

## 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: Cllr Nick Daubney, Leader E-mail: Cllr.nick.daubney@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: 05.04.2016

### PAY AWARD 2016/17

#### 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 2016/17 and outlines the budget implications.

#### Recommendation

1. That an annual pay award of 1% be implemented with effect from 1<sup>st</sup> April 2016.
2. That the Authority continues its practice of matching the bottom point of PG13 to the lowest point on the National pay scales. This will start the process of moving towards the expected level of the Living Wage by 2020.
3. That discussions are held with recognised Trade Unions prior to the April 2017 pay award, to identify ways of fairly and affordably meeting the longer term Government target for the National Living Wage to equate to 60% of median earnings by 2020.

#### 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.

## 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 2016/17 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 Government's target of increasing the Living Wage to 60% of median earnings by 2020.
- 1.3 Pay increases over the past 5 years are detailed below:

2011/12      Freeze

2012/13      Freeze (A non-consolidated lump sum of £250 was awarded to all permanent and fixed term staff (pro rata for part-time staff) 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 was awarded to all permanent and fixed term staff (pro rata for part-time staff) in recognition of the Authority exceeding its budgeted savings target for 2014/15.

## 2. General Pay and Prices

- 2.1 The latest Retail Prices Index (RPI) figure (December 2015) increased to 1.2% from 1.1% in November 2015. The Consumer Prices Index (CPI) rose to 0.2% from 0.1% in November.
- 2.2 Data for the previous 5 years is detailed below:

	RPI	CPI
April 2011	5.2%	5.0%

April 2012	3.5%	3%
April 2013	2.9%	2.4%
April 2014	2.5%	1.8%
April 2015	0.9%	-0.1%

- 2.3 Inflation forecasts (RPI) range from 0.8% - 1.3% (median 1%) for the 4<sup>th</sup> quarter of 2015 and 1.8% - 3.9% (median 2.4%) for the first quarter of 2016.
- 2.4 Incomes Data Services have reported that pay settlements in the whole economy for the 3 months to November 2015 averaged 2%.

### **3. National Negotiations**

- 3.1 The Chancellor announced in his 2015 Summer Budget a new National Living Wage of £7.20 for workers aged 25 and over with effect from 1<sup>st</sup> April 2016. This will rise to £9 per hour by 2020.
- 3.2 The National Employers have made a two year pay offer to Local Government Unions that is designed, not only to meet the immediate obligations under the National Living Wage, but also to start the process of moving towards the expected level of the Living Wage by 2020.
- 3.3 The current offer comprises a 1% pay increase from both 1<sup>st</sup> April 2016 and 1<sup>st</sup> April 2017, with those on lower salaries receiving higher increases. The minimum pay rate would rise to £7.52 per hour from 1<sup>st</sup> April 2016 and £7.78 per hour from 1<sup>st</sup> April 2017.

### **4. Proposal**

- 4.1 The Authority has continued to demonstrate pay restraint for staff over the past 7 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 1<sup>st</sup> April 2016, which is in line with the Government's target for public sector pay. It is recommended that an annual pay increase of 1% for all employees is implemented from 1<sup>st</sup> April 2016.
- 4.3 It is also recommended to match the bottom point of PG13 to the lowest point on the National Pay scales for 2016.

## **5. Trade Union Comments**

To follow

## **6. Financial Implications**

- 6.1 The Financial Plan 2015/2020 as agreed at Council on 26 February 2016 includes budget provision for a 1% annual pay increase from 1 April 2016.
- 6.2 The Government has made pay pledges to increase the minimum hourly rate from £7.20 in April 2016 to £9.20 by 2020. The Council increased its minimum hourly rate to £7.20 in April 2015. The Financial Plan 2015/2020 includes budget provision each year from 2017/2018 to meet the statutory increases. No details have been provided on the phasing of these proposals.
- 6.3 It is estimated that the recommendation to match the bottom point of PG13 to the lowest point on the National Pay scales from 1 April 2016 would cost £41,000 in 2016/2017. The Financial Plan 2015/2020 as detailed at 6.2 includes budget provision to meet the statutory increases from 2017/2018. The additional cost in 2016/2017 would be met from the general fund balance. It is estimated that the general fund balance as at 31 March 2016 will be higher than reported in the Financial Plan 2015/2020 due to additional savings being reported in the February 2016 monitoring report.

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

- 7.1 The Authority continues to balance the need to make financial savings and the Government's targets for public sector pay with the fact that staff pay increases have fallen substantially below the rate of inflation for the past 7 years. The East of England Local Government Association is beginning to report that there are some specific skills shortages in professional areas such as Planning and turnover of staff within the Authority is starting to increase – up from 5.92% in Quarter 3 2014/15 to 7.03% in Quarter 3 2015/16. The recommendation for a 1% annual pay increase is within budget and recognises the on-going need for financial restraint.
- 7.2 The Authority currently meets the requirements of the National Living Wage and has no statutory or contractual obligation to match the lowest point on the National Pay scales for 2016. However, the Authority has made this commitment throughout

the 7 year period of pay restraint and will need to work with Unions to find a way of fairly and affordably meeting the longer term Government target of the National Living Wage equating to 60% of median earnings in 2020. On balance, therefore, the recommendation is to increase the bottom point of PG13 in line with the lowest point of the National Pay scales for 2016 and to work with the Unions to bring forward proposals for the future implementation of the National Living Wage.

## **8. Statutory Considerations**

- 8.1 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	2016 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 2016/17 year.</p> <p>The proposals reflect the Government's policy of public sector pay restraint and is in line with Government plans for increases to the new National Living Wage which are required by 2020.</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 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?</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)	√				

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 was updated in 2015. The proposals for the 2016 pay award recommend a further increase for lower paid staff. This increase is in preparation for the National Living Wage rate anticipated in 2020.
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	<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>	<b>Debbie Gates</b>	
<b>Job title</b>	<b>Executive Director, Central &amp; Community Services</b>	
<b>Date</b>	<b>8<sup>th</sup> February 2016</b>	

**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.**