

REPORT TO CABINET

Open/Exempt		Would any decisions proposed :		
Any especially affected Wards	Discretionary /	Be entirely within Cabinet's powers to decide	YES	
	Operational	Need to be recommendations to Council	NO	
		Is it a Key Decision	NO	
Lead Member: Kathy Mellish E-mail: Cllr.kathy.mellish@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Debbie Gates E-mail: Debbie.Gates@west-norfolk.gov.uk Direct Dial: 01553 616605		Other Officers consulted: Management Team Trade Unions		
Financial Implications YES	Policy/Personnel Implications YES	Statutory Implications NO	Equal Impact Assessment YES If YES: Pre-screening	Risk Management Implications YES
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				

Date of meeting:

TITLE PAY AWARD 2017/18

Summary

The Council's annual pay increase for all employees is locally determined, having regard to national pay and labour market information. This paper recommends the pay increase for 2017/18 and outlines the budget implications.

Recommendation

1. That an annual pay award of 1% be implemented with effect from 1st April 2017.
2. That Pay Grade PG13 be removed from the Authority's pay scales and that staff be assimilated to PG12 with a minimum pay rate of £7.78 per hour.
3. That staff on the revised grade of PG12 progress through the grade subject to the achievement of a specified NVQ level 2 qualification/apprenticeship in an agreed subject, demonstration of specified qualities/criteria as relevant to the post or demonstration of a willingness to work more flexibly (eg by working in different teams or at different sites).

Reason for Decision

To implement an annual pay increase for employees whilst continuing to reflect the Government's policy of public sector pay restraint and the Authority's ongoing budget savings requirement. To reflect the approach taken by the National Employers in relation to increases in the minimum wage paid to employees and to amend the local pay scale accordingly.

1. Background

- 1.1 The Council's annual pay increase for all employees has been locally determined since 1991.
- 1.2 The overall context for the 2017/18 Pay Award is a continuation of the Government's 1% target for public sector pay alongside a gradual increase in the overall level of pay settlements within the economy as a whole and the two year National Pay settlement agreed in 2016.
- 1.3 Pay increases over the past 5 years are detailed below:

2012/13	Freeze A non-consolidated lump sum of 250 (pro rata for part time staff) was awarded to permanent and fixed term employees to recognise the fact that the Authority exceeded its savings targets for 2011/12
2013/14	1%
2014/15	1% and introduction of a minimum wage of £7 per hour
2015/16	1% with an additional 0.5% for staff earning less than £21,500 and a minimum wage of £7.20 per hour. A non-consolidated lump sum of 250 (pro rata for part time staff) was awarded to permanent and fixed term employees to recognise the fact that the Authority exceeded its savings targets for 2014/15.
2016/17	1% and a minimum wage of £7.52 per hour to match the bottom point on the National pay scales.

2. General Pay and Prices

- 2.1 The latest Retail Prices Index (RPI) figure (December 2016) increased to 2.5% from 2.2% in November 2016. The Consumer Prices Index (CPI) rose to 1.6% from 1.2% in November.
- 2.2 Data for the previous 5 years is detailed below:

	RPI	CPI
April 2012	3.5%	3%
April 2013	2.9%	2.4%
April 2014	2.5%	1.8%
April 2015	0.9%	-0.1%
April 2016	1.2%	0.2%

- 2.3 Inflation forecasts (RPI) range from 1.5% - 3.0% (median 2.2%) for the 4th quarter of 2016 and 2.3% - 5.2% (median 3.4%) for the first quarter of 2017.
- 2.4 Incomes Data Services have reported that pay settlements in the whole economy for the 3 months to December 2016 averaged 2%.

3. National Living Wage/National Pay Settlement

3.1 The National Living Wage for workers aged 25 and over rises to £7.50 with effect from 1st April 2017.

3.2 The National Local Government Pay settlement for 2016/17 covered two years and provide for a 1% pay increase from 1st April 2017, with those on lower salaries receiving higher increases. The minimum pay rate on the National pay scales will be £7.78 per hour from 1st April 2017.

4. Proposal

4.1 The Authority has continued to demonstrate pay restraint for staff over the past 8 years in accordance with the Government's general policy on public sector pay. Throughout this period the Authority has made a commitment to matching the bottom point of PG13 to the lowest point on the National pay scales.

4.2 The Authority has made budget provision for a 1% annual pay increase for all employees from 1st April 2017 and it is recommended that this is implemented.

4.3 It is further recommended that the bottom of the PG scale be increased to £7.78 per hour from 1st April 2017.

4.4 Increases in minimum wage, combined with pay freezes or 1% increases in pay, have eroded any differential in the bottom of grades PG13 and PG12. It is, therefore, recommended that PG13 be removed from the Authority's pay scales and that staff be assimilated to PG12 with a minimum pay rate of £7.78 per hour.

5. Trade Union Comments

Will be inserted after JEC Committee

6. Financial Implications

6.1 The Financial Plan 2016/2021 as agreed at Council on 23rd February 2017 includes budget provision to meet the costs of a 1% annual pay increase and the removal of PG13 and associated assimilation of employees to PG12, as detailed above, to take effect from 1st April 2017.

7. Risk Management Implications/Options

7.1 The Authority continues to balance the requirement to make financial savings with the need to recruit and retain good quality employees. Staff turnover within the Council has increased from 7.8% to 8.8% in 2015/16. Whilst this is not currently a major cause for concern, there have been challenges in recruitment of staff in professional areas such as planning, audit and project management and in front line roles such as parking enforcement and public open space. A pay freeze is not, therefore, considered appropriate for the coming year. The recommendation for a 1% annual pay increase is within budget and reflects the Government's targets for public sector pay.

7.2 The Authority currently meets the requirements of the National Living Wage and has no statutory or contractual obligation to increase the lowest point of the PG scales further.

However, there has been a commitment to match the lowest point on the National Pay scales throughout the 8 year period of pay restraint. On balance, therefore, the recommendation is to increase the bottom point of the PG scales in line with the lowest point of the National Pay scales from 1st April 2017. The overlap in grade PG13 and PG12 makes this an appropriate time to delete PG13 from the pay scale and to assimilate staff to PG12, subject to progression bars.

8. Statutory Considerations

There are no statutory considerations, other than the requirement to pay the National Living Wage.

Equality Impact Assessment (EIA)

See attached

Pre-Screening Equality Impact Assessment

Borough Council of
**King's Lynn &
West Norfolk**



Name of policy/service/function	2017 Pay Award				
Is this a new or existing policy/service/function?	Existing				
<p>Brief summary/description of the main aims of the policy/service/function being screened.</p> <p>Please state if this policy/service is rigidly constrained by statutory obligations</p>	<p>The Council's annual pay increase for employees is locally determined, taking local, regional and national pay and labour market information in consideration. This report outlines the recommendations for a pay award for the 2017/18 year.</p> <p>The proposals reflect the Government's policy of public sector pay restraint and the Council's ongoing commitment to match the bottom point of local pay grades to the minimum national local government pay scales.</p>				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age			√	
	Disability			√	
	Gender			√	
	Gender Re-assignment			√	
	Marriage/civil partnership			√	
	Pregnancy & maternity			√	
	Race			√	
	Religion or belief			√	
	Sexual orientation			√	

	Other (low income)	√			
Question	Answer	Comments			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	Yes	The Council recognises the particular difficulties faced by its lowest paid employees and introduced an organisational minimum wage in 2014, which has been updated annually since that time. The proposals for the 2017 pay award recommend a further increase for lower paid staff in line with national local government pay scales.			
5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section	Yes	Actions: Impact is positive so further action is not required.			
		Actions agreed by EWG member: ...Becky Box.....			
Assessment completed by:					
Name	Debbie Gates				
Job title	Executive Director, Central & Community Services				
Date	2 nd March 2017				

Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.