

Staff Pay Award

Report of the Finance & Resources Portfolio Holder

Recommended:

That the draws from Budget Equalisation Reserve, as set out in paragraphs 8.3 and 8.4 to the report, be approved for the purposes of funding a second interim staff pay award for 2022/23.

SUMMARY:

- The report considers the budget implications of a second interim pay award to Council staff in respect of the 2022/23 financial year.
- The General Purposes Committee has received a report recommending an interim pay award for all staff. The budgetary implications of the recommendation require Council approval before being implemented.

1 Introduction

- 1.1 This report is presented to Council to consider approval of the budget required to implement a recommended interim pay award for staff in the 2022/23 financial year.

2 Background

- 2.1 On 26 May 2022, General Purposes Committee approved an interim pay award for the 2022/23 financial year of 2% for all staff, with the exception of the Chief Executive and Deputy Chief Executive.
- 2.2 Since that time, further negotiations between employers and unions has been undertaken and has resulted in a final offer being made by the employers' side of a fixed sum of £1,925 per employee.
- 2.3 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.
- 2.4 General Purposes Committee met earlier this afternoon to consider a report recommending that a second interim pay award, equivalent in value to the national offer, be implemented for Council staff and back-dated to 1st April 2022.
- 2.5 The recommendations of that report have a financial implication that cannot be met from the existing budget. It is therefore necessary for Council to approve the required budget before the pay award can be implemented.

3 Corporate Objectives and Priorities

- 3.1 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.

4 Consultations/Communications

- 4.1 None, as this report relates solely to the budget approval and not the principle of the pay award itself.

5 Options

- 5.1 Council has two options:
- Approve the budget allocation to implement the recommended pay award (recommended).
 - Not approve the budget and require further negotiation before any further pay award is agreed.

6 Option Appraisal

- 6.1 Councillors will be aware of high-level of inflation currently affecting households across the country.
- 6.2 Council staff have already benefitted from the Council's local pay arrangements with a 2% interim award made to all staff, with the exception of the Chief Executive and Deputy Chief Executive (General Purposes Committee, 26 May 2022).
- 6.3 This further interim award will provide an immediate increase to the salaries of staff who have been, and continue to be, affected by current increases in the cost of living and will doubtless generate goodwill as we continue to deliver excellent services to our communities. It will also assist with work to recruit staff to key posts across the organisation.
- 6.4 By contrast, not agreeing to the recommendation will mean that staff need to wait with uncertainty as to what their final pay award might be, whilst still having to manage higher costs.

7 Risk Management

- 7.1 The cost of the pay award can be met in the current year using a draw from reserves established for the purpose of meeting unexpected budget volatility.
- 7.2 However, the ongoing impact of the award will need to be factored into the medium term financial forecast when it is updated in the autumn. The ongoing cost of the pay award will increase the budget gap faced by the Council for 2023/24 and beyond.

- 7.3 There is a risk that the employers' offer will be modified before a final settlement is reached. This would necessitate further reports to General Purposes Committee and Council if a higher figure is negotiated locally pursuant to that. There is a much smaller risk that the employers' offer will be modified in some way which results in a pay award of less than £1,925 to all staff.

8 Resource Implications

- 8.1 The estimated cost of the recommended pay award, after allowing for increased national insurance and pension fund contributions, is £1.272M.
- 8.2 The 2022/23 revenue budget, approved by Council on 25 February 2022, included provision for £660,000 in respect of a pay award.
- 8.3 In recognition of the increasing inflation rate and the likely unbudgeted cost pressures this would lead to during the 2022/23 financial year, £500,000 was added to the Budget Equalisation Reserve as part of the 2021/22 Revenue Outturn (Cabinet, 22 June 2022). It is recommended that this amount be fully drawn to meet the cost of the pay award.
- 8.4 The additional £112,000, which cannot be met from within existing budgets, is also recommended to be drawn from the Budget Equalisation Reserve. If these two draws are approved, the forecast balance on the reserve at 31 March 2023 is £320,000.

9 Legal Implications and Statutory Authority

- 9.1 There are no legal implications arising from this report

10 Equality Issues

- 10.1 This report does not identify any equality matters that need to be reported.

11 Conclusion and reasons for recommendation

- 11.1 Negotiations between employers and Trades Unions have advanced since the first interim pay award was approved in May 2022.
- 11.2 Approving the budget for the second interim pay award, in line with the employers' offer will enable TVBC staff to receive a pay award months earlier than waiting for the national settlement to be agreed.

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:	0	File Ref:	N/A
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(Portfolio: Finance & Resources) Councillor M Flood

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Report to:	Council	Date:	7 September 2022
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