

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Discretionary /	Be entirely within Cabinet's powers to decide	YES	
		Need to be recommendations to Council	NO	
	Operational	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 March 2020

PAY AWARD 2020/21

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 2020/21 and outlines the budget implications.

Recommendation

1. That an annual pay award of 2.5% be implemented with effect from 1st April 2020.
2. That the Authority continues its practice of matching the bottom point of PG Scales to the lowest point on the National pay scales if these exceed the Borough Council's lowest pay point when the National Pay Award is agreed.

Reason for Decision

To implement an annual pay increase for employees which reflects current labour market information and the increasing difficulty experienced in recruiting professional technical and managerial posts throughout the Authority. To reflect the approach taken by the National Employers in relation to increases in the minimum wage paid to employees. These recommendations are reflected in the Authority's Financial Plan.

1. Background

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

The overall context for the 2020/21 Pay Award is the requirement for pay discipline within the Public Sector balanced with fairness and 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:

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.
2018/19	2% and a minimum wage of £8.50 per hour
2019/20	2% and a minimum wage of £9.00 per hour

2. General Pay and Prices

The latest Retail Prices (RPI) figure for January 2020 increased to 2.7% from 2.2% in December 2019. The Consumer Price Index (CPI) increased to 1.8% from 1.4% in December. Data for the previous 5 years is shown below.

	RPI (December figure)	CPI (December figure)
2019	2.2%	1.4%
2018	2.7%	2.0%
2017	4.1%	3.0%
2016	2.5%	1.6%
2015	1.2%	0.2%

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

RPI

4 th Quarter of 2019	2.2%
1 st Quarter of 2020	2.5%

CPI

4 th Quarter of 2019	1.5%
1 st Quarter of 2020	1.8%

Office for National Statistics have reported that pay settlements in the whole economy for the 3 months to November 2019 averaged 3.2%. This includes a 2.75% pay award to teachers from September 2019 and 2.5% to Police from the same date.

The National Living Wage will be increased to £8.72 per hour with effect from 1st April 2020. The Council's lowest wage rate under these proposals exceeds this figure.

3. National Negotiations

The National Pay Settlement for 2019/20 was 2% plus a minimum rate of £9.00 per hour, as the second year of a two year pay deal.

The Trade Unions have submitted their pay claim for 2020/21 for:

- A minimum wage of £10.00 per hour
- A 10% pay increase on all pay rates
- One day of additional annual leave
- A two hour reduction in the standard working week
- A comprehensive joint review of the work place causes of stress and mental health throughout local authorities

In response the National Employers have offered a 2% pay increase all pay rates and agreed to continue discussions on the joint review of workplace causes of stress and mental health.

This offer was immediately rejected by the Unions and a further meeting of the Employers Side will be convened, with no date yet arranged. An update on progress will be given at the meeting.

4. Proposal

The Authority has made budget provision for a 2.5% annual pay increase for all employees from 1st April 2020 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 should this be higher when the National negotiations are completed. Separate budget provision has been made to accommodate any increase in the minimum rate of pay.

5. Trade Union Comments

Will be inserted after JEC Committee

6. Financial Implications

The Financial Plan 2017-2022 as agreed at Council on the 27/02/2020 includes budget provision to meet the costs of a 2.5% annual pay increase to take effect from 1 April 2020 and provision has been made to accommodate any increase in the minimum rate of pay.

7. 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 data for the year to date 2019/20 shows that

turnover levels have remained static and is on track to be approximately 10% by the end of the financial year. However, over the past twelve months the Authority has experienced increasing challenges when recruiting for professional and managerial level roles. This has resulted in the need to either incur additional recruitment costs to maximise the possibility of attracting suitable candidates or in some cases to amend roles to incorporate higher level apprenticeships or trainee positions, which will enable us to develop the skills and experience required over time. The recommendation for a 2.5% annual pay increase is within budget and reflects settlements in other areas of the public sector.

The Authority has been making separate budget provision for increases in the minimum rate of pay, which will accommodate matching any increase agreed by the National Employers.

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 12 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 on the National Pay Scale from 1st April 2020.

8. 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	2020 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 2020/21 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>				
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
<p>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?</p>	No	
<p>3. Could this policy/service be perceived as impacting on communities differently?</p>	No	
<p>4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</p>	Yes	<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 2020 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.</p>
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions?</p> <p>If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	Yes	<p>Actions: Impact is positive so further action is not required.</p> <hr/> <p>Actions agreed by EWG member: ...Becky Box.....</p>
<p>Assessment completed by: Name</p>	Debbie Gates	
<p>Job title</p>	Executive Director	
<p>Date</p>	17 th March 2020	