

Finalising Staff Pay Award for 2022/23

Report of the Chief Executive

Recommended:

1. That the Council makes a full and final pay award for 2022/23 of £1,925, (already paid to all employees) with effect from 1 April 2022.
2. That in addition to the provision in paragraph 1, from 1 April 2023, to provide an additional day's annual leave to those up to and including Grade 8 with less than 5 years' service.
3. That this be put forward to the Unions as a full and final offer to conclude the pay negotiations for 2022/23.

SUMMARY:

- The report recommends a full and final pay award for 2022/23 to the trade unions in response to their pay claim for 2022/23.
- 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 September 2022, the General Purposes Committee (GPC) approved a second interim award to be paid to all employees, taking the total increase agreed from 1 April 2022 to £1,925. This is being paid to employees.
- This amount matched the amount offered by the National Employers as part of the national pay negotiations. Since that date the national negotiations have been concluded with a pay award of £1,925. This same pay award was agreed for employees on different national terms and conditions, Green Book, Chief Officer and Chief Executive.
- In addition, the national pay negotiations agreed an extra day's annual leave for those on Green Book terms and conditions from 1 April 2023. A review of the Council's annual leave, has led to a recommendation for an increase in one days leave from 1 April 2023 for those with 24 days annual leave entitlement, (employees up to Grade 8, with less than 5 years' service).

1 Introduction - The Union Pay Claim

- 1.1 Members will recall that the GPC meeting in May 2022 approved an interim pay award of 2% for all employees (with the exception of the Chief Executive and Deputy Chief Executive). At a further meeting in September 2022, an updated interim award was agreed for all employees of £1,925 (this award was inclusive of the previous 2%). These GPC committee reports can be found in Annex 1 and 2. The reports outlined at the time that the interim awards were 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 national pay negotiations are now concluded, and this report looks to agree a full and final pay offer for this financial year to put forward to the Unions for agreement.

- 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 3.

2 The national picture

- 2.1 The National Employers have agreed a final pay offer with the Unions representing NJC “Green Book” employees for 2022/23 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;
- A 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 pay award of an increase in pay of £1,925 has also been agreed with the Unions representing local authority Chief Executives and those representing Chief Officers.

3 Information for Members to consider in putting forward a full and final pay offer

- 3.1 The interim pay awards which have uplifted employees pay by £1,925 effective from 1 April 2022, have been greatly appreciated by employees. Members’ agreement to pay this ahead of the national agreement being concluded is appreciated by employees as we go through this continued period of high inflation and high cost of living. The latest inflation figures see CPI at 10.5% and CPIH at 9.2% for the 12 months to December 2022, these are down slightly from their peak in October 2022. The prediction is for inflation to fall sharply from the middle of 2023. This is because energy prices and imported goods are not expected to continue to rise so quickly and because there is expected to be less demand for goods and services.

- 3.2 The interim pay award matched that of the agreed national pay awards, in terms of the £1,925 added to pay, for NJC Green Book Employees and JNC Chief Officers and Chief Executives. This increase in our pay points at TVBC saw an increase in our 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 which was announced in September 2022 of £10.90 per hour. It was a 9.57% increase in pay for those on pay point 3.1 compared with their pay in 2021/2 and a 1.46% pay increase at the top of the pay spine.
- 3.3 In the GPC report in September we said we would bring back a further report to GPC for Members following the final agreement of the national pay negotiations. This would allow the Council to conclude its local negotiations and enable other aspects of the national pay agreement to be considered once the national pay negotiations had been agreed.
- 3.4 The interim pay award of £1925 which was agreed at your September 2022 GPC meeting, and already paid to employees, matches the pay element of that agreed as part of the national settlement. Other aspects of the national settlement were:
- An increase of 4.04% on certain allowances. We have a policy to increase a number of allowances on 1 April each year, in line with inflation. These allowances were increased by 5.5% in line with CPIH at this date.
 - The national award offered an increase in one day's annual leave to all employees on green book terms and conditions, this was regardless of whether Councils have local leave arrangements. Many Councils have local annual leave agreements which offer more generous entitlements. TVBC has a more generous local agreement for annual leave, see section 3.6.
 - Deletion of the bottom pay point from the NJC pay spine. The NJC bottom pay point is £10.50 an hour, removal of this point will leave the lowest pay point on the NJC pay spine as £10.60 per hour, still a chunk lower than TVBC lowest pay point of £11.42 per hour. The national living wage is due to increase to £10.42 on 1 April 2023, so the lowest pay point on the NJC pay spine for green book employees will be just above this and below the living foundation real living wage of £10.90 (and £11.95 in London).
- 3.5 On 1 April 2023 national conditions of service for annual leave for green book employees will rise to a minimum of 23 days paid a/l with a further 3 days after 5 years of continuous service. There is also provision for 2 extra statutory days which may be added to annual leave by local agreement. This gives a total of 25 days annual leave rising to 28 after 5 years (inclusive of extra statutory days). Many Councils have local conditions of service for annual leave which provide for more generous arrangements.
- 3.6 At TVBC we have a local leave arrangement as set out on the next page which increases with length of continuous local government service. In addition to this there is an additional day given to employees during the Christmas closure.

Grade	Basic	Service, including Previous Continuous Local Government Service		
		After 5 years	After 10 years	After 15 years
3 – 8 & apprentices	24 days	28 days	30 days	32 days
9 – SM3	26 days	29 days	31 days	34 days
CX & DCX	28 days	31 days	33 days	36 days

- 3.7 For the most part annual leave is more generous than that for employees on green book conditions of service. On the 1 April 2023, those with 24 days annual leave entitlement will match the increased annual leave minimum entitlement for green book conditions of service.
- 3.8 The local pay claim submitted by the local unions also included within its claim a request for a two hour reduction in the standard working week and improvements to family leave and caring arrangements. They were also requests made as part of the national pay claim and NJC have agreed to enter into discussions around family leave. The request to reduce the working week did not form part of the national agreement. At this stage these requests have not been part of local discussions and are therefore not part of options being put forward.

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. As an organisation the Council keeps its total reward offering, inclusive of all remuneration and other measures, under review as part of valuing and supporting employees and being an employer of choice.

5 Consultations/Communications

- 5.1 The matter has been the subject of consultation with the Chairman and Vice Chairman of this Committee. In addition, we have discussed the suggested proposal with the Unions of offering an increased day's annual leave to those on Grade 3-8 & Apprentices. The Unions have requested that an additional day's leave be given to all employees and not just those with 24 days annual leave.

6 Options and Option Appraisal

- 6.1 Now the national agreement has been finalised for 2022/23 we need to finalise our local pay agreement for 2022/23. The unions have requested a final offer be put forward by the Council for them to then ballot their members on.
- 6.2 The options available to members in putting forward a full and final offer for 2022/23 local pay negotiations:

- It is recommended to confirm the final pay offer of £1925 in line with the national settlement for 2022/23 (this has already been paid to employees).
- The option to offer more than the £1925 isn't recommended by management as this is outside of the current budget and would be difficult to afford. The pay award of £1925 was already outside what was budgeted for and required special Council approval of the additional money.
- To consider offering an additional day's annual leave from 1 April 2023, as per the national agreement, to some or all employees.
 - It is recommended that Members may wish to consider offering an additional day's leave to those on Grades 3-8 plus apprentices who have 24 days basic annual leave entitlement as their annual leave entitlement will match those on minimum national green book terms and conditions as of 1 April 2023.
 - The national pay agreement for 2022/23 included an additional day's leave to all employees on NJC green book terms and conditions regardless of whether they had local conditions for annual leave which meant their annual leave allowance was more generous than the minimum specified. The unions have requested the Council consider this option. This option isn't recommended by management as, other than those employees mentioned above, all other employees currently have annual leave which is more generous than the national minimum for green book terms and conditions.

7 Budget Considerations

- 7.1 The total cost of the pay award already agreed of £1,925 for 2022/23, after taking into account employer's national insurance and pension fund contributions is £1.272M. Funding for this pay award, including an additional £112,000, was agreed by Council in September 2022.
- 7.2 Any costs associated with the provision of an additional day's annual leave will be managed within existing budgets.

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 annual pay award, and the paying of an interim award has helped all TVBC employees in these challenging economic times.

11 Conclusion

- 11.1 It is recommended that GPC Members consider a full and final pay offer which the Council can put forward to the unions with the purpose of concluding the 2022/23 local pay negotiations.

<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:	3		
Author:	Alex Rowland	Ext:	8251
File Ref:	N/A		
Report to:	General Purposes Committee	Date:	14 February 2023