

# Staff Pay Award for 2024/25

Report of the Chief Executive and Human Resources Manager

## Recommended:

**The Council makes a full and final pay award for 2024/25 of 3.8% across all grades with effect from 1 April 2024.**

### SUMMARY:

- The report recommends a full and final pay award for 2024/25 of 3.8% on all pay grades following negotiations with the trade unions in response to their pay claim for 2024/5.
- For pay purposes the council measures inflation as at February each year, so there is a consistent point when considering the pay award to compare against year to year. CPIH was 3.8% in February 2024.
- Overall morale is good at the council. The latest staff survey showed 74.4% of staff saying their morale is good at work. Many things impact on morale and retaining talented employees including the council's approach to being fair with pay over the years.
- The ability to recruit and retain talented people including into professional roles remains a focus and this continues to be a challenging area of the market as the pool of candidates in some professional disciplines gets ever smaller. Retaining pay in line with inflation has a positive impact on the council's ability to recruit across all pay grades.

## 1 Introduction

- 1.1 The council recognises local conditions of service in relation to pay. This means that each year the council enters into negotiations directly with the local trade unions about the annual pay award and any changes to the local pay spine with a view to reaching an agreement.
- 1.2 Local pay arrangements over the last 10 years or so, have enabled the council to agree a pay award which fits with the local market conditions and take a strategic approach to recruitment and retention.
- 1.3 The local arrangements allow for flexibility. In the past, for example, where there have been difficulties recruiting to roles in the lower grades, due to competition from local logistics companies, in the Andover area, the council has taken an approach to uplift these grades by a higher percentage amount and make changes to the pay spine. This is an example which has had a positive impact on pay in these grades and the council's ability to recruit good people at this level.

## 2 The Union Pay Claim

2.1 The UNISON, Unite and GMB trade unions have submitted the pay claim for 2024/25 on behalf of their members, see Annex 1. This claim has however, now been superseded by the unions' acceptance of the council's 3.8% pay offer, made during recent negotiations.

## 3 Information to consider in relation to the pay claim

3.1 The recommended pay award will enable the council to support employees in a timely way whilst maintaining a balance of prudent financial management and the ongoing delivery of front-line services.

## 4 Inflation

4.1 The council calculates inflation as of February each year and uses CPIH as the recognised measure of inflation. Councillors will recall that this ensures that the council uses a consistent figure and looks back over the preceding 12 months each time a pay award is considered. Essentially it is a retrospective award based on real inflation figures.

4.2 Inflation (CPIH) was 3.8% in the year to February and remained at this level in March 2024.

4.3 There continues to be unrest across the wider public sector around pay and those in local government on national pay have fallen behind inflation over the last 10 years. At TVBC pay has kept pace with CPIH across all but the very top grades over the same time period. The table below sets out how the TVBC pay award compares with CPIH since 2014.

Year	Pay Award	TVBC Pay Increases				Inflation		
		Up to G6		Above G6		Date	CPIH	
		Actual	Cumulative	Actual	Cumulative		Year to	Actual
2014/5	2.50%	2.5%	2.5%	2.5%	2.5%	Feb-14	1.6	1.6%
2015/6	2.50%	2.5%	5.1%	2.5%	5.1%	Feb-15	0.4	2.0%
2016/7	2.50%	2.5%	7.7%	2.5%	7.7%	Feb-16	0.6	2.6%
2017/8	2.50%	2.5%	10.4%	2.5%	10.4%	Feb-17	2.3	5.0%
2018/9	2.50%	2.5%	13.1%	2.5%	13.1%	Feb-18	2.5	7.6%
2019/20	4%/2.5%	4.0%	17.7%	2.5%	16.0%	Feb-19	1.8	9.5%
2020/1	2.75%	2.8%	20.9%	2.8%	19.2%	Feb-20	1.7	11.4%
2021/2	1.75/1.5%	1.8%	23.0%	1.5%	20.9%	Feb-21	0.7	12.2%
2022/3	£1925 (Removed G2)	6.9% G6.3	31.5%	3.6% G11.3	25.3%	Feb-22	5.5	18.4%
2023/4	6%	6%	<b>39.4%</b>	6%	<b>32.9%</b>	Feb-23	9.2	<b>29.2%</b>
2024/5	Proposed	3.8%	<b>44.7%</b>	3.8%	<b>37.9%</b>	Feb-24	3.8%	<b>34.2%</b>

4.4 In the recent past, where the council has focused its approach on uplifting the lowest paid in the workforce, this has resulted in those graded up to G6 pay grades rising at a faster rate than inflation. These grades have increased by between 6% and 12% more than inflation over the last 10 years, with those on the very lowest grades having the highest difference. Pay for those in the mid to higher grades has kept pace with inflation with only the very highest grades falling slightly behind inflation when salaries are compared over a 10 year period using the Bank of England inflation calculator, see Annex 2.

#### **4.5 Employee Retention**

4.6 The council is currently engaging with staff to hear their views through its latest staff survey, results from this will be available later in the summer. The previous staff survey, completed by 71.2% of staff, showed morale to be good with 74.4% saying their morale is good at work and 83.7% saying they would recommend TVBC as a place to work. Many things impact on staff morale including the council's approach to being fair with pay over the years.

4.7 Recruitment and retention remains challenging across both the local and public sector markets. The council's reputation as a good employer with financial and organisational stability have supported us to attract good people. The council had 76 leavers in 2023/24, with a turnover rate of 14.4%. The council has seen increased number of applicants for many of its lower and low to middle graded roles and has been successful in recruiting some talented people. The market remains particularly competitive for some higher level technical and professional roles and continues to present a risk of recruitment challenge where these become vacant. In mitigating this risk, where possible, the council is looking to develop talent in-house and provide good succession planning, this has led recently to a number of internal promotion appointments.

4.8 Recruiting and retaining talented people remains a key organisational focus including in harder to recruit technical and professional roles especially where there is a constant pull from other employers where there is insufficient talent in the market.

### **5 The Living Wage**

5.1 The national living wage for those over the age of 21 rose to £11.44 in April 2024.

5.2 The living foundation living wage rate of £12 per hour (outside London) was announced on 24 October 2023. (Living wage employers have until 1 May 2024 to implement the new rate).

5.3 TVBC's current bottom pay point is £12.11, which is above both the national living wage as at April 2024 and the living foundation living wage. The recommended increase of 3.8% would increase the lowest pay point to £12.57 per hour.

## **6 Corporate Objectives and Priorities**

- 6.1 The council has an aim to develop an outstanding workforce with the skills and experience needed to deliver services effectively and when working with communities. This links directly to the council's vision to work collaboratively, to deliver high quality services that support all communities in Test Valley to thrive.

## **7 Consultations/Communications**

- 7.1 The three recognised trades unions have been consulted on a pay award for 2024/25. Initial discussions around a potential pay award of 3% was rejected by the unions. The unions were asked to consult their members on a revised full and final offer of 3.8%. All three unions have confirmed their members have accepted this revised offer.

## **8 Options and Options Appraisal**

### 8.1 Options:

The options available to the Committee are:

- 8.1.1 **Option 1** To approve the recommended pay award, or

- 8.1.2 **Option 2** Not to approve the recommended award.

### 8.2 Options appraisal:

- 8.3 In proposing a pay award this year, the council has balanced the needs of employees and maintaining a balanced budget and retaining jobs and quality service provision.

- 8.4 The recommendation is that the Committee approves a full and final pay offer of 3.8% on all pay grades. This is considered a fair option, matching that of the CPIH inflation rate in February 2024, and will continue to ensure the council's pay grades maintain pace with inflation as well as being within the parameters of affordability and its requirement to set a balanced budget in the medium term.

- 8.5 This 3.8% recommended award has been accepted by all three unions, Unite, GMB and UNISON.

- 8.6 A single percentage increase was proposed and put forward to the unions this year to support recruitment and retention across all grades. With the recruitment market remaining challenging across a range of middle and higher graded technical roles a single percentage increase was suggested to support recruitment and retention of talent in these areas, in particular.

- 8.7 Approval of a pay award now will mean that employees will see their pay increase and receive back-dated pay in their August pay packets.

- 8.8 The council also has a policy of increasing a number of allowances in line with inflation on 1 April each year. These were increased by 3.8% on 1 April 2024.
- 8.9 The lowest pay point G3.1 is currently £12.11 per hour, a 3.8% increase in pay would increase this to £12.57 per hour.
- 8.10 It is for these reasons that Option 1 is the recommended option.

**9 Risk Management**

- 9.1 The staff pay award looks to balance the risks around affordability with those of recruitment and retention and staff morale and maintaining quality service provision.

**10 Resource Implications**

- 10.1 The proposed 3.8% pay award can be contained within the approved budget for 2024/5.

**11 Legal Implications**

- 11.1 None

**12 Equality Issues**

- 12.1 No equality issues have been identified with the recommendation to pay all employees the same percentage increase.

**13 Conclusion**

It is recommended that General Purposes Committee Members consider a full and final pay offer for 2024/25.

<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	File Ref:	N/A
Officer:	Andy Ferrier / Alex Rowland	Ext:	8121 / 8251
Report to:	General Purposes Committee	Date:	15 July 2024