

# TONBRIDGE & MALLING BOROUGH COUNCIL

## GENERAL PURPOSES COMMITTEE

20 February 2023

### Report of the Chief Executive

#### Part 1- Public

#### Delegated

## 1 PAY AWARD 2023

### Summary

This report provides Members with a variety of options in considering of a pay award for employees for 2023/24 within the funding envelope specified at the last meeting of General Purposes Committee on 25 January.

### 1.1 Introduction

- 1.1.1 At the meeting of the General Purposes Committee on 25 January 2023, the Chief Executive recommended a pay award of 5% to apply to all staff with effect 1 April 2023. (**Annex 1**)
- 1.1.2 Following this recommendation, Members voted in favour of agreeing to a pay award equivalent to 5% as it equates to in terms of the pay provision for pay award inflation for 2023/24, which has been made in the Medium Term Financial Strategy.
- 1.1.3 However, Members asked for a range of options to address the payaward within the financial envelope of a 5% award to all staff.
- 1.1.4 This report sets out to Members, a number of different of options which could be taken within the £584k 'envelope' for 2023/24 which has been made in the Medium Term Financial Strategy.

### 1.2 Option 1 – 5% pay award for all staff

- 1.2.1 This option is the original option presented to Members at the meeting of the General Purposes Committee on 25 January 2023.
- 1.2.2 This is the most equitable option which ensures that staff across the Council receive the same percentage pay award regardless of the grade of their post.
- 1.2.3 This pay award maintains the stability of the Council's current pay structure ensuring that all grades rise by the same percentage amount.

- 1.2.4 One of the key reasons that the 5% pay award was recommended is to meet the current recruitment and retention difficulties facing the Council which the majority of councils across the country are also facing.
- 1.2.5 It has been well publicised that since the start of the pandemic there has been a significant number of people leaving the workforce for a variety of reasons. These reasons include: early retirement, re-evaluating the need to work or to work full time and long term sickness. According to the ONS, half a million more people were out of the labour force during June to August 2022 because of long-term sickness compared with the same period in 2019.
- 1.2.6 During the past 12 months the Council has had significant difficulties recruiting to qualified planning posts such as Senior Planning Officers (grades M9-M8). There have also been difficulties recruiting to Building Control Surveyors (grade M9), Property Surveyors (grade M9), staff in the IT Development section (grade M9 and M8) and qualified solicitors (grade M6). All of these posts require a specific degree or masters level qualification along with substantial experience.
- 1.2.7 Recruitment difficulties in these key areas are not unique to the Council. The majority of councils across the country are struggling to recruit into these areas but the problem is most acute in the South East. The South East has the highest cost of living and councils are not only in competition with neighbouring local authorities but are also in competition with the private sector who in general can offer significantly higher salaries and benefit packages such as private health care.
- 1.2.8 The Council has had to fill vacancies across Planning, Property and Legal during 2022/23 with agency staff with some assignments lasting for six months or more. Employing staff via recruitment agencies can be useful in providing extra capacity in the short term, but it is extremely expensive for long term assignments.
- 1.2.9 The cost of employing a permanent Planner (at the top of the grade including 30% 'oncosts) is £904 per week. To hire a Planner to cover a vacancy via an agency is in the region £1,600 per week. A permanent Senior Planner and Property Surveyor costs the Council £1,031 per week but the costs to hire via an agency are between £1,800-£2,000 per week. The cost of employing a permanent Solicitor is £1,300 per week compared to between £2,146-£3,588 if employed via an agency.
- 1.2.10 It may be helpful to Members of this Committee to provide a historical context for the current recommended 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%, for 2021/22 it was 1% and for 2022/23 it was 2%.

1.2.11 As detailed above all staff including M grade staff have not received an annual pay increase of above 2.5% in 13 years. Whilst the TMBC pay award has been broadly been in line with what the wider public sector has offered during this period, it has fallen short of pay awards in the private sector.

**1.3 Option 2 – 5% pay award for all staff from 1 April 2023 with a retrospective pay award backdated to 1 January 2023 for staff on pay scales 1-6**

1.3.1 This option addresses the recruitment issues as set out in 1.2 above as well as maintaining the Council's current pay structure. This option would also provide an additional three months backdated pay award to staff on the lowest salary scales.

1.3.2 The backdated pay award would be applicable to approximately 140 staff (out of a total of 252) on the Council's 1-6 salary scales which fall within a salary range at present of £18,381- £29,901.

1.3.3 This option would provide additional pay to staff on lower grades whilst still ensuring that the 5% pay award applies to all posts including SO and M grade staff.

1.3.4 This option would result in a (currently unbudgeted) one off cost to the Council of £50k which could be met from the Council's General Revenue Reserve in 2022/23 subject to Full Council approval.

**1.4 Option 3 – Apply the same fixed monetary value to all spinal column points within each pay grade**

1.4.1 The provision for pay inflation for 2023/24 which has been made in the Medium Term Financial Strategy equates to £584,000. This provision includes employer's superannuation and national insurance contributions.

1.4.2 If this provision (after deducting the allowance for employer's contributions for national insurance and superannuation) was to be equally applied to each spinal column point within each of the salary scales then it would mean that all of the Council's 252 members of staff would receive an annual pay increase of exactly £1,825 (pro-rata for part time staff) from 1 April 2023.

1.4.3 In terms of a percentage pay award this would vary greatly across the different pay grades and would obviously provide a significantly higher percentage increase for staff in lower graded posts compared to staff in higher graded and management grade posts.

The below table shows the percentage increase staff would receive for each salary scale based at the top of the grade:

Salary Scale	Top of salary	Fixed increase	New top of scale	% increase
1	£18,381	£1,825	£20,206	9.93%
2	£19,263	£1,825	£21,088	9.47%
3	£21,093	£1,825	£22,918	8.65%
4	£24,054	£1,825	£25,879	7.59%
5	£27,117	£1,825	£28,942	6.73%
6	£29,901	£1,825	£31,726	6.10%
SO	£36,198	£1,825	£38,023	5.04%
M9	£41,250	£1,825	£43,075	4.42%
M8	£46,281	£1,825	£48,106	3.94%
M7	£51,309	£1,825	£53,134	3.56%
M6	£56,340	£1,825	£58,165	3.24%
M5	£61,371	£1,825	£63,196	2.97%
M4	£70,527	£1,825	£72,352	2.59%
M2	£98,196	£1,825	£100,021	1.86%
M2a	£100,710	£1,825	£102,535	1.81%
M1	£125,862	£1,825	£127,687	1.45%

- 1.4.4 This option ensures all staff receive the same monetary pay increase regardless of the salary scale that their post falls within. Staff in salary scale 1-6 posts would receive between a 9.93-6.10% increase, staff in SO posts would receive 5.04% and M Grades would receive between 4.42-1.45%.
- 1.4.5 In comparison to options 1 & 2, this option achieves a more positive outcome in percentage terms for staff on grades 1-6 & SO, but a less favourable outcome for M grade posts as all M grades would receive a pay percentage award of less than 5%.
- 1.4.6 A feature of the M grade framework is that the remuneration levels for all M grade posts (including those of chief officers), are fixed as a percentage of the benchmark grade M2. Therefore, the grading structure specifies the pay multiples attached to each grade as a percentage of the lowest incremental point of grade M2. If a fixed amount increase was applied to all posts then the Pay Policy Statement would need to be amended in relation to M grade salaries.

## 1.5 Option 4 – apply a sliding scale percentage to different salary bands

- 1.5.1 This option would see different percentages applied to staff in different pay groups with staff in lower pay groups receiving a higher pay award percentage.
- 1.5.2 One option within the available financial envelope would see staff in salary scales 1-6 receive a 7% pay increase, which would impact on approximately

140 staff. Staff on the Senior Officer SO grade would receive a 5% pay award which would impact on approximately 27 staff and M grade staff would receive 3.75% which would impact on approximately 85 staff.

- 1.5.3 The below table shows the salary increase staff would receive for each grade based at the top of the grade:

Salary Scale	Top of salary	Fixed increase	New top of scale	% increase
1	£18,381	7%	£19,668	7.00%
2	£19,263	7%	£20,611	7.00%
3	£21,093	7%	£22,570	7.00%
4	£24,054	7%	£25,738	7.00%
5	£27,117	7%	£29,015	7.00%
6	£29,901	7%	£31,994	7.00%
SO	£36,198	5%	£38,008	5.00%
M9	£41,250	3.75%	£42,797	3.75%
M8	£46,281	3.75%	£48,017	3.75%
M7	£51,309	3.75%	£53,233	3.75%
M6	£56,340	3.75%	£58,453	3.75%
M5	£61,371	3.75%	£63,672	3.75%
M4	£70,527	3.75%	£73,172	3.75%
M2	£98,196	3.75%	£101,878	3.75%
M2a	£100,710	3.75%	£104,487	3.75%
M1	£125,862	3.75%	£130,582	3.75%

- 1.5.4 The main benefit of implementing this option is that, like option 3 it would see staff in lower graded posts receive a higher percentage pay award.
- 1.5.5 In this option, unlike option 3, the pay award to all M grade officers is consistent but inevitably all M grades fall below a pay award of 5%. This option would destabilise the current pay structure as it reduces the differentials in monetary value between different grades particularly between the bottom of the SO grade and top of scale 6 and the top of the SO grade and bottom of M9.
- 1.5.6 There are a number of different percentage options which could be applied to different groups of staff on a sliding scale. However, by raising the percentage above 7% for staff on scale 1-6 it further negatively impacts on the percentage increase available for SO staff and in particular M grade staff.
- 1.5.7 For example if the Council awarded staff on salary scales 1-6 a 10% pay award and then awarded SO staff 5%, within the funding envelope set out earlier in this report, it would mean that all M grade staff could only be offered approximately 1.9%.
- 1.5.8 A further example is if the Council awarded 12.5% (which is the amount requested within Unison's pay claim) for staff on salary scales 1-6 and then 5%

for SO staff; then there would no funding left within the financial envelope resulting in a pay freeze for M grade staff.

## **1.6 General discussion points**

- 1.6.1 The latest published RPI figure (December 2022) is 13.4%, with CPI (December 2022) being 10.5%.
- 1.6.2 At the time of writing no Kent Authorities have settled their pay awards for 2023/24.
- 1.6.3 Informal research suggests that of those Kent authorities which set their own pay award, the majority are looking to apply a 5% pay award across all grades. If this is implemented, then the Council's M grade posts will fall significantly behind neighbouring authorities should they receive a pay award of less than 5%.
- 1.6.4 The cost of living and Public Sector pay is currently a very high profile topic with strike action taking place across various public sector bodies.
- 1.6.5 There is no doubt that the increase to the cost of living affects the vast majority of staff to a greater or lesser extent, 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.
- 1.6.6 Maintaining our ability to recruit and motivate staff with the appropriate skill sets to meet the Council's priorities and future challenges ahead is also of vital importance.

## **1.7 Legal Implications**

- 1.7.1 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 RPI or the CPI.

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

- 1.8.1 Financial provision in the 2023/24 Estimates and Medium-Term Financial Strategy assumes 5.0% pay inflation and would therefore be 'within budget'.
- 1.8.2 If Members decided they wished to award staff on scales 1-6 a backdated award as per Option 2, the additional cost of £50k would fall in the financial year 2022/23 and would need the approval of Full Council as this would be an unbudgeted cost to be met from the General Revenue Reserve.

## 1.9 Risk Assessment

- 1.9.1 I see no significant risk in the recommendation set out at paragraph 1.12 below. 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.
- 1.9.2 If Members implemented option 3 then the Council's Pay Policy Statement in relation to its M grade staff would need amending as set out in paragraph 1.4.5. If Members implemented option 4, there would be the risk of destabilising the pay structure as set out in 1.5.5.

## 1.10 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.

## 1.11 Policy Considerations

- 1.11.1 Pay Policy Statement
- 1.11.2 Business Continuity/Resilience

## 1.12 Recommendations

- 1.12.1 I **RECOMMEND** a 5.0% pay award for all staff as set out in Option 1, from 1 April 2023.
- 1.12.2 In the event that Members were minded to agree Option 2, then the Committee would also be asked to **RECOMMEND** to Council that the one-off cost of backdating the pay award to grades 1-6 be met from the Council's General Revenue Reserve in 2022/ 23.

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Background papers:  
Nil

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