

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	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: Brian Long E-mail: Cllr.brian.long@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

Date of meeting: 17 April 2018

### **PAY AWARD 2018/19**

#### **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 2018/19 and outlines the budget implications.

#### **Recommendation**

1. That an annual pay award of 2% be implemented with effect from 1<sup>st</sup> April 2018.
2. That the Authority continues its practice of matching the bottom point of PG Scales to the lowest point on the National pay scales to continue the process of moving towards the expected level of the National Living Wage by 2020.

#### **Reason for Decision**

To implement an annual pay increase for employees which reflects the approach taken by the National Employers in relation to the percentage pay increase offered for 2018/19, which is reflected in the Authority's Financial Plan for 2017-2022. To reflect the approach taken by the National Employers in relation to increases in the minimum wage paid to employees.

## 1. Background

The Council's annual pay increase for all employees has been locally determined since 1991.

The overall context for the 2018/19 Pay Award is ongoing Pay Restraint in the Public Sector balanced with recognition of the need to recruit and retain staff with the correct mix of knowledge and experience to continue to deliver high quality services, improve efficiency and develop innovative delivery models.

Pay increases over the past 5 years are detailed below:

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.
2017/18	1% and a minimum wage of £7.78 per hour together with the removal of pay grade PG13.

## 2. General Pay and Prices

The latest Retail Prices Index (RPI) figure, for January 2018, decreased slightly to 4.0% from 4.1% in December 2017. The Consumer Prices Index (CPI) remained at 3.0%. Data for the previous 5 years is shown below:

	RPI (December figure)	CPI (December figure)
2017	4.1%	3.0%
2016	2.5%	1.6%
2015	1.2%	0.2%
2014	1.6%	0.5%
2013	2.7%	2.0%

Inflation forecasts published by the Office for Budget Responsibility are set out below:

RPI	4 <sup>th</sup> Quarter of 2017	4.2%
	1 <sup>st</sup> Quarter of 2018	3.9%
CPI	4 <sup>th</sup> Quarter of 2017	3%
	1 <sup>st</sup> Quarter of 2018	2.8%

Incomes Data Services have reported that pay settlements in the whole economy for the 3 months to December 2017 averaged 2.3%.

The National Living Wage will be increased to £7.83 per hour with effect from 1<sup>st</sup> April 2018. The Government has previously stated its intention that the National Living Wage will increase to a rate equivalent to 60% of median earnings (expected to be at least £9.00 per hour) by 2020. The National Employers have offered a 2 year pay deal, covering 2018/19 and 2019/20. This comprises a flat rate increase of 2% each year and a minimum pay rate of £8.50 per hour from 1<sup>st</sup> April 2018 and £9.00 per hour from 1<sup>st</sup> April 2019. This offer was made against a union claim of 5% for 2018/19 and deletion of the bottom four pay points of the NJC spine, giving a minimum pay rate of £8.50 per hour. The unions have subsequently rejected this offer and are currently consulting with their members.

### **3. Proposal**

The Authority has made budget provision for a 2% annual pay increase for all employees from 1<sup>st</sup> April 2018 and it is recommended that this is implemented.

It is further recommended that the bottom of the PG scale be increased to match the lowest point on the National pay scales when these are agreed. This is in keeping with the Authority's commitment over the past 9 years of pay restraint. Budget provision has been made to comply with the expected level of the National Living Wage by 2020 and a minimum pay rate of £8.50 per hour as outlined in the National Employers' offer would be within budget for 2018/19.

### **4. Trade Union Comments**

At the Joint Employee Committee the recommendations set out in the report were accepted. More detailed comments from the Union will be shared at the meeting if received.

### **5. Financial Implications**

The Financial Plan 2017-2022 as agreed at Council on the 22nd February 2018 includes budget provision to meet the costs of a 2% annual pay increase and the implementation of a minimum pay rate of £8.50 per hour to take effect from 1st April 2018.

## **6. Risk Management Implications/Options**

The Authority continues to balance the requirement to make financial savings with the need to recruit and retain good quality employees. Employee turnover increased slightly to 10.34% last year and will be broadly equivalent for 2017/18. Some specific recruitment challenges have been experienced over the last twelve months, both with lower level posts and with specialist/technical roles. The recommendation for a 2% annual pay increase is within budget and reflects offers settlements in other areas of the public sector as well as being in line with the National Employers' offer.

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 9 year period of pay restraint and this does move closer to meeting the projected level of the National Living Wage by 2020. 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 Scale from 1<sup>st</sup> April 2018.

## **7. Statutory Considerations**

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

## **Equality Impact Assessment (EIA)**

Pre-Screening Equality Impact Assessment

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



Name of policy/service/function	2018 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 2018/19 year.</p> <p>The proposals reflect the Council's ongoing commitment to match the bottom point of local pay grades to the minimum national local government pay scales.</p>				
<b>Question</b>	<b>Answer</b>				
<p><b>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 <b>according to their different protected characteristic</b>, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</b></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)	√			
<b>Question</b>	<b>Answer</b>	<b>Comments</b>			

<p><b>2.</b> 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?</p>	<p>No</p>	
<p><b>3.</b> Could this policy/service be perceived as impacting on communities differently?</p>	<p>No</p>	
<p><b>4.</b> Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</p>	<p>Yes</p>	<p>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 2018 pay award recommend the continuation of a long standing commitment to match the bottom of local pay grades with the minimum point national pay scales, and the Government's intention to increase the National Living Wage to 60% median earnings by 2020.</p>
<p><b>5.</b> 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</p>	<p>Yes</p>	<p><b>Actions: Impact is positive so further action is not required.</b></p> <hr/> <p><b>Actions agreed by EWG member:</b> ...Becky Box.....</p>
<p><b>Assessment completed by:</b> <b>Name</b></p>	<p><b>Debbie Gates</b></p>	
<p><b>Job title</b></p>	<p><b>Executive Director, Central &amp; Community Services</b></p>	
<p><b>Date</b></p>	<p><b>8<sup>th</sup> March 2018</b></p>	

**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.**

