Officers and Chief Executives. This increase in our pay points at TVBC saw an increase in our lowest pay point to £22,040 or £11.42 per hour, significantly above the national living wage of £9.50 per hour for those age 23 and over and the living foundation living wage which was announced in September 2022 of £10.90 per hour. It was a 9.57% increase in pay for those on pay point 3.1 compared with their pay in 2021/2 and a 1.46% pay increase at the top of the pay spine.
- 3.3 In the GPC report in September we said we would bring back a further report to GPC for Members following the final agreement of the national pay negotiations. This would allow the Council to conclude its local negotiations and enable other aspects of the national pay agreement to be considered once the national pay negotiations had been agreed.
- 3.4 The interim pay award of £1925 which was agreed at your September 2022 GPC meeting, and already paid to employees, matches the pay element of that agreed as part of the national settlement. Other aspects of the national settlement were:
- An increase of 4.04% on certain allowances. We have a policy to increase a number of allowances on 1 April each year, in line with inflation. These allowances were increased by 5.5% in line with CPIH at this date.
  - The national award offered an increase in one day's annual leave to all employees on green book terms and conditions, this was regardless of whether Councils have local leave arrangements. Many Councils have local annual leave agreements which offer more generous entitlements. TVBC has a more generous local agreement for annual leave, see section 3.6.
  - Deletion of the bottom pay point from the NJC pay spine. The NJC bottom pay point is £10.50 an hour, removal of this point will leave the lowest pay point on the NJC pay spine as £10.60 per hour, still a chunk lower than TVBC lowest pay point of £11.42 per hour. The national living wage is due to increase to £10.42 on 1 April 2023, so the lowest pay point on the NJC pay spine for green book employees will be just above this and below the living foundation real living wage of £10.90 (and £11.95 in London).
- 3.5 On 1 April 2023 national conditions of service for annual leave for green book employees will rise to a minimum of 23 days paid a/l with a further 3 days after 5 years of continuous service. There is also provision for 2 extra statutory days which may be added to annual leave by local agreement. This gives a total of 25 days annual leave rising to 28 after 5 years (inclusive of extra statutory days). Many Councils have local conditions of service for annual leave which provide for more generous arrangements.
- 3.6 At TVBC we have a local leave arrangement as set out on the next page which increases with length of continuous local government service. In addition to this there is an additional day given to employees during the Christmas closure.

Grade	Basic	Service, including Previous Continuous Local Government Service		
		After 5 years	After 10 years	After 15 years
3 – 8 & apprentices	24 days	28 days	30 days	32 days
9 – SM3	26 days	29 days	31 days	34 days
CX & DCX	28 days	31 days	33 days	36 days

- 3.7 For the most part annual leave is more generous than that for employees on green book conditions of service. On the 1 April 2023, those with 24 days annual leave entitlement will match the increased annual leave minimum entitlement for green book conditions of service.
- 3.8 The local pay claim submitted by the local unions also included within its claim a request for a two hour reduction in the standard working week and improvements to family leave and caring arrangements. They were also requests made as part of the national pay claim and NJC have agreed to enter into discussions around family leave. The request to reduce the working week did not form part of the national agreement. At this stage these requests have not been part of local discussions and are therefore not part of options being put forward.

#### **4 Corporate Objectives and Priorities**

- 4.1 The issues of being a high performing council, motivating and valuing staff and competitiveness in the market place relate directly to the Council's Vision *to be an organisation of excellence* committed to improving the quality of life of all the people of Test Valley. As an organisation the Council keeps its total reward offering, inclusive of all remuneration and other measures, under review as part of valuing and supporting employees and being an employer of choice.

#### **5 Consultations/Communications**

- 5.1 The matter has been the subject of consultation with the Chairman and Vice Chairman of this Committee. In addition, we have discussed the suggested proposal with the Unions of offering an increased day's annual leave to those on Grade 3-8 & Apprentices. The Unions have requested that an additional day's leave be given to all employees and not just those with 24 days annual leave.

#### **6 Options and Option Appraisal**

- 6.1 Now the national agreement has been finalised for 2022/23 we need to finalise our local pay agreement for 2022/23. The unions have requested a final offer be put forward by the Council for them to then ballot their members on.
- 6.2 The options available to members in putting forward a full and final offer for 2022/23 local pay negotiations:

- It is recommended to confirm the final pay offer of £1925 in line with the national settlement for 2022/23 (this has already been paid to employees).
- The option to offer more than the £1925 isn't recommended by management as this is outside of the current budget and would be difficult to afford. The pay award of £1925 was already outside what was budgeted for and required special Council approval of the additional money.
- To consider offering an additional day's annual leave from 1 April 2023, as per the national agreement, to some or all employees.
  - It is recommended that Members may wish to consider offering an additional day's leave to those on Grades 3-8 plus apprentices who have 24 days basic annual leave entitlement as their annual leave entitlement will match those on minimum national green book terms and conditions as of 1 April 2023.
  - The national pay agreement for 2022/23 included an additional day's leave to all employees on NJC green book terms and conditions regardless of whether they had local conditions for annual leave which meant their annual leave allowance was more generous than the minimum specified. The unions have requested the Council consider this option. This option isn't recommended by management as, other than those employees mentioned above, all other employees currently have annual leave which is more generous than the national minimum for green book terms and conditions.

## **7 Budget Considerations**

- 7.1 The total cost of the pay award already agreed of £1,925 for 2022/23, after taking into account employer's national insurance and pension fund contributions is £1.272M. Funding for this pay award, including an additional £112,000, was agreed by Council in September 2022.
- 7.2 Any costs associated with the provision of an additional day's annual leave will be managed within existing budgets.

## **8 Risk Management**

- 8.1 A risk assessment has been completed in accordance with the Council's Risk management process and the existing risk controls in place mean that no significant risks (Red or Amber) have been identified.

## **9 Legal Implications**

- 9.1 None

## **10 Equality Issues**

- 10.1 The annual pay award, and the paying of an interim award has helped all TVBC employees in these challenging economic times.



## 11 Conclusion

- 11.1 It is recommended that GPC Members consider a full and final pay offer which the Council can put forward to the unions with the purpose of concluding the 2022/23 local pay negotiations.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	3		
Author:	Alex Rowland	Ext:	8251
File Ref:	N/A		
Report to:	General Purposes Committee	Date:	14 February 2023

## Interim Staff Pay Award for 2022/23

Report of the Chief Executive

### Recommended:

**That an interim pay award of 2% be made to all staff with effect from 1 April 2022 with the exception of the Chief Executive and Deputy Chief Executive.**

#### SUMMARY:

- The report starts the process of addressing the pay claim submitted by the trade unions for the year 2022/23.
- The Council's approved budget for 2022/23 contains provision for a potential pay award.
- The current cost of living pressures mean that a slightly different approach is recommended for the cost of living pay award for 2022/23. In response to the current situation, an interim pay award of 2% with effect from 1 April 2022 is being recommended to provide some immediate assistance whilst the picture regarding the national settlement becomes clearer.
- The recommendation is for this interim award to be made to all staff save for the Chief Executive and Deputy Chief Executive.

### 1 Introduction - The Union Pay Claim

- 1.1 Around this time of year we normally enter into negotiations with the Unions about the annual pay award.
- 1.2 The UNISON, Unite and GMB trade unions have submitted the pay claim set out in the Annex on behalf of their members.
- 1.3 The claim suggests a "*package of measures that appropriately reward staff for dealing with increasing workloads and pressure over the previous year, particularly in light of Covid-19 and the additional demands that have arisen.*" In particular it asks for "*a substantial above-inflation (RPI) pay rise of 10% to help restore and maintain employees' living standards*".

### 2 Information for Members to consider in relation to the pay claim

- 2.1 Whilst we will enter into pay negotiations with the unions over forthcoming months, we are acutely aware that it is a complex and volatile picture in economic terms, both from a national and international perspective. At the same time it is appreciated that TVBC staff are faced with increasing costs in their personal lives. This is balanced with the Council's responsibility to protect services and jobs in difficult financial times.

## ANNEX 1

- 2.2 Members will recall that the Committee recently approved the removal of Grade 1/2 from the Council's pay scales, making Grade 3 the lowest grade. This benefited the Council's lowest paid employees. It has created a gap between the Council's lowest pay point of £10.43, and the national living wage (previously national minimum wage) of £9.50 for those age 23 and over and the living foundation living wage of £9.90 per hour.
- 2.3 As a result Cabinet members have indicated that they are keen to make sure that for this year we are guided by the national pay negotiations to ensure that TVBC staff do not lose out, whilst at the same time staying within a sustainable financial envelope.
- 2.4 The main point to note with this approach is that, bearing in mind experiences last year, the national award is likely to take many months to conclude. Members will recall that Council employees working for authorities on national conditions of service had to wait until March 2022 to receive their annual pay increase for 2021/22. TVBC employees received theirs in June 2021.
- 2.5 As a result it is proposed that an interim 2% pay award is paid to all employees with effect from 1 April 2022. If this proposal is approved, TVBC staff will receive the increase in their pay in the June payroll (backdated to 1 April 2022). This proposed interim award will ensure that TVBC staff receive a timely uplift to help with some of their increased household costs and at the same time allow the authority to have regard to the provisions of the final national award. Officers will enter into negotiations with the unions over the coming months about the final pay award as the national picture emerges.
- 2.6 The proposal for a 2% interim award does not include the Chief Executive and Deputy Chief Executive at this stage so as to not fetter any future proposals for a tapering differential pay award across the pay grades.

### **3 Inflation**

- 3.1 The change in CPIH (Consumer Prices Index including owner occupiers' housing costs) over the 12 months to April 2022 is 7.8%. The largest contribution in the 12 month inflation rate is from housing and household services, in particular electricity, gas and other fuels and transport and motor fuel costs. The House of Commons research briefing on rising costs of living in the UK, 14 April 2022, reported 85% of adults in the UK reported an increase in their cost of living. In the year to March, domestic gas has increased by 28%, electricity by 19%. The regulator Ofgem increased the domestic energy price cap by 54% in April and there is suggestion it could increase again by 40-50% when revised in October 2022. Low income households spend a larger proportion of their income on energy and food costs and therefore will be more affected by the price increases.

#### **4 Changes in Taxes and Government Support**

- 4.1 Changes have and are being made in 2022/3 to personal taxes. Taxes were increased by 1.25% point rise in April in national insurance contributions and income tax thresholds were frozen. The threshold at which national insurance contributions begin to be charged on earnings is increasing in July. The net outcome of the changes will mean those earning less than £25,000 will pay less in income tax and national insurance and those earning more than £25,000 will pay more.
- 4.2 Benefits increased in April 2022 by less than the current/or expected level of inflation and this will put pressure on households relying on these payments.
- 4.3 Government support is available in relation to rising energy prices, including a £200 energy bills discount (repayable over 5 years) and a £150 council tax rebate for those in a band A-D property.

#### **5 Corporate Objectives and Priorities**

- 5.1 The issues of being a high performing council, motivating and valuing staff and competitiveness in the market place relate directly to the Council's Vision *to be an organisation of excellence* committed to improving the quality of life of all the people of Test Valley.

#### **6 Consultations/Communications**

- 6.1 The matter has been the subject of consultation with the Chairman and Vice Chairman of this Committee and Portfolio Holders. In addition the unions have been informed of this interim proposal. We understand that UNISON have sought their members views on the proposal. These will be reported to the committee if received in time.

#### **7 Options and Option Appraisal**

- 7.1 The options available to members at this stage are either to pay the 2% interim award or not.
- 7.2 The interim award will help TVBC staff deal with some of the current household inflationary pressures. It is a complex picture this year with inflationary pressures felt by all employees, not just those on lower pay grades.
- 7.3 Changes to taxes and government support is available to support those earning less than £25,000 and living in band A-D council tax property.
- 7.4 Those earning above £25,000 will see less in their pay packet because of additional taxes exacerbating the increases in inflation. This impacts roles from Grade 6 upwards and includes our professional officers.
- 7.5 The Council will wish to take the whole picture into consideration in continuing discussions with the Unions on a final proposal for this year.

## 8 Budget Considerations

- 8.1 The 2022/23 budget made provision for a 2.0% pay award in the salary budgets at a cost of approximately £390,000. The budget was set in the context of increasing Council Tax by the maximum amount permitted, uncertainty related to some key income streams affected by the pandemic and a continuation of one-year settlements from central government that prevent reliable medium-term financial planning.
- 8.2 In order to set a balanced budget it was necessary to draw from reserves to mitigate those areas identified above. Accordingly, the amount budgeted for a cost of living pay award was set in the overall context of an affordable award given the Council's overall financial position.

## 9 Risk Management

- 9.1 A risk assessment has been completed in accordance with the Council's Risk management process and the existing risk controls in place mean that no significant risks (Red or Amber) have been identified.

## 10 Legal Implications

- 10.1 None

## 11 Equality Issues

- 11.1 The recommendation in this report is made to help all TVBC employees (save for the Chief Executive and Deputy Chief Executive) in these challenging economic times.

## 12 Conclusion

- 12.1 The proposals contained in this report are a pragmatic response to the current macro-economic uncertainty whilst seeking to ensure financial prudence.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1		
Author:	Alex Rowland	Ext:	8251
File Ref:	N/A		
Report to:	General Purposes Committee	Date:	26 May 2022

## **Second Interim Staff Pay Award for 2022/23**

Report of the Chief Executive

### **Recommended:**

**That a second interim pay award, to achieve a total interim pay award of £1,925, be made to all staff with effect from 1 April 2022, subject to the necessary budget requirement being approved by Council.**

#### **SUMMARY:**

- The report provides an updated interim response to the pay claim submitted by the trade unions for the year 2022/23 to support staff whilst the national pay negotiations continue.
- The current cost of living pressures mean that a slightly different approach has been taken this year in relation to the cost of living pay award for 2022/23. In response to the current situation, in May the General Purposes Committee (GPC) approved an interim award of 2% to all employees (except the Chief Executive and Deputy Chief Executive).
- As household costs continue to rise, a further interim pay award to achieve a total interim pay award of £1,925 is being recommended with effect from 1 April 2022. This amount matches the amount offered by the National Employers as part of the national pay negotiations and is inclusive of the earlier interim award of 2%. This is to give further, timely assistance to employees to help with increased household costs while allowing the authority to have regard to the provisions in the final national pay award.
- The cost of the recommended pay award exceeds the amount approved in the Council's budget for 2022/23 and therefore Council will have to confirm the budget requirement separately.

### **1 Introduction - The Union Pay Claim**

- 1.1 Members will recall that the GPC meeting in May approved an interim pay award of 2% for all employees (with the exception of the Chief Executive and Deputy Chief Executive). The report, see Annex 1, outlined at the time that the interim award was put in place to provide TVBC employees a timely uplift in pay at a time of high inflation to help with increased household costs whilst at the same time allowing the authority to have regard to what is happening with local government national pay negotiations. The report also indicated that officers would continue to have discussions with the Unions as the national picture emerges and is finalised.

## ANNEX 2

- 1.2 Local Conditions of Service apply at TVBC. Members will recollect that the UNISON, Unite and GMB trade unions pay claim requested “a packet of measures to reward staff for dealing with increasing workloads and pressures over the previous year, particularly in light of Covid-19 and the additional demands that have arisen” and that this included “a request for a substantial above-inflation (RPI) pay rise of 10% to help restore and maintain employees’ living standards”. Other requests included relating to reviewing allowances and a one day increase in annual leave. The full pay claim can be found in Annex 2.

## 2 The national picture

- 2.1 Since May, the national negotiations have progressed with the Unions submitting their national pay claim and the employers side responding at the end of July. The National Employers made a “final pay offer” to the Unions representing NJC “Green Book” employees of:

- An increase of £1,925 on all NJC pay points with effect from 1 April 2022;
- A 4.04% increase on all allowances (as listed in NJC pay agreement circular dated 28 February 2022) with effect from 1 April 2022;
- An 1 day increase in annual leave allowance from 1 April 2023;
- Deletion of pay point 1 from NJC scale from 1 April 2023.

- 2.2 A similar offer of a £1,925 pay increase was also made to the Unions representing local authority Chief Executives and those representing Chief Officers.

- 2.3 The national unions, UNISON, Unite and GMB are currently considering their individual positions and preparing to ballot their members on the pay offer. Unite have indicated they are recommending their members reject the offer, arguing it represents a cut in real terms and a below inflation pay offer. UNISON have indicated they will present the offer without a recommendation to accept/reject. The outcome of these ballots is unlikely to be known until sometime in October.

## 3 Information for Members to consider in relation to the pay claim

- 3.1 It continues to be a complex and volatile picture in economic terms, both from a national and international perspective and inflation rates continue to rise. The latest inflation figures see CPI rise to 10.1% and CPIH rise to 8.8% in the 12 months to July 2022 and the energy price cap will again rise sharply in October adding further costs to household bills. This all has an impact on the increasing costs employees are faced with in their personal lives. This is balanced with the Council’s responsibility to protect services and jobs in difficult financial times.

## ANNEX 2

- 3.2 The only point for consideration, at this time, is the proposed national pay increase of £1,925 on all pay points and the budget implication of this proposal.
- 3.3 The initial interim award of 2% was greatly appreciated by employees. With household costs continuing to rise, Members have the opportunity to consider a further interim award which would match bring the interim award up to the current level which the National Employers have offered. This interim award of £1,925, backdated to 1 April 2022, on all pay points would fully incorporate the 2% already agreed and paid to employees in their June pay.
- 3.4 Please see an example pay spine with the £1,925 added to each pay point in Annex 3. Members will see this increases the lowest pay point to £22,040 or £11.42 per hour, significantly above the national living wage of £9.50 per hour for those age 23 and over and the living foundation living wage of £9.90 per hour. This is a 9.57% increase in pay for those on 3.1 compared with their pay in 2021/2.
- 3.5 For our lowest paid workers this is on top of a move from Grade 2 to Grade 3 with the deletion of Grade 2 from 1 April this year. The £1,925 has also been added to our apprenticeship grades increasing the hourly rate to £7.52 in year 1 and £8.07 in year 2. This will make us more competitive in the apprenticeship market, an area we have been finding it increasingly difficult to recruit to. The percentage increases for point 3 of each grade are shown in the example pay spine in green, this is compared with 2021/2 pay.
- 3.6 This proposed updated interim award will ensure that TVBC staff receive a further uplift in pay to help as household costs increase further. Officers will conclude the negotiations with the Unions in relation to this year's pay claim once the national pay award has been agreed, though this is likely to take several months. Depending on the final national agreement, we may bring back a further report to GPC for Members to consider.
- 3.7 In terms of the other aspects of the National Employer's pay offer, it is proposed these are considered once the national pay negotiations have been agreed.

## 4 Corporate Objectives and Priorities

- 4.1 The issues of being a high performing council, motivating and valuing staff and competitiveness in the market place relate directly to the Council's Vision *to be an organisation of excellence* committed to improving the quality of life of all the people of Test Valley.

## 5 Consultations/Communications

- 5.1 The matter has been the subject of consultation with the Chairman and Vice Chairman of this Committee. In addition the unions have been informed of this updated interim proposal. We have requested the Unions discuss the updated interim proposal with their members and have asked for feedback in time for this to be reported to the committee.



## ANNEX 2

### **6 Options and Option Appraisal**

- 6.1 The options available to members at this stage are either to make a further interim award or not.
- 6.2 The updated interim award will help TVBC staff deal with the continued increases in cost of living. It is a complex picture this year with inflationary pressures felt by all employees, not just those on lower pay grades.
- 6.3 The Council will wish to take the final national agreement into consideration prior to concluding discussions with the Unions this year.

### **7 Budget Considerations**

- 7.1 The total cost of the recommended cumulative interim awards, after taking into account employer's national insurance and pension fund contributions is £1.272M.
- 7.2 After allowing for amounts specifically budgeted for pay awards, inflation contingency included in the base budget and a transfer to earmarked reserves as part of the revenue outturn for 2022/23, there is £1.160M available to fund a pay award within budget.
- 7.3 The recommended option therefore requires approval of the additional £112,000. As the value is greater than £100,000, this approval must come from Council. The recommendations of this report are therefore the pay award be agreed, subject to that approval being forthcoming.
- 7.4 If approved, the ongoing impact of the pay award will be built into the Medium Term Financial Forecast that will be updated in the autumn.

### **8 Risk Management**

- 8.1 A risk assessment has been completed in accordance with the Council's Risk management process and the existing risk controls in place mean that no significant risks (Red or Amber) have been identified.

### **9 Legal Implications**

- 9.1 None

### **10 Equality Issues**

- 10.1 The recommendation in this report is made to help all TVBC employees in these challenging economic times.

### **11 Conclusion**

- 11.1 The proposals contained in this report are a pragmatic response to the current macro-economic uncertainty whilst seeking to ensure financial prudence.

**ANNEX 2**

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	3		
Author:	Alex Rowland	Ext:	8251
File Ref:	N/A		
Report to:	General Purposes Committee	Date:	7 September 2022



## **Annex 3 - LOCAL PAY CLAIM 2022**

### **INTRODUCTION**

This pay claim is submitted jointly by GMB, UNISON and UNITE on behalf of our members employed by Test Valley Borough Council.

Our claim is for the following:

- A package of measures that appropriately reward staff for dealing with increasing workloads and pressure over the previous year, particularly in light of Covid-19 and the additional demands that have arisen
- A substantial above-inflation (RPI) pay rise of 10% to help restore and maintain employees' living standards
- A commitment to review the Council's other pay and allowances, with a view to introducing suitable increases to recognise the additional pressures being faced by staff in key areas.
- A one day increase to the minimum paid annual leave entitlement
- A two hour reduction in the standard working week
- Improvements to family leave and caring arrangements

GMB, UNISON and UNITE are therefore submitting the following claim for 2022, which seeks to improve and enhance the morale and productivity of our members. Meeting our claim will give TVBC the opportunity to demonstrate its commitment to creating a workforce which is well paid and high in morale and productivity, as well as rewarding them for the efforts they have already made.

### **1. BACKGROUND TO THE CLAIM**

The council will be aware that the latest inflation figures for February 2022 show that Gas has risen by 28.8%, Electricity by 19.2%, children's clothes by 12.3% and housing by 9%. As a result, the Retail Price Index (RPI) inflation figure stands at 8.2%. A substantial pay increase will therefore not only help restore and maintain living standards of staff who have seen their real pay eroded over the years, but will also address the cost of living crisis that they now face.

For example, surveys of our membership show that over 82% claim they are worse off in 2022 than the year before. Over 66% rely on getting On Call payments to

increase their take home pay, whilst over 22% need to claim state benefits to supplement their income.

Nevertheless, the greatest asset of TVBC is its employees. In this pay round, our members are looking for evidence of the value that TVBC places upon them and a recognition of the work they have been doing and the value that they bring to the authority, particularly in light of what they have done during the Covid pandemic.

This claim is therefore both realistic and fair, and GMB, UNISON and UNITE hope that TVBC will give it the full consideration and response which employees expect and richly deserve.

## **2. THE IMPACT OF COVID-19**

The unprecedented period which the UK and the world has experienced for the last two years has raised a number of fundamental questions about the way in which our society and economy are structured. The public displays of support for frontline and key workers show the value that we place on the staff that are carrying out these essential duties, including many local government workers who have continued to provide much needed services and support to local residents and the wider community throughout the pandemic.

What is of concern to us is that some staff do not feel they have been supported during this time. Our surveys revealed that over 37% felt they had not see any noticeable support enough during the Covid crisis, including 3% who said they'd had no support at all. When asked if TVBC should reward staff for the efforts they have made during this period, the response was 'Yes' from over 56%. Given this, it would be unthinkable for the authority not to make a reasonable pay award this year.

## **3. FALLING VALUE OF PAY**

The table below demonstrates how overall, salary increases at TVBC over the last ten years have not kept pace with inflation and the cost of living:

	TVBC pay increases	Rise in cost of living <sup>1</sup> (as measured by Retail Prices Index)
2013	1% subject a minimum increase of £250	3.0%
2014	2.5%	2.4%
2015	2.5%	1.0%
2016	2.5%	1.8%
2017	2.5%	3.6%
2018	2.5%	3.3%
2019	4% up to Grade 6 and 2.5% for Grade 7 and above	2.4%
2020	2.75%	1.6%

<sup>1</sup> Office for National Statistics, Consumer Price Inflation Reference Tables, March 2018 and <https://www.unison.org.uk/content/uploads/2020/07/Pay-claims.pdf>

2021	1.75% up to Grade 6 and 1.5% for Grade 7 and above	4.8%
2022	TBC	8.2%

As part of the Spring Statement on 23 March 2022, the Office for Budget Responsibility revealed that UK households have experienced a 2.2% fall in living standards – the highest since the 1950s. Inflation is now climbing towards 10%, energy bills are due to rise in both April by 50% and October by a further 40%, prices at the petrol pump continue to be volatile and thresholds for National Insurance and Income Tax personal allowances are being frozen. Increases in council tax and food prices are also having an impact on real incomes and spending power.

#### **4. A NEW STANDARD MINIMUM PAY BENCHMARK**

We acknowledge the council's stated intention of creating a new Grade 3 and abolishing Grades 1 and 2 in order to address the issue of pay rates at the lower end of the scale being barely above the new National Living Wage after April.

We are also aware that TVBC currently has 19 permanent staff, 8 apprentices and 15 casual staff on less than £10 an hour. Establishing a minimum hourly rate well above this point would therefore enable TVBC to build in some headroom now and avoid skirting a new legal minimum wage in the future. However, by abolishing Grades 1 and 2, the council has created further complications around the issue of pay differentials – which will also need to be addressed.

As an authority, there is also good reason to call on the Government to fund an increase in local government pay. Analysis by the IPPR found that 43% of the cost of raising public sector pay would be returned to the Treasury through taxation and lower social security costs.<sup>2</sup> The macro-economic benefits of moving to two-thirds of average earnings, in terms of generating employment through the multiplier effect and increased government revenue, have been set out in a report commissioned by UNISON as evidence to the Low Pay Commission.<sup>3</sup>

#### **5. RECRUITMENT AND RETENTION PRESSURES BUILDING**

The latest analysis from the LGA shows that average vacancy rates appear to have risen in the last year, but there has been little change in turnover. It is possible that vacancy rates reflect the availability of jobs in other sectors, especially as recruitment and retention difficulties remain high for many councils.

TVBC's turnover figure is certainly starting to rise, from 3.2% in the first quarter of 2021/22 to 6.28% in the third quarter. One key areas that local authorities therefore need to consider are the incentives and career opportunities available, as well as flexible working and the quality of job design to support and nurture employees. This has been an important aspect of the recent home working situation brought about by Covid.

However, it remains that pay is one of the crucial determining factors that affect recruitment and retention. Findings from our membership surveys show that 36% of

<sup>2</sup> IPPR, Uncapped Potential: The Fiscal and Economic Impact of Lifting the Public Sector Pay Cap, November 2017, <https://www.ippr.org/files/2017-11/uncapped-potential-november2017.pdf>

<sup>3</sup> <https://www.unison.org.uk/content/uploads/2019/06/Supplementary-Evidence-2019-Landman-Economics-Report.pdf>

staff have seriously considered leaving the council in the last 12 months, with a further 32% having also considered the option. Even more worrying is that these results include many staff with over 20 years' service. This should therefore be a concern to the council and its elected members.

## **6. MORALE UNDER THREAT**

Working against a background of budget cuts and the Covid pandemic, staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long term threat to TVBC's ability to provide a consistent quality of service. Our surveys found:

- Over 64.5% say their workload has increased in the last year compared to pre-Covid levels
- Over 63.5% say stress levels have increased
- Staff are finding it increasingly difficult to balance their work and domestic commitments, both prior to as well as during Covid-19

These are serious concerns that TVBC need to address. One of the first steps towards doing this would of course be to introduce a meaningful pay award in 2022.

## **7. CONCLUSION**

Our members are acutely aware of the council's financial challenges, including those which have arisen due to the Covid pandemic. However, they are also aware of the economic realities that they currently face and the importance of maintaining confidence between the council and its staff.

Investment in the workforce is often seen as distinct from investment in better public services. However, there's a clear link between decent pay and conditions and quality services - services that are responsive, reliable, consistent, caring and accessible. Continued improvement depends on decent pay, conditions and staff training and development. In many cases, the service *is* the staff.

The rewards employers will reap in return for investment in the well-being of their employees cannot be underestimated. An employer offering a pay cut in real terms, on top of cuts in the last ten years, will ultimately struggle to retain or attract the existing and new skilled people it needs for the future.

There can be no doubt that all employees working for TVBC have seen a fall in their living standards over time. Yet to deliver a quality service, the authority relies on its workforce, and the retention of a specialist, skilled, experienced and dedicated staff is important to the quality of service delivery.

In this pay round, TVBC can further demonstrate that its workforce is properly and adequately recognised and valued. This is a fair and realistic claim which we are happy to consult over in order to explain how the council can and should meet it in full.