

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.

- 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.

- 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.

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.

Background Papers (Local Government Act 1972 Section 100D)

None

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:	3		
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