

Staff Pay Award

Report of the Finance & Resources Portfolio Holder

Recommended:

That a draw from Budget Equalisation Reserve of £477,000 be approved for the purposes of funding a staff pay award for 2023/24.

SUMMARY:

- The report considers the budget implications of a pay award to Council staff in respect of the 2023/24 financial year.
- The General Purposes Committee has approved a pay award for all staff, excluding the Chief Executive. 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 pay award approved by the General Purposes Committee for staff in the 2023/24 financial year.

2 Background

- 2.1 On 4th September 2023, General Purposes Committee approved a pay award for the 2023/24 financial year of 6% for all staff, with the exception of the Chief Executive.
- 2.2 Further information relating to the options that were considered and consultations with trades unions are set out in the report on that agenda.
- 2.3 The recommended option exceeds the amount set aside in the 2023/24 revenue budget that was approved by Council.
- 2.4 This means that, whilst the principles of the pay award have been approved, it is necessary for Council to approve the budgetary implications before the recommendation can be implemented.

3 Corporate Objectives and Priorities

- 3.1 Remaining a high-performing council; motivating and valuing staff; and competitiveness in the marketplace can only be delivered if the Council remains attractive as an employer.

3.2 Undertaking an annual review of employee salaries is a fundamental part of ensuring pay remains competitive.

4 Consultations

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 pay award is agreed

6 Options Appraisal

6.1 Councillors will be aware of the high levels of inflation that have been affecting the economy. Whilst rates are showing signs of reducing, our staff, like all households across the country, continue to feel the impact of rapidly rising prices.

6.2 The pay award approved by General Purposes Committee reflects an award that will ensure that all our staff's pay remains ahead of average inflation over the last ten years.

6.3 Approving the budget for the recommended pay award will enable staff to receive the uplift in their October pay.

6.4 Not approving the budget would lead to delays in any pay award being received by staff whilst further negotiations are undertaken and the matter further considered by the General Purposes Committee.

7 Resource Implications

7.1 The estimated cost of the pay award, after allowing for increased national insurance and pension fund contributions, is £1.395M.

7.2 The 2023/24 revenue budget, approved by Council on 23rd February 2023, included provision for £918,000 in respect of a pay award, taking into account amounts included in contingency for the impacts of inflation.

7.3 This means that there is a budget pressure of £447,000 to be able to accommodate the award. It is recommended that this be drawn from the Budget Equalisation Reserve. There is a sufficient balance in this reserve to meet the cost. Taking into account the recommended draw from the reserve, the forecast balance on it at 31st March 2024 is £822,000.

7.4 The draw from the Budget Equalisation Reserve means that the cost of the pay award is affordable in the current year. However, this is not a sustainable way to meet the additional cost and the £477,000 will need to be added to the budget gap for 2024/25 and future years.

8 Risk Management

8.1 There is a risk that the financial impact of the pay award will affect the Council's ability to set a balanced budget in 2024/25. However, the Council has an excellent record in setting a balanced budget and there are robust procedures in place to manage the effects this will have on the budget gap.

9 Legal Implications and Statutory Authority

9.1 There are no legal implications arising from this report.

10 Equality Issues

10.1 No matters related to equality issues have been identified in preparing this report.

11 Conclusion and reasons for recommendation

11.1 Consideration of the principles of a pay award for Council staff in 2023/24 has recently been considered by the General Purposes Committee.

11.2 The financial implications of the Committee's recommendations require Council approval as the total cost is in excess of the amount budgeted for the year.

11.3 It is recommended that the required budget to implement the 2023/24 pay award be approved.

Background Papers (Local Government Act 1972 Section 100D)

[General Purposes Committee - 4 September 2023](#)

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

(Portfolio: Finance and Resources) Councillor M Flood

Officer:

Carl Whatley

Ext:

8540

Report to:

Council

Date:

13 September 2023