

# TONBRIDGE & MALLING BOROUGH COUNCIL

## GENERAL PURPOSES COMMITTEE

23 March 2021

### Report of the Chief Executive

#### Part 1- Public

#### Delegated

### 1 PAY AWARD 2021

#### Summary

This report requests Members to consider a pay award of 1% for employees for 2021/22.

#### 1.1 Introduction

1.1.1 Council employees have a term in their contracts which reads “Salaries will be revised on 1 April each year by an amount determined by the Authority having regard to movements in the Retail Price Index, comparative pay settlements and prevailing economic conditions.” In other words, this Council determines its own pay awards, and is not tied into the national process of collective bargaining.

1.1.2 The last increase in employees’ salaries was an award of 2.5% in April 2020. This was below the national pay award which was 2.75%.

1.1.3 This report considers a range of factors that are relevant to the issue of a pay award for 2021/22.

#### 1.2 Prevailing Economic Conditions

1.2.1 Members will be aware of the on-going need to make savings and transformation contributions in the context of the Medium-Term Financial Strategy and the Savings and Transformation Strategy. The latest projected ‘outstanding’ funding gap which has yet to be both identified and implemented is in the region of £475,000 although this is subject to change due to the ongoing impact of the Covid 19 pandemic on the economy, and the consequent changes to funding streams for Local Government in general and this authority in particular.

1.2.2 The Government has announced that the National Living Wage (NLW) for those over the age of 25 will rise on 1 April 2021 to £8.91 per hour. Assuming a 1.00% pay award from 1 April 2021, this will not impact on this Council’s salary scales (as the hourly rate for the lowest spinal column point – 310, will be marginally above the NLW hourly rate).

### **1:3 Comparative Pay Settlements**

- 1:3:1 It may be helpful to Members of this Committee to provide a 10 year historical context for pay awards within TMBC for the current recommend pay award. In 2010, 2011, and 2012 there were no pay awards and salaries remained “frozen” at the 2009 level. In June 2013, April 2014 and April 2015 there were pay awards of 1%; an award of 2% over 2 years was made for the period April 2016 to March 2018, the award for 2018/19 was 2%, for 2019/20 it was 2.5%.
- 1:3:2 At the time of writing we understand that one Kent Authority will not have a pay award this year (0%), 4 are proposing settlements of 1%, one of 1.3%, two are proposing a 2% award, one has settled at 2.5%, and 2 are tied to the national collective bargaining process (Unison have requested a 10% pay award).
- 1:3:3 Members may also be aware of the Government’s intended pay freeze for the “public sector”. This refers to those pay awards for approximately 45% of the public sector (including the armed forces, the police, teachers, the senior civil service and the NHS) that are decided by government ministers based on the recommendations of eight Pay Review Bodies.

### **1.4 Retail Price Index**

- 1.4.1 The most recently published RPI rate of increase for the 12 months to January 2021 was 1.4% and the Government's preferred measure of inflation, the Consumer Price Index (CPI) most recent published figure was 0.7% in the 12 months to January 2021.

### **1.5 General Discussion**

- 1.5.1 The factors that are relevant to a consideration of a pay award have been identified in the previous sections of this report.
- 1.5.2 The current rate of inflation suggests that a pay award is necessary. An overriding imperative for the Council is to contain its expenditure on salaries in order to retain a stable employment position that, in turn, will be to the overall benefit of staff, continue the delivery of good quality services, and help to achieve a balanced budget. Maintaining our ability to recruit and motivate staff with the appropriate skill sets to meet the challenges ahead as the country enters the recovery stage of the pandemic is also of vital importance.
- 1.5.3 The Council’s employees have been fully informed of the financial challenges facing the Council, via both the JECC and through Unison.

- 1.5.4 Provision for pay inflation for 2021/22 has been made in the Medium Term Financial Strategy at 1.00%.
- 1.5.5 I feel that it is appropriate to consider an award that recognises the continuing efforts of staff to 'do more with less'. An award will reinforce a message of support and encouragement to our staff who continue to face significant challenges in dealing effectively with the pandemic, in addition to the implications of overall cost reduction through re-structuring and the deletion of posts.
- 1.5.6 It is important from a recruitment and retention point of view (particularly for those with professional skills) that we do not fall significantly behind other employers. Therefore, I recommend that an award of 1.0% is offered to staff for 2021/22 in order to maintain a competitive position with other employers in the recruitment market.
- 1.5.7 The UNISON Regional Officer has been informed of the Council's likely pay award and has undertaken to discuss this with the local branch (who have been sent a copy of this report).

## **1.6 Legal Implications**

- 1.6.1 The Council has a contractual requirement to review our salary levels annually but no obligation to increase them by any set amount or in response to movement in either the RPIJ or the CPI.

## **1.7 Financial and Value for Money Considerations**

- 1.7.1 I believe that the recommended award for 2021/22 is an appropriate response in the light of the Council's budget position.
- 1.7.2 Financial provision in the Medium-Term Financial Strategy allows for 1.0% pay inflation.

## **1.8 Risk Assessment**

- 1.8.1 I see no significant risk in the recommendation. However, the Council will need to closely monitor movements in pay awards in future years not only amongst neighbouring authorities but also in the private sector as there is a slight risk that some staff, whom it may be in the Council's interest to retain for the future, may be attracted to the potentially higher rewards elsewhere as the economy recovers post pandemic.

## **1.9 Equality Impact Assessment**

- 1.9.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **1.10 Policy Considerations**

### 1.10.1 Pay Policy Statement.

1.10.2 It is appropriate to note that, the Borough Council received a report from an Independent Remuneration Panel containing recommendations for amendments to the Scheme of Members' Allowances which were considered in detail by the Full Council at its meeting on 11 April 2017. The Council resolved to accept the Panel's recommendation that with effect from the Borough Council elections in 2019 allowances have been increased in line with the staff pay award. Should any Member not wish to take the increase to their Member allowance they should contact the Director of Central Services and Deputy Chief Executive Adrian Stanfield.

## **1.11 Recommendations**

1.11.1 I RECOMMEND a 1.0% pay award, from 1 April 2021.

Background papers:

contact: Julie Beilby

Nil

Julie Beilby  
Chief Executive