

## 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: Leader E-mail: Cllr.stuart.dark@west-norfolk.gov.uk		Other Cabinet Members consulted: Cllr Dickinson		
		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: 20/10/2021

### **PAY AWARD 2021/22**

#### **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 2021/22 and outlines the budget implications.

#### **Recommendation**

1. That an annual pay award of 2.5% be implemented with effect from 1<sup>st</sup> April 2021. This includes the 'catch up' percentage of 0.25% agreed following the outcome of the National Pay negotiations for 2020/21.
2. That the bottom of the PG scales be increased to £9.50 per hour wef 1.4.21, subject to '3' below
3. 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.
4. That staff be granted an additional day of annual leave for 2021/22 (pro rata for Part Time employees) in recognition of the commitment and flexibility demonstrated by employees throughout the year in continuing to balance the additional demands of the pandemic with a return to delivery of the normal range of Council services. For staff who are scheduled to work on 24.12.21 the additional day should be taken then. For other staff an alternative day off will be agreed with Line Managers.

### **Reason for Decision**

To implement an annual pay increase for employees which reflects current labour market information and the increasing difficulty experienced in recruiting to a range of 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 2021/22 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 as we recover from the pandemic.

Pay increases over the past 5 years are detailed below:

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
2020/21	2.5% and a minimum wage of £9.25 per hour

## **2. General Pay and Prices**

The latest Retail Prices (RPI) figure for August 2021 increased to 3.8% from 0% in August 2020. The Consumer Price Index (CPI) increased to 1.8% from 0.2% in August 2020. Data for the previous 5 years is shown below.

	RPI (August figure)	CPI (August figure)
2020	0%	0.2%
2019	3.7%	1.7%
2018	3.1%	2.7%
2017	4.0%	2.9%
2016	1.8%	1.0%

The Bank of England's Monetary Policy Reports, August 2021 projects that the CPI inflation rate will rise to 4% in Q4 2021 before falling back close to the 2% target in Q1 2022.

The Office for National Statistics reports that average earning across the economy rose by 8.3% between May and July 2021, compared with 2020. The context for this, however, is the high number of people placed on furlough during 2020, earning less than full pay. As people move off furlough and return to full pay a significant rise in average earnings has resulted

The National Living Wage increased to £8.91 per hour with effect from 1<sup>st</sup> April 2021. The Council's lowest wage rate under these proposals exceeds this figure.

### **3. National Negotiations**

The National Pay Settlement for 2020/21 was 2.75% plus a minimum rate per hour resulting in a minimum pay rate of £9.25 per hour.

The Trade Unions have submitted their pay claim for 2021/22, the most significant elements are outlined below

- A substantial increase with a minimum of 10% on all spinal column points
- Introduction of a homeworking allowance for staff working at home and a national minimum agreement on homeworking policies
- A reduction in the working week
- Improvements to annual leave
- A best practice national programme of mental support health for staff
- Review of provisions for maternity/paternity/shared parental/adoption leave

In response the National Employers have offered

- An increase of 2.75% on the bottom of the pay spine, giving a minimum wage of £9.50 per hour
- An increase of 1.75% on all other pay points
- Discussions to commence on a national minimum agreement on homeworking policies
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This offer has been rejected by Unison, who are beginning preparations for an industrial action ballot. GMB and Unite will announce the outcome of their pay consultations during week commencing 11th October 2021. An update on progress will be given at the meeting.

### **4. Proposal**

- 4.1 The Authority continues to balance the requirement to make financial savings with the need to recruit and retain good quality employees. Unsurprisingly turnover during the 2020/21 year was impacted by the COVID19 pandemic resulting in a dip compared to previous years, however, turnover in the 2021/22 year to date has

returned to pre-pandemic levels. The employment market is currently very competitive, in particular for professional and technical specialist roles which is making recruitment activities more challenging. The Council continues to use a variety of approaches to respond to these challenges and the ability to offer competitive salaries is a critical response to a highly competitive labour market.

- 4.2 The Authority has made budget provision for a 2.5% annual pay increase for all employees from 1<sup>st</sup> April and it is recommended that this is implemented. This includes the 'catch up' percentage of 0.25% agreed following the outcome of the National Pay negotiations for 2020/21
- 4.3 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.
- 4.4 Members are reminded that any changes to terms and conditions that are negotiated nationally would continue to apply to our employees

## **5. Trade Union Comments**

*Will be inserted after JEC Committee*

## **6. Financial Implications**

The Financial Plan 2020-2025 as agreed at Council on the 25/02/2021 includes budget provision to meet the costs of a 2.5% annual pay increase to take effect from 1 April 2021 and provision has been made to accommodate any increase in the minimum rate of pay.

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

- 7.1 The recommendation for a 2.5% (including 0.25% 'catch up' from 2020/21') annual pay increase is within budget and reflects settlements in other sectors. 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.
- 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 13 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 1<sup>st</sup> April 2021.
- 7.3 An alternative approach for the current year would be to delay implementation of our local pay award until the National Pay negotiations have concluded. It is likely that this would further delay payments for a number of months.



## **8. Statutory Considerations**

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

**Equality Impact Assessment (EIA)**

Name of policy/service/function	2021 Pay Award				
Is this a new or existing policy/ service/function?	Existing				
Brief summary/description of the main aims of the policy/service/function being screened.  Please state if this policy/service is rigidly constrained by statutory obligations	<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 2021/22 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>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?</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>			
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 2021 pay award recommend a minimum pay of £9.50 per			

		hour which supports the continuation of this approach.
<b>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions?</b> If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section	Yes	<b>Actions: Impact is positive so further action is not required.</b>
		<b>Actions agreed by EWG member:</b> ...Becky Box.....
<b>Assessment completed by:</b> <b>Name</b>	Debbie Gates	
<b>Job title</b>	Executive Director	
<b>Date</b>	4 <sup>th</sup> October 2021	

**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.**