

Staff Pay Award for 2021/22

Report of the Chief Executive

Recommended:

It is recommended that a staff pay award of 1.75% be made to those up to an FTE salary of £28K and a 1.5% pay award for those above this FTE salary, with effect from 01 April 2021.

- **A 1.75% increase to be applied to pay spine points up to and including Grade 6, inclusive of the training and apprenticeship grades, and**
- **A 1.5% increase to be applied to pay spine points from Grade 7 and above.**

SUMMARY:

- The report addresses the pay claim submitted by the trade unions for the year 2021/22.
- The Council's approved budget for 2021/2 contains provision for a potential pay award.
- The report recommends a split pay award of 1.75% be made to those up to an FTE salary of £28K and a 1.5% pay award for those above this FTE salary, with effect from 01 April 2021.

1 Introduction - The Union Pay Claim

- 1.1 The Unison, Unite and GMB trade unions have submitted the pay claim set out in the Annex on behalf of their members which is summarised as follows:
 - a 4% pay increase for the lower bands of the pay scales, with the potential to slightly reduce this percentage further up the scale.
- 1.2 In their pay claim the unions make reference to the increased cost of living and the additional utility and council tax costs for all employees. With note to the additional utility and household costs for those employees who have been working from home during the Covid-19 pandemic and the impact working from home has had on their members' home lives.
- 1.3 The unions are keen to recognise the continued hard work of all officers and the continued excellent provision of services to residents. With particular reference to those in frontline roles who have continued to provide high quality services throughout the pandemic.

Information for Members to consider in relation to the pay claims

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. Whilst, the “national award” has been a point of reference in previous years, TVBC have not always followed it. Last year TVBC’s pay award mirrored that of the NJC award at a pay increase of 2.75% on all spinal column points.
- 2.2 The NJC local government pay offer is yet to be agreed for this year. The unions have put forward an ambitious pay claim:
- A substantial increase with a minimum of 10% on all spinal column points
 - Introduction of a homeworking allowance for all staff who are working from home
 - A national minimum agreement on homeworking policies for all councils
 - A reduction of the working week to 35 hours with no loss of pay, and a reduction to 34 hours a week in London. Part-time staff to be given a choice of a pro rata reduction, or retaining the same hours and being paid a higher percentage of FTE
 - A minimum of 25 days annual leave, plus public holidays and statutory days, for all starting employees, plus an extra day holiday on all other holiday rates that depend on service
 - An agreement on a best practice national programme of mental health support for all local authorities and school staff
 - A joint review of the provisions in the Green Book for maternity / paternity / shared parental / adoption leave
- 2.3 In response the National Employers have recently made a pay offer of 1.5% on all NJC pay points with effect from 1 April 2021.

3 Government Pay Policy for Public Sector

- 3.1 On 25 November 2020, the Government published the Spending Review 2020. As part of the response to the economic impacts of the COVID-19 pandemic, the Chancellor announced that public sector pay will be “paused” for 2021/22. There will be an exemption for NHS staff. In addition, workers earning below £24,000 will receive a pay rise of at least £250. This policy is only binding on some parts of the public sector and does not include the NJC local government pay or our local pay arrangements at TVBC.

4 The Living Wage

- 4.1 The National Living Wage which is the government minimum wage rose by 2.2% from £8.72 to £8.91 in April 2021.
- 4.2 The Living Wage Foundation – real living wage rose by 20p on 9 November 2020 to £9.50 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.
- 4.3 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.
- 4.4 Our current lowest pay point 2.1 is £9.35 an hour. An increase of 1.6% would bring this to £9.50 in line with the current LWF living wage.

5 Split Pay Award

- 5.1 In 2019 Members considered and agreed a split pay award which paid more to those on the lowest pay scale points. In 2019 employees who were on grade 6 and below benefitted from an additional pay award. There is a larger gap between grades 6 and 7 on the pay scale compared with the gap between other grades and therefore makes this a natural break for a split pay award should Members wish to consider this again.

6 Agile working

- 6.1 We have pointed employees who are temporarily working from home as a result of the pandemic 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.
- 6.2 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 may balance out the 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. Throughout the pandemic 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 Many other Councils in the South East have also pointed staff to the HMRC homeworking tax rebate.
- 6.4 As part of the Council's new ways of working project we will be working with staff to pilot how best to move forward with agile working longer term, ensuring service and customer needs are at the centre of any decisions made.

7 Previous Pay Awards

7.1 Pay awards to TVBC staff since 2016:

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.

2020/21 - pay award comprising a 2.75 % increase to all employees which ensured that the Council's lowest pay point exceeded £9.30 per hour for all staff (except apprentices).

8 Inflation

8.1 The CPI 12 month inflation rate was 0.7% for March 2021 (CPIH including owner occupier's housing costs is 1.0% for March 2021). RPI percentage change over 12 months to March 2021 is 1.5%.

8.2 Since 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 Options and Option Appraisal

- 11.1 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 during this time of tighter financial management with the need to recognise the flexibility and continued contribution made by staff to maintain high performing services during the Covid-19 pandemic and beyond.
- 11.2 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.
- 11.3 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, flexibility and positive attitudes of staff 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 the last year.

12 Financial Information Relating to the Cost of a Claim

- 12.1 The 2021/22 budget made provision for a 0.5% pay award in the salary budgets at a cost of £102,686. At the time this was set, the landscape was a picture of a predicted pay freeze across the public sector and so 0.5% appeared then to be a prudent provision.

13 Subsequent Discussions with Trade Unions

- 13.1 Following negotiations with the unions and reflecting on their feedback and the change in position with regard to the national pay offer, Cabinet Members instructed the Chief Executive and HR Manager to revert to the unions with an offer for those employees earning a FTE salary of less than £28K to receive a pay increase of 1.75%, with those employees earning more than a FTE salary of £28K receiving a pay increase of 1.5%. The aim was to establish whether it was possible to reach provisional agreement on an award which could be recommended to General Purposes Committee.
- 13.2 The outcome of those negotiations is on-going and the Unions have been requested to consult with their members on the following:
- An increase on all pay spine points of 1.75% for those whose FTE salary is less than £28K and a 1.5% increase for those whose FTE salary is higher than £28K.
 - This would bring the lowest pay point to £9.52 an hour which is above the LWF Living Wage of £9.50 an hour.
 - It would also provide those earning less than £28K per year more than £316 FTE annual pay increase. This is in line with the Government's pay policy for public sector where workers earning below £24,000 are to receive a pay rise of at least £250.

13.3 The outcome of the ballots of union members will be reported verbally to the Committee.

14 Resource Implications

14.1 The cost of the proposal in paragraph 13.2 above amounts to £328,586. This is £225,900 more than we have for pay awards in the budget. The Head of Finance & Revenues has confirmed however that this can be met from contingencies in the Council's approved budget for 2021/22.

15 Risk Management

15.1 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.

16 Legal Implications

16.1 None

17 Equality Issues

17.1 In undertaking the recommendation we have been mindful of the lower paid workforce.

18 Conclusion

18.1 The proposals contained in this report seek to balance prudent financial decision making with recognition of the value of the Council's staff 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

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File Ref:

N/A

Report to:

General Purposes
Committee

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