

## REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards		Be entirely within Cabinet’s powers to decide		NO
	Discretionary /	Need to be recommendations to Council		YES
	Operational	Is it a Key Decision		NO
Lead Member: Leader E-mail: Cllr.stuart.dark@west-norfolk.gov.uk		Other Cabinet Members consulted: Deputy Leader Finance Portfolio Holder		
		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: 15<sup>th</sup> November 2022

### PAY AWARD 2022/2023

#### 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 2022/23 and outlines the budget implications.

#### Recommendation

1. Members determine that an increase of £1925 or 4% (whichever is the greater) be applied to all salary points.
2. That changes to annual leave and working hours are not implemented as part of the local Pay Award as any changes to terms and conditions that are negotiated nationally would continue to apply to our employees.
3. That officers review with Unison representatives the National Settlement once finalised and report to Cabinet should any further actions be recommended.

#### Reason for Decision

To implement an annual pay increase for employees that balances the requirement to make financial savings with the need to recruit and retain good quality employees.

## 1. Background

1.1 The Council's annual pay increase for all employees has been locally determined since 1991. The overall context for the 2022/23 Pay Award is rising inflation, which the Bank of England estimates to peak at over 10% in 2022, a resulting fall in living standards which is particularly acute for employees on the lowest pay grade, low unemployment and a strong labour market coupled with continuing pressures on public sector budgets. Jonathan Boys, CIPD Labour Market Economist in the Spring 2022 CIPD Labour Market Outlook comments: "The public sector has less flexibility to respond to recruitment and retention challenges with increases to pay and other benefits arrangements. Yet, the public sector has much higher hiring intentions than the private sector. This means that, in time, it could become increasingly difficult for the public sector to compete for talent".

1.2 Pay increases over the past 5 years are detailed below:

2021/22	2.5% and a minimum wage of £9.50 per hour
2020/21	2.5% and a minimum wage of £9.25 per hour
2019/20	2% and a minimum wage of £9.00 per hour
2018/19	2% and a minimum wage of £8.50 per hour
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

2.1 The latest Retail Prices (RPI) figure for July 2022 increased to 12.3% from 11.8% in April 2022. The Consumer Price Index (CPI) increased to 10.1% from 9.4% in June 2022. Data for the previous 5 years is shown below:

	RPI (July)	CPI (July)
2021	3.8%	2 %
2020	1.6%	1 %
2019	2.8%	2.1%
2018	3.2%	2.5%
2017	3.61%	2.6%

2.2 The Bank of England's Monetary Policy Report, August 2022 projects that the CPI inflation rate will rise to 13% later in Quarter 4 of 2022, remaining at very elevated levels throughout 2023, before falling to the 2% target during 2024. It states that current inflation levels have been driven by higher prices for goods and food, particularly imports, together with higher fuel and energy prices which have been

driven by the war in the Ukraine and lockdowns in China. The report also states that “real household post-tax income is projected to fall sharply in 2022 and 2023, while consumption growth turns negative”.

- 2.3 The Office for National Statistics (ONS) reports that average earnings across the economy (excluding bonuses) rose by 4.2% in the first quarter of 2022, 7% (including bonuses), which demonstrates the increasing gap between wage growth and price growth.
- 2.4 The National Living Wage increased to £9.50 per hour with effect from 1<sup>st</sup> April 2022. The Council's lowest wage rate under these proposals continues to exceed this figure. The Real Living Wage Foundation promotes a higher hourly rate to meet the everyday needs of workers. This is called the “Real Living Wage” and an increase from £9.90 per hour to £10.90 per hour was announced on 22 September 2022. Employers voluntarily chose to become a living wage employer and agree to pay the rate recommended by the foundation within 6 months of the announcement, which is usually made in November. For 2022 the announcement is being made two months earlier due to current inflation levels and Living Wage. Employers should implement the rise by 14 May 2023. The lowest rate of pay under these proposals for Council staff would be £10.50 per hour with effect from 1<sup>st</sup> April 2022, which exceeds the Real Living Wage rate at the time. The most recent revision to the Real Living Wage will be a consideration for the 2023/24 pay award.

### **3. National Negotiations**

- 3.1 The National Pay Settlement for 2021/22 was 2.75% at the bottom of the pay spine, 1.75% for all other staff.
- 3.2 The Trade Unions have submitted their pay claim for 2022/23, the most significant elements are outlined below:
  - A substantial increase with a minimum of £2000 or the current rate of RPI – whichever is greater – on all spinal column points.
  - A reduction in the working week – without loss of pay – to 35.
  - One additional day of annual leave.
  - A one-off Covid-19 recognition payment to all employees.
  - A review of mileage rates.
  - National minimum agreement on homeworking policies and introduction of a homeworking allowance for staff working at home.
  - A review of terms for family leave and pay.

The National Employers have responded to this claim by offering:

- An increase of £1925 on all NJC pay points wef 1<sup>st</sup> April 2022 (pro rata for part time staff)
- An increase of 4.04% on all allowances wef 1<sup>st</sup> April 2022 (This does not include mileage allowances which are linked to HMRC approved rates)
- An increase of one day to all employees' leave entitlement wef 1<sup>st</sup> April 2023 (pro rata for part time staff)
- The deletion of pay point 1 from the NJC spine wef 1<sup>st</sup> April 2023

Unison and GMB are currently consulting their members about this offer, but Unite have rejected it without member consultation

3.3 The local Unison branch have asked that the following be considered locally:

- An 8% increase on all salary points
- A minimum wage of £9.90 to ensure all pay meets or exceeds the level of the Real Living Wage.
- A reduction in the working week to 35 (pro rata for part time staff)
- A contractual additional day for Christmas Eve (to be granted in lieu if necessary for operational reasons).

Their full submission is attached (Appendix A).

#### **4. Proposal**

4.1 The Authority has made budget provision for a 2.5% annual pay increase for all employees from the 1<sup>st</sup> April, together with separate provision for increases in the minimum rate of pay. It is recognised, however, that recent increases in both RPI and CPI are resulting in significant cost of living increases and that this is being reflected in recent pay claims and awards across both the public and private sectors.

4.2 We continue to balance the requirement to make financial savings with the need to recruit and retain good quality employees. This is particularly important given current labour market pressures with competition for a range of professional, technical and specialist roles making recruitment and retention more challenging. Turnover for 2021/22 at 10.4% was slightly higher than pre-Covid levels and remains at similar levels in the current year. The Council uses a variety of approaches to respond to recruitment and retention challenges, including a proactive training and development programme, use of apprentices and flexible/hybrid working policies, but the ability to offer competitive salaries is a critical response in a competitive labour market.

4.3 It is therefore recommended that an increase of £1925 or 4% (whichever is the greater) be applied to all salary points.

4.4 It is recommended that changes to annual leave and working hours are not implemented as part of the local Pay Award as any changes to terms and conditions that are negotiated nationally would continue to apply to our employees.

#### **5 Trade Union Comments**

##### **UNISON comments**

“UNISON members welcome that the proposed pay award has been revised in response to the national employers offer. UNISON agree that staff on lower grades should see a larger percentage increase in their pay. UNISON also appreciate that the minimum hourly rate has risen to £10.50, but note that the new Living Wage rate, announced on 22nd September 2022 is £10.90. UNISON request that the previous (July 2022) proposed pay offer be recorded, as this gives the background to the origin of the 4% settlement:

Staff on minimum wage: a 5% uplift (min hourly pay of £10 per hour)

Staff on less than £25,696: a 4.5% uplift (the councils median salary)  
Staff on £25,696 or more: a 4% uplift

In a poll of UNISON members, a majority voted to reject the July 2022 offer. The introduction of the 4% in the current proposed pay settlement differs, and is higher than the national offer. The 4% increase for senior staff will see those staff receive a higher sum than the proposed £1925.

The rapidly rising prices of food, utilities, fuel are the same price for all workers. In the interest of fairness, and in recognition that employees on lower pay scales work is of equal value, UNISON propose using the same total budget for the pay award, but redistribute equally between workers in monetary terms. By reallocating the higher 4% alternative award (in monetary terms) proposal for those on £48,000+, and redistributing the total pay award budget equally between all workers, this would have the effect of increasing the flat rate pay uplift to a figure above the £1,925 for everyone. In the unique economic climate, applying the flat rate principle across the board in line with the NJC principle (albeit a potentially higher amount), appears the fairest method of distribution, particularly given the larger proportional impact of essentials price rises on lower salaried workers.

UNISON welcomes that progression schemes have been introduced within some departments and understand that other departments have expressed an interest too, as this will help with recruitment and staff retention. Unison is keen to start discussions regarding pay for 2023/24 as soon as possible and can collaborate on a staff survey so that employees can be involved in the process. Employees would all welcome an early 23/24 pay award settlement, with the option to revise in 23/24, if the 23/24 national pay award is settled later and is significantly different.”

## 6 Financial Implications

- 6.1 The council budgeted a level of 2.5% for the pay award for each of the four years of the financial plan. The estimated additional cost to the council to fund the proposal is between £686,720 and £721,180 in 2022/23 and increase each year as set out in the table below. This takes into consideration that the council has a number of vacant posts where the pay award will not take effect until those posts are filled.

Impact on Financial Plan	2022/23	2023/24	2024/25	2025/26
Lump sum increase to salary £1925 or 4% whichever is the greater, excluding vacant posts (pro rata for part time staff	£ 721,180	£ 752,190	£ 784,530	£ 818,260

- 6.2 This can be met from the council's reserve balance in 2022/23. However, future years will need to be incorporated into the budget setting process and assessed as part of the financial plan work currently being undertaken for 2023/24 onwards. The current financial plan estimated a gap of £2.3m 2025/26 and the implication is that this gap may materialise earlier.
- 6.3 The council also needs to consider the financial implications for its wholly owned company, Alive West Norfolk who have also budgeted for a 2.5% pay award. The estimated additional cost for AWN staff has been calculated as between £155,210 and £155,745 in 2022/23 as can be seen in the table below:

<b>Impact to AWN</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Lump sum increase to salary £1925 or 4% whichever is the greater, excluding vacant posts (pro rata for part time staff	£ 155,745	£ 162,542	£ 169,627	£ 177,650

- 6.4 The council has budgeted for a management fee payable from AWN to the council of £345k in 2022/23 increasing to £412k in 2023/24. AWN have made good recovery since the pandemic, however, there are some areas of activity that are still below pre-pandemic levels. The implication is that AWN may not be able to achieve sufficient income to cover this increase in the pay award and may request a reduction to the Management Fee payable to the council. The council will need to continue to closely monitor the financial performance of AWN and assess the risk of this materialising so relevant action can be taken in a timely manner.
- 6.5 Again, any implications arising from this will need to be reflected in the financial plan going forward. As mentioned previously, the financial plan allows for a 2.5% pay award for future years. Further consideration will need to be given to whether this is budgeted at the right level given the current economic climate. This will inevitably add further challenge to reduce the budget gap in the financial plan.

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

- 7.1 The local Unison branch request for an 8% increase on all salary points would exceed budget provision by approximately £1.23 million in the current financial year across the Council and Alive West Norfolk and would actually be lower than the sum offered at the bottom of the pay scales.
- 7.2 The recommended increase exceeds current budget provision but can be met from reserve balances for the current year and will be built into budgets for future years of the current Financial Plan. The financial implications of this are covered in Section 6.
- 7.3 The recommendation incorporates a minimum hourly rate of £10.50, which exceeds the current "Real Living Wage"
- 7.4 An alternative approach for the current year would be to delay implementation of our local pay award until the National Pay negotiations have concluded. This will further delay payments to staff and we are aware that many of them are relying on the increased salary and backdated payments to help them to cope with the rising cost of living as we approach the winter months.

## **8. Statutory Considerations**

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

# Pre-Screening Equality Impact Assessment

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



Name of policy/service/function	2022 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 2022/23 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				

<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 2022 pay award recommend a minimum pay of £10.00 per hour which supports the continuation of this approach.</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>
		<p><b>Actions agreed by EWG member:</b> ...Becky Box.....</p>
<p><b>Assessment completed by:</b> <b>Name</b></p>	<p>Debbie Gates</p>	
<p><b>Job title</b></p>	<p>Executive Director</p>	
<p><b>Date</b></p>	<p>30<sup>th</sup> June 2022</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.





## **PAY UPLIFT SUBMISSION: April 2022/23**

**SUBMITTED BY  
UNISON TO  
BOROUGH COUNCIL OF KINGS LYNN & WEST NORFOLK**

### **1. INTRODUCTION**

The following pay uplift submission by UNISON is on behalf of our members working for the Borough Council of Kings Lynn & West Norfolk.

The submission is set at a level that is fair and reasonable, recognising the following key points:

- Substantial increases in the cost of living over recent years, including in the current rapidly rising interest rate for the last 12 months, have significantly reduced the value of staff wages.
- The foreseeable financial impact of the national insurance rate increase scheduled for April 2022.
- Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services.
- Appropriate reward is needed for the increased workload and stress placed on staff against a background of unprecedented changes in working practices relating to the ongoing coronavirus pandemic. Staff assisted with support to our community, delivering food parcels and supplies to those who were housebound when the pandemic arrived. With the current conflict between Russia and the Ukraine, teams within the authority are now involved in supporting Ukrainian refugees arriving in West Norfolk. Many employees have undertaken such work in addition to their own workloads, getting no additional support, yet maintaining the high standards of work expected.
- Average pay settlements across the economy have been running ahead of those received by the Borough Council of Kings Lynn & West Norfolk staff over recent years, increasing the likelihood of recruitment and retention issues.
- Nobody should be paid less than the nationally recognised Living Wage rate, which has become a benchmark for the minimum level of decent

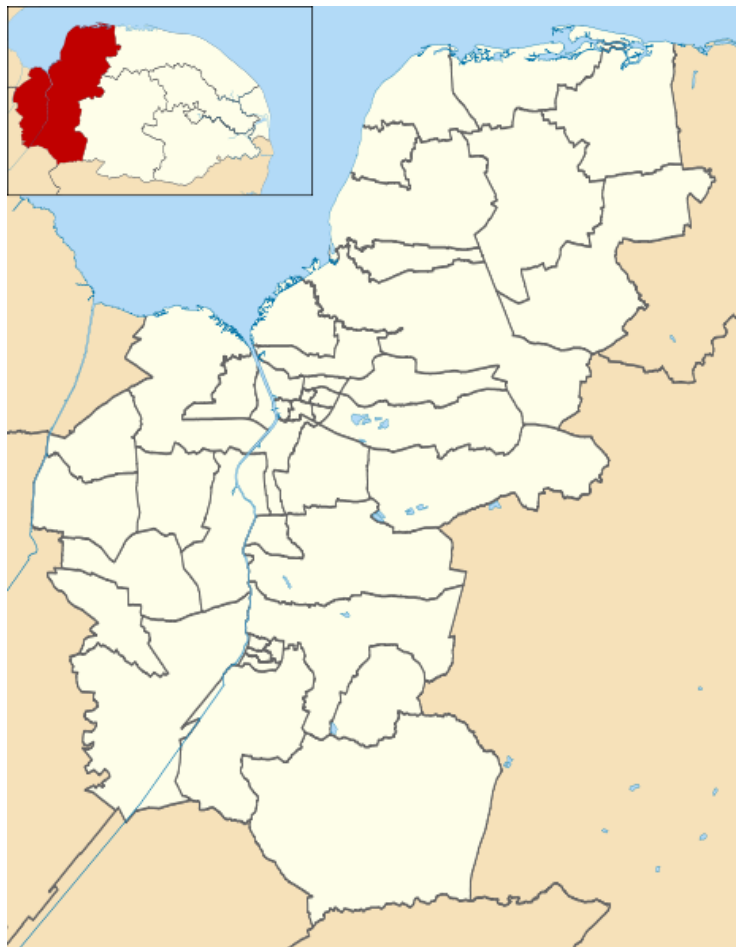
pay across the UK. A rate now paid by large sections of the public services and many major private companies.

## 2. SUMMARY OF SUBMISSION

After consultation with our members on their views, we are seeking to make the following submission on their behalf:

- An 8% increase on all salary points.
- A **minimum wage rate of £9.90** to ensure all pay meets or exceeds the level of the real living wage as calculated by the Real Living Wage Foundation.
- A reduction in the working week from **37 hours to 35 hours** per week. (part time worker hours reduced pro-rata).
- A contractual **additional day leave** for Christmas Eve (in lieu where required).

We believe the submission outlined above, if awarded, would constitute a fair and equitable award for 2022/23. One that would be reflective of the wider economic impacts upon pay, and also proper recognition of the work undertaken by staff employed by Borough Council of Kings Lynn & West Norfolk Council.



### 3. FALLING VALUE OF PAY

The value of pay is crucial to the maintenance of the quality of living. Pay awards that are above the cost-of-living rise are real term pay rises. Pay awards that fall below the costs-of-living rise are real term pay cuts.

The historical context of pay awards in Borough Council of King's Lynn & West Norfolk against the ever-rising cost of living over the last decade is outlined in the table below:

Year	KL & West Norfolk BC	RPI
2010	1%	4.6%
2011	0%	5.2%
2012	0%	3.2%
2013	1% (£7 min wage)	3.0%
2014	1% & 1.5% <£21.5K (£7.20 min wage)	2.4%
2015	1% (£7.52 min wage)	1.0%
2016	1% (£7.52 min wage)	1.8%
2017	1% (£7.78 min wage)	3.6%
2018	2% (£8.50 min wage)	3.3%
2019	1% (£9.00 min wage)	2.6%
2020	2.5% (£9.20 min wage)	1.5%
2021	2.5% (£9.50 min wage)	6.3%

For 10 of the last 12 years, cost-of-living pay awards in the Borough Council of King's Lynn and West Norfolk Council have fallen below RPI.

Between the start of 2010 and the end of 2021, the cost of living, as measured by the Retail Prices Index, has risen by a total of 45.8%. But more recently the rises have been even more dramatic.

As of December 2021, inflation rates for the previous 12 months were at highs not seen for over 10 years. With CPI at 4.8% and RPI even higher at 6.3% the impact on workers cost of living is already considerable.

Yet, despite this record rate of inflation for 2021, the rocketing cost of living has, to date, shown no signs of abating in 2022.

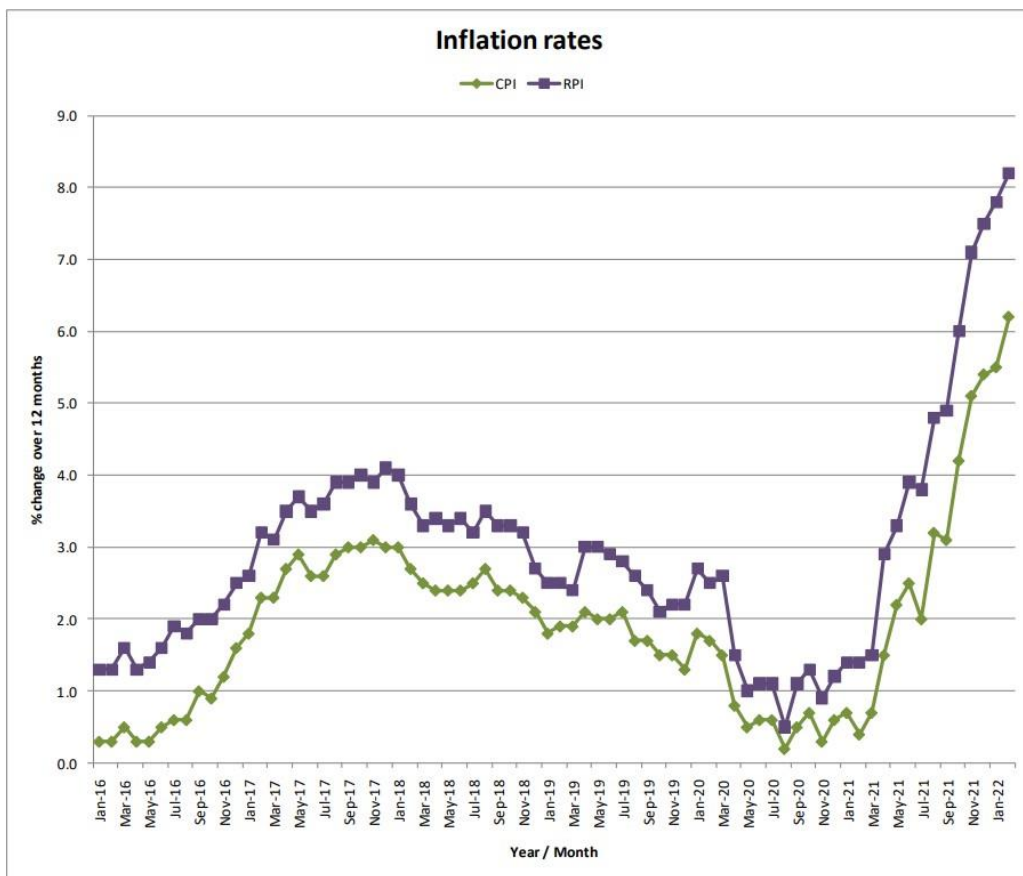
Interest rates have exploded over 2021 and into 2022, putting the February 2022 RPI rate at 8.2% and the CPI rate at 6.2%<sup>1</sup>. The Bank of England predicts that inflation will rise to around 10% this year.<sup>2</sup> For context these are inflation rates not seen for 3 decades. The May Monetary Policy report also states that it will take around two years to achieve the target 2% inflation.

The table below tracks both CPI and RPI over the last 6 years:

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<sup>1</sup> Office for National Statistics, UK Consumer Price Inflation: Feb 2022, published March 2022

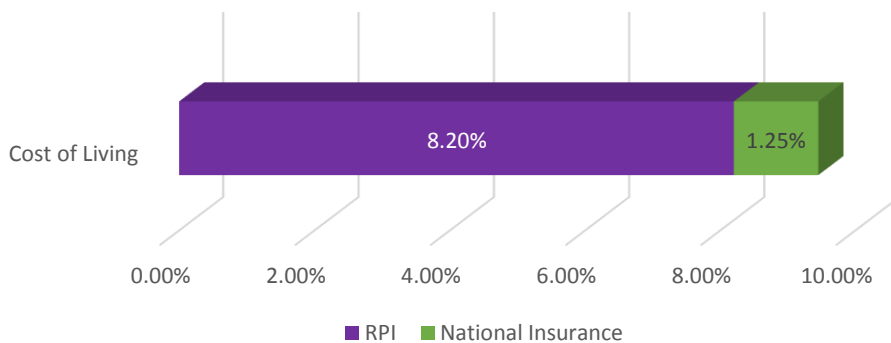
<sup>2</sup> Bank of England, Monetary Policy Report - May 2022



Not least, staff have seen particularly acute rises in the following areas:

- A 29% increase in gas bills;
- A 21% increase in petrol prices;
- A 19% increase in electricity bills;
- A 31% increase in heating oil prices.
- A further rise in the price cap on energy predicted for October 2022.

In addition to these inflationary factors, from 6<sup>th</sup> April 2022 to 5<sup>th</sup> April 2023 national insurance contributions are set to increase by 1.25%<sup>3</sup>



<sup>3</sup> National Insurance (.gov) - <https://www.gov.uk/national-insurance/how-much-you-pay>

The rising price of house/flat purchases as well as rising cost of rentals also remains one of the biggest issues facing employees and their families.



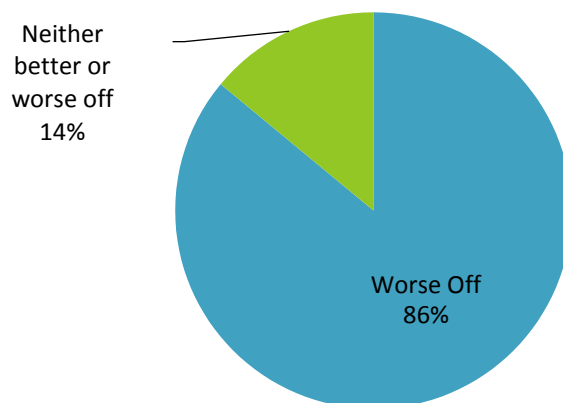
Across the UK, house prices rose by 10.2% in the year to October 2021<sup>4</sup>.

The latest figures show the East of England region specifically saw the second highest 12 month rise of 11.2%.

Private rental prices have also seen a significant increase, taking the average monthly rent for new tenancies in the UK up 8.3% to £1,060 per calendar month in December 2021<sup>5</sup>.

Rental costs in the East of England continue to be the 3<sup>rd</sup> highest, other than Greater London or the South East.

Finally, in terms of local staff feedback, a recent UNISON survey in March 2022 found that 86% of staff members, when assessing their pay against the rising cost of living, felt “worse off” when comparing their pay to Jan 2021.



The combined impact of these economic factors upon the cost of living is significant. It is therefore crucial that a significant pay uplift is awarded this year which is reflective of these financial pressures and takes account of the real- world consequences this has, as many families will struggle to make ends meet.

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<sup>4</sup> Office for National Statistics, UK House Price Index: October 2021, published December 2021

<sup>5</sup> HomeLet Rental Index December 2021

## 4. FALLING BEHIND AVERAGE PAY RATES

The ability of the Borough Council of King's Lynn & West Norfolk to attract and retain staff in the long term will be damaged if the pay of staff falls behind the going rate in the wider labour market.

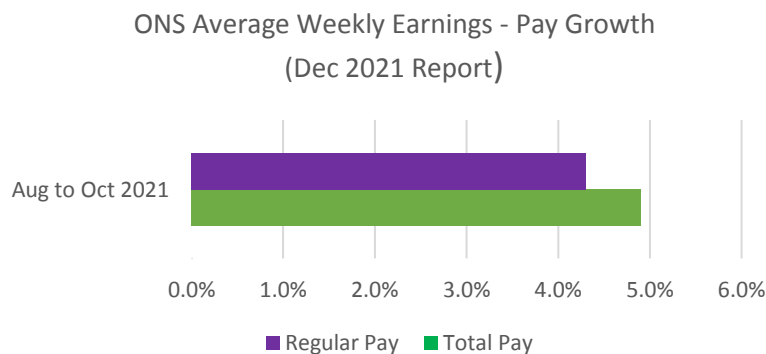
The table below shows that local pay settlements have largely been behind economy averages, resulting in the borough council pay rates growing steadily more uncompetitive over a sustained period.

<i>Year</i>	<i>Average pay settlements</i>	<i>National Joint Council (NJC) settlements</i>	<i>Borough Council KLWN pay increases</i>
<b>2010</b>	2.0%	0%	1%
<b>2011</b>	2.5%	0%	0%
<b>2012</b>	2.5%	0%	0%
<b>2013</b>	2.5%	1%	1%
<b>2014</b>	2.5%	2.2%*	1%
<b>2015</b>	2.2%	2.2%*	1%
<b>2016</b>	2.0%	1%*	1%
<b>2017</b>	2.0%	1%*	1%
<b>2018</b>	2.5%	2%*	2%
<b>2019</b>	2.5%	2%*	2%
<b>2020</b>	2.3%	2.75%	2.5%
<b>2021</b>	2.0%	1.75%	2.5%

\* For NJC SCPs over a certain level

The Office for National Statistics<sup>6</sup> in its December report calculated that growth in average total pay (including bonuses) was 4.9% and growth in regular pay (excluding bonuses) was 4.3% for employees from August to October 2021.

Furthermore, average total pay growth for the private sector was 5.4%.



<sup>6</sup> ONS Average weekly earnings in Great Britain: Dec 2021

In the same report, weekly earnings for regular pay are reported as £548. Over a 52-week year this equates to £28,496. Contrasted against the average salary in the Borough council of King's Lynn & West Norfolk of £20,766 (2019/2020) there is a marked difference.

In 2022 average earnings across the economy are surging ahead at 5.3% and the Office for Budgetary Responsibility's March 2022 Economic and Fiscal Outlook suggests that earnings growth will average 5.3% throughout 2022.

It is crucial to consider these metrics in the wider labour market when estimating organisational impacts if this year's pay offer and rates do not keep pace with market comparators.

## 5. LIVING WAGE BECOMING STANDARD MINIMUM PAY BENCHMARK

The Living Wage has become a standard benchmark for the minimum needed for low-paid staff to have a "basic but acceptable" standard of living.

The Borough council of King's Lynn & West Norfolk is now competing in a labour market where the Living Wage of £9.90 an hour outside London and £11.05 an hour in London has become an increasingly common minimum point in the pay scale.

The Real Living Wage	
<b>£9.90 per hour (Outside of London)</b>	<b>£11.05 per hour (Within London)</b>

Studies supported by Barclays Bank have shown that Living Wage employers report an increase in productivity, a reduction in staff turnover / absenteeism rates and improvements in their public reputation.

Consequently, there are now almost 9,000 employers accredited as Living Wage employers by the Living Wage Foundation, including almost half of the largest companies listed on the UK Stock Exchange, and household names such as Barclays, HSBC, Nationwide, Google and IKEA are among them.

Focussing locally, within the East of England specifically, the following councils are proudly Living Wage accredited employers<sup>7</sup>:

Cambridge City Council, Cambridgeshire & Peterborough Combined Authority, Colchester Borough Council, Felixstowe Town Council, Hadleigh Town Council, Harlow Council, Ipswich Borough Council, Norwich City Council, and Uttlesford District Council.

Across the public sector, the Living Wage has now long been set as the minimum pay rate across all Scotland's public sector organisations and this was

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<sup>7</sup> Accredited Living Wage Employers (<https://www.livingwage.org.uk/accredited-living-wage-employers>)



extended to social care workers in Scotland's private and voluntary sector from October 2016. The Welsh Government has committed to achieving the same goal in social care by 2024.

## 6. RECRUITMENT AND RETENTION PRESSURES BUILDING

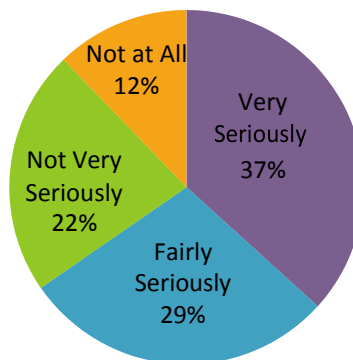
Following the economic downturn triggered by the pandemic, recruitment and retention pressures are now beginning to reassert themselves on employers.

Average turnover rate is estimated at 17% and median turnover rates are estimated at 14.5% across the economy<sup>8</sup>.

There is also evidence to suggest that the labour market is set to tighten further due to, the effects of the pandemic; restrictions on freedom of movement as a result of Brexit; and a growth in demand for hybrid and remote working, with many employees leaving to work for organisations where they could work on a hybrid basis. This creates a perfect storm for employers looking to recruit and retain employees.

Almost half of employers (46%) now report having "hard to fill" vacancies, with public sector employers all reporting higher levels than the average – 59% of NHS employers report hard to fill vacancies, 52% among public administration employers and 49% among education employers<sup>9</sup>. Employers are taking action in response to recruitment challenges with 47% reporting that they are raising wages as a result.

UNISON asked local staff, as part of the March 2022 survey, if since January 2021 had they considered leaving their current position:



With two thirds of local staff respondents feeding back they are now either "very seriously" or "fairly seriously" considering leaving the organisation, this presents a notable organisational risk in terms of retention of experience and talent.

This is a marked difference from last year's results in which 4 out of 5 respondents were either "not very seriously" or "not at all" considering leaving.

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<sup>8</sup> XperthHR, Labour turnover rates 2021

<sup>9</sup> CIPD, Labour Market Outlook, Autumn 2021

What is clear is that across the labour market employers are facing significant recruitment and retention issues. Those employers that are taking proactive action to significantly improve pay and conditions, will present a much more attractive offer to prospective new employees. It is therefore crucial that, against this backdrop, local government employers do not get left behind.

To ensure that the Borough Council of King's Lynn & West Norfolk can attract and retain the best, it must compete in the wider marketplace by providing improved pay and conditions.

## 7. MORALE UNDER THREAT

Working in the context of tight budgets and the unprecedented demands of the Covid-19 pandemic, staff have faced greater workload pressures. The recent ongoing Ukrainian disaster has also required staff to undertake additional duties outside of their usual workloads, adding further pressures.

The resulting increased stress puts the morale of the workforce at risk and poses a long-term threat to the ability of the Borough Council of King's Lynn & West Norfolk to provide a consistent quality of service.

In 2020/21, of the 822,000 workers in the UK suffering from work-related stress, it's estimated that over 50% reported that this was caused or made worse by the effects of the coronavirus pandemic<sup>10</sup>.

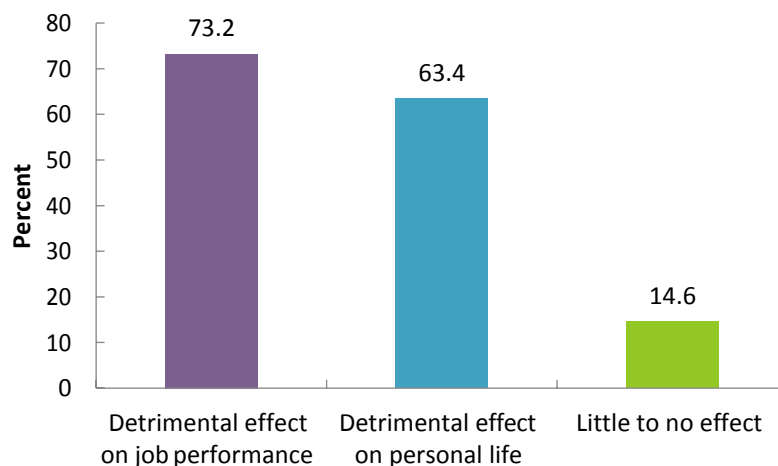
In 2021 research by CIPHR revealed that in the UK the joint leading cause of workplace stress for UK adults were concerns about money<sup>11</sup>.

Factoring the rapid rise in the cost of living, in the absence of a significant pay increase, this could foreseeably lead to dramatically increased stress for employees within the Borough of King's Lynn & West Norfolk. At a time where they are also struggling to maintain vital public services amid an ongoing global pandemic, the Ukraine crisis and widespread cost of living crisis.

In the recent UNISON survey conducted in March 2022, staff provided the following feedback on how workplace issues had changed since January 2021:

- **75.5%** felt that workloads had increased
- **71.4%** felt that stress had increased
- **63.3%** felt that staff numbers had decreased

With reference to workload increases, feedback on the impact was as follows:



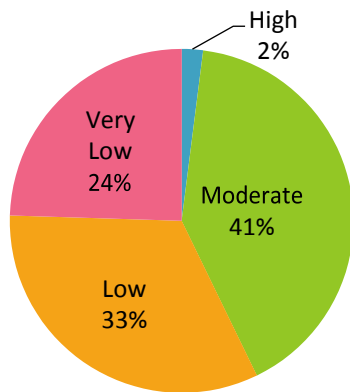
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<sup>10</sup> HSE Work-related stress, depression, or anxiety statistics in Great Britain 2021

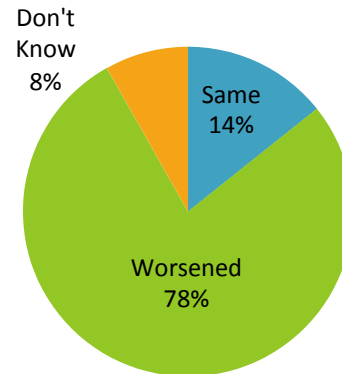
<sup>11</sup> CIPHR – Workplace stress statistics in the UK 2021

Such significant impacts are cause for concern in terms of future retention. Current levels of workplace morale were also questioned in the March 2022 survey, and UNISON received the following feedback from staff:

How would you describe morale in the organisation?



How do you feel that morale has changed since January 2021?



The majority of respondents both felt moral was either “low” or “very low” as well as that it had worsened since January 2021. When taken in conjunction with other metrics within the survey it is again cause for concern with regards to retention of staff in the short to medium term.

The annual pay review provides a key opportunity for employers to recognise the work that has been undertaken by employees and award a commensurate uplift in recognition.

## 8. AFFORDABILITY

Fair pay rises for public sector workers would stimulate local economies. A recent analysis by the TUC<sup>12</sup> released in September 2021 calculates that if real term pay cuts since 2010 were reversed in line with CPI for example, that would boost the East of England economy by £313million.

A fair pay uplift for Borough Council of King's Lynn & West Norfolk staff would also translate into a boost for the local economy as workers inevitably spend much of their pay locally.

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<sup>12</sup> TUC Fair Pay for Key Workers: Briefing for Rishi Sunak MP

## 9. CONCLUSION

There can be no doubt that staff in the Borough Council of King's Lynn & West Norfolk have seen the value of their earnings fall considerably over recent years. This is seriously compounded by the now widely reported and immediate cost of living crisis in the UK. With prices for housing, food, fuel and energy all rocketing, staff members and their families need a serious pay rise, reflective of these pressures, just to make ends meet.

Evidence also suggests that local staff are also falling behind pay settlements for comparable jobs and the wider labour market.

Combined with these developments, the last year has seen intensified pressures placed on staff at the same time as greater job choices are opening up for staff in an improving labour market. Not least because of the increasing offer of remote working expanding the recruitment net of many employers.

When positioning these factors against staff feedback relating to workloads, stress and morale, this is a crucial moment for the Borough Council of King's Lynn & West Norfolk to take decisive action.

Therefore, this pay claim represents a very reasonable estimate of the reward staff deserve for their dedication, skill and hard work, and the minimum improvement in pay needed to maintain workforce morale for delivering consistently high quality services.