

# Staff Pay Award for 2020/21

Report of the Chief Executive

## Recommended:

**That a staff pay award of 2.75% be made. The increase is to be applied to all pay spine points, inclusive of the training and apprenticeship grades, with effect from 1 April 2020.**

### SUMMARY:

- The report addresses the pay claim submitted by the trade unions for the year 2020/21.
- The Council's approved budget for 2020/21 contains provision for a potential pay award.
- The report recommends a pay award of 2.75% for staff to be applied to all pay grades (inclusive of the Training and Apprentice pay grades) with effect from 1 April 2020.

## 1 Introduction

1.1 The Unison, Unite and GMB trade unions have submitted the pay claim set out in the Annex to the report on behalf of their members which they have summarised as follows:

- A 5% pay increase for staff below Pay Grade SM2, backdated to 1 April 2020.
- A 3.5% pay increase for staff at Pay Grade SM2 level or above, backdated to 1 April 2020.
- A one-off payment to show thanks and appreciation for those staff who, as key workers within TVBC, have worked throughout this entire pandemic, on the frontline, through a very difficult and dangerous time.
- The introduction of a reasonable expenses payment, to be paid monthly and ongoing, for those who have worked from home to cover the extra expenditure they will have incurred due to increased household utility bills and costs associated with working from home.

- 1.2 At the initial meeting with the unions they were keen to highlight the hard work of employees to ensure the provision of high quality services during the Covid-19 pandemic and linked this to the higher pay offer being requested this year. They pointed out employees had gone above and beyond during the pandemic and particularly cited:
- Those in Environmental Services and in other front line roles who have continued to work, through the Covid-19 pandemic to provide high quality services. They noted the increase in waste being collected with more people spending time at home during lockdown. They also commented on the big take-up in new Garden Waste subscriptions and bulky waste collections.
  - Those who had embraced working from home and the disruption this may have caused in increased energy costs, space for home office and juggling of home-schooling and caring responsibilities.
- 1.3 The unions have suggested a split pay award, split at a higher point compared with last year, between SM1 and SM2, they said because this benefits lower earners and may be more palatable to the public and Council Members.

## **2 NJC Local Government Pay 2020**

- 2.1 TVBC is not party to the national pay bargaining arrangements for local government; its pay framework is based on locally agreed pay arrangements for all employees. However, the “national award” is always a point of reference.
- 2.2 Below is the NJC local government pay offer which is currently being consulted on by the unions with their members:
- 2.75% increase on all pay points.
  - 1 day increase to the minimum paid annual leave entitlement set out in the Green Book – currently 21 days + 2 days extra statutory leave (TVBC minimum paid annual leave entitlement is 24 days + 1 day extra statutory leave).
  - The NJC have recommended a request for an additional amount to be awarded to employees in recognition of their response to the COVID-19 emergency be considered outside of the pay claim by LGA, WLGA and NILGA.
- 2.3 The LGA has made it clear it will not approach the UK government to request any further money for local government pay and therefore the NJC committee agreed to put the offer to members for consultation.

### **3 The Living Wage**

- 3.1 The National Living Wage which is the government minimum wage rose by 6.2% in April 2020 to £8.72.
- 3.2 The Living Wage Foundation – real living wage rose by 30p on 11 November 2019 to £9.30 outside of London. Those employers who commit to paying the LWF living wage have up to 6 months to implement the rise. This amount is reviewed each year in the autumn.
- 3.3 The Council has in recent years structured its pay arrangements so that the actual lowest pay point matches or exceeds the level of the Living Wage Foundation (LWF) Living Wage in force at the relevant time for all employees. The Council has not, however, given a commitment to pay the LWF Living Wage, so that Members did not find themselves bound to award specific pay rises in the future as the level of the LWF Living Wage increases.
- 3.4 Our current lowest pay point 2.1 is £9.10 an hour. An increase of 2.2% would bring this to £9.30 in line with the current LWF living wage.

### **4 Split Pay Award**

- 4.1 Last year for the first time Members considered and agreed a split pay award which paid more to those on the lowest pay scale points. 60% of employees on grade 6 and below therefore benefitted from an additional pay award.
- 4.2 Given the timing of the pay award this year Members may wish to consider a single pay award for all pay spine points. The NJC award which is currently being consulted on is a single award for all pay spine points. Should Members be minded to consider a split pay award this year, pay modelling and costing work would need to be undertaken.

### **5 Recognition payment**

- 5.1 The Unions requested that the Council consider a *“one-off payment to show thanks and appreciation for those staff who, as key workers within TVBC, have worked throughout this entire pandemic, on the frontline, through a very difficult and dangerous time.”* Management advised the Unions that they were not willing to consider the proposal as part of the pay negotiations as the Council already had plans in place to use its local small recognition payments scheme to acknowledge the role of employees who had contributed to the Covid19 effort. The relevant employees will receive the payments in September.

### **6 Working from home expense payment**

- 6.1 We have pointed employees who are working from home in the direction of the HMRC homeworking tax rebates they are able to claim. Employees can claim the tax back on £6 per week to help towards the additional energy and other costs from working at home. Where they have had higher additional costs, they can try to claim the tax rebate on these with receipts. The tax rebate is a small amount of money and HMRC are requesting people put in a single claim at the end of their time working from home.

- 6.2 The unions are requesting the Council pay employees an amount towards additional homeworking costs as a monthly expense, an amount of £40 was suggested at the meeting. Working from home during Covid-19 is considered a temporary arrangement and some employees will have saved money from reduced costs (e.g. commuting, childcare) which will balance out additional homeworking costs. Managers were asked to look out for anyone who was put in a position of financial hardship as a result of having to work from home. With lockdown restrictions easing there is the option for employees to work in a socially distanced and Covid-secure way in the Council offices where for any reason, including financial hardship, they are finding it difficult to continue to work from home.
- 6.3 We are currently undertaking a staff survey about people's experiences of working from home to inform future new ways of working and have asked the unions that this element of their pay claim be considered separately to the pay claim and as part of reviewing how we work going forward.
- 6.4 Many other Councils in the South East are also pointing staff to the HMRC homeworking tax rebate however HCC have offered staff a one off sum of money to help with their working from home set up. This is likely to be seen by HMRC as a benefit in kind payment and would require additional payroll and P11D administration.

## **7 Previous Pay Awards**

### **7.1 Pay awards to TVBC staff since 2010:**

**2013/14** - pay award comprising a 1% increase to all employees subject to a minimum increase of £250.

**2014/15** - pay award comprising a 2.5 % increase to all employees subject to £7.65 per hour being the lowest pay point for all staff (except apprentices).

**2015/16** - pay award comprising a 2.5 % increase to all employees which ensured that the Council's lowest pay point continued to exceed £7.85 per hour for all staff (except apprentices).

**2016/17** - pay award comprising a 2.5 % increase to all employees which ensured that the Council's lowest pay point exceeded £8.25 per hour for all staff (except apprentices).

**2017/18** - pay award comprising a 2.5 % increase to all employees which ensured that the Council's lowest pay point exceeded £8.45 per hour for all staff (except apprentices).

**2018/19** - pay award comprising a 2.5 % increase to all employees which ensured that the Council's lowest pay point exceeded £8.75 per hour for all staff (except apprentices).

Following consideration of apprentices' remuneration by General Purposes Committee on 30 July 2018 it was proposed that apprentices' pay would in future be considered at the same time as the general pay claim.

**2019/20** – new pay spine introduced with 3 pay points per grade. 4% increase on all pay grades up to and including Grade 6 (including apprentice pay). 2.5% increase on all pay grades including Grade 7 and above.

## **8 Inflation**

- 8.1 The CPI 12 month inflation rate was 0.6% for June (CPIH including owner occupier's housing costs is 0.8% for June 2020). RPI percentage change over 12 months to June 2020 is 1.1%.
- 8.2 Since the introduction of the 2.5% pay award in 2014, Council pay has maintained its value in line with inflation. However analysis of inflation since 2010 show earnings are behind where they would have been if pay had been linked to CPI.

## **9 Corporate Objectives and Priorities**

- 9.1 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. Inevitably, they must be balanced against the Council's duties to be prudent in its use of public funds.

## **10 Consultations/Communications**

- 10.1 The matter has been the subject of consultation with the Chairman and Vice Chairman of this Committee and Portfolio Holders, and of negotiation with the unions.

## **11 Initial Consideration of the Claim**

- 11.1 During consultations with the Chairman and Vice Chairman of this Committee and Portfolio Holders in connection with last year's (2019/20) claim, consideration was given to the issue of a variable award for staff at different pay grades in the Council's employment. Members indicated that given the late timing of the pay claim from the Unions this year, that there was insufficient time to explore financial implications of a variable award this year and wanted to be in a position to enable General Purposes Committee to consider such an option in the context of the 2021/22 claim.
- 11.2 It is notable that the National Award currently being consulted on is 2.75% on all pay grades. Similarly, the Government's National Living Wage increased by 6.2% in April.

## **12 Options and Option Appraisal**

- 12.1 The first option relates to whether or not it is appropriate in the present circumstances to make a pay award. It involves, amongst other things, balancing the duty to make efficient and prudent use of public funds with the need to recognise the contribution made by staff and to maintain a high performing organisation.

12.2 In the event that an award is made, the second option relates to the size and nature of any increase which is a matter for Members' judgement.

12.3 Sections 2 to 8 of this report set out a number of areas for consideration. Cabinet Members, in informal discussions, were mindful of these in preliminary discussions on the claim. They made reference to the consistent hard work and positive attitudes of staff prior to and during the Covid-19 pandemic. They recognised the willingness of staff to demonstrate flexibility and to go the extra mile out of commitment to, and pride in, the organisation – and the consequential impacts upon organisational performance particularly over recent months.

### 13 Financial Information Relating to the Cost of a Claim

13.1 The 2020/21 budget made provision for a 1.5% pay award in the salary budgets at a cost of £294,500. In addition to this, a sum of £201,400 was allocated in contingencies. In total therefore, there is a cash-limited sum of £495,900 available for pay awards without creating a budget pressure.

<b>Potential cost of 'across the board' pay awards</b>		
Percentage increase	Financial Impact (including on-costs) £000s	Comments
1.0	196.3	
1.5	294.5	
2.0	392.7	
2.2	431.9	Amount by which lowest TVBC pay grade needs to be increased in order to pay at least £9.30 per hour (the level of the LWF Living Wage).
2.5	490.7	Maximum award without creating a budget pressure.
2.75	539.8	NJC pay award currently being consulted on.
3.5	686.9	
4.0	785.0	
5.0% to SM1 3.5% SM2 and above	956.5	Union claim would create a £460,600 budget pressure.

13.2 The NJC local government pay award offer of 2.75% award would be £43,900 more than we have for pay awards in the budget. If Members wish to adopt the same percentage increase, this sum could potentially be funded either from general contingencies or from the COVID-19 New Burdens funding that the Council has received (£170k).

## **14 Subsequent Discussions with Trade Unions**

- 14.1 The Chief Executive was instructed by Cabinet Members to undertake further negotiations with the unions. The aim was to establish whether it was possible to reach provisional agreement on a claim which could be recommended to General Purposes Committee.
- 14.2 The outcome of those negotiations was that a recommendation would be made to this Committee and that the unions would consult with their members on the following:
- An increase on all pay spine points of 2.75% for all grades inclusive of the training and apprenticeship grades.
  - This would bring the lowest pay point to £9.35 an hour which is above the LWF Living Wage of £9.30 an hour.
- 14.3 The outcome of the ballots of union members will be reported verbally to the Committee.

## **15 Resource Implications**

- 15.1 The cost of the proposal in paragraph 14.2 above amounts to £539,800 which is £43,900 more than we have for pay awards in the budget. This sum could potentially be funded either from general contingencies or from the COVID-19 New Burdens funding that the Council has received (£170k).

## **16 Risk Management**

- 16.1 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.

## **17 Legal Implications**

- 17.1 None

## **18 Equality Issues**

- 18.1 An EQIA screening has been completed in accordance with the Council's EQIA methodology and no potential for unlawful discrimination and/or low level or minor negative impact have been identified, therefore a full EQIA has not been carried out.

## **19 Conclusion**

- 19.1 The proposals contained in this report seek to balance prudent financial decision making with recognition of the value of the Council's staff prior to and during the Covid-19 pandemic and the need for the Council to remain competitive in the recruitment market place.

Background Papers (Local Government Act 1972 Section 100D)

Information about the Living Wage - <http://www.livingwage.org.uk/what-living-wage>

Confidentiality

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:	HR Manager	Ext:	8251
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