

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.

- 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		
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