

TONBRIDGE & MALLING BOROUGH COUNCIL**GENERAL PURPOSES COMMITTEE****25 January 2023****Report of the Chief Executive****Part 1- Public****Delegated****1 PAY AWARD 2023****Summary**

This report requests Members to consider a pay award of 5% for employees for 2023/24.

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% in April 2022.

1.1.3 There is no indication as yet of what the national pay award offer for 2023/24 might be. The national pay award for 2022/23 was agreed on 1 November 2022. The agreed pay award was a flat rate of £1,925 applied to all pay grades. This award equated to between 10.5% - 4.04% increase depending on the salary.

1.1.4 This report considers a range of factors that are relevant to the issue of a pay award for 2023/24.

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 Council still faces a significant funding gap over the 10-year period of the MTFS.

1.2.2 The Government has announced that the National Living Wage (NLW) for those over the age of 23 will rise by 9.7% on 1 April 2023 from £9.50 per hour to £10.42.

- 1.2.3 Assuming a 5.0% pay award is recommended from 1 April 2023, this will impact on this Council's salary scales (**Annex 1**), as the hourly rate for the three lowest spinal column point – 310 (scale 1), 311 and 312 (scale 2), will still be below the NLW hourly rate at £10.42 per hour. There are presently three staff on these grades who will need to move to scp 313.
- 1.2.4 The Council has a legal obligation to not pay below the NLW. If a 5.0% pay award is not awarded, then it must be noted that some form of pay award will have to be applied to the Council's spinal column points 310, 311, 312, 313 and 314 to ensure staff on these grades do not fall below the NLW from 1 April 2023 or these staff will need to be moved to scp 315 which at present equates to £10.44 per hour.

1.3 Comparative Pay Settlements

- 1.3.1 At the time of writing, no Kent Authorities have settled their pay awards for 2023/24, and that most are engaged in ongoing negotiations.
- 1.3.2 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%.

1.4 Retail Price Index

- 1.4.1 The most recently published RPI rate of increase (in December 2022) was 14% and the Government's preferred measure of inflation, the Consumer Price Index (CPI) most recent published figure (in December 2022), was 10.7%.

1.5 General Discussion

- 1.5.1 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.
- 1.5.2 The factors that are relevant to a consideration of a pay award have been identified in the previous sections of this report.
- 1.5.3 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 Council's priorities and future challenges ahead is also of vital importance.
- 1.5.4 The Council's employees have been fully informed of the financial challenges facing the Council, via both the JECC and through Unison.

- 1.5.5 Provision for pay award inflation for 2023/24 has been made in the Medium Term Financial Strategy at 5.0%.
- 1.5.6 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, in addition to the implications of overall cost reduction through re-structuring and the deletion of posts.
- 1.5.7 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 5.0% is offered to staff for 2023/24 in order to maintain a competitive position with other employers in the recruitment market.
- 1.5.8 The UNISON Regional Officer has been informed of the Council's likely pay award and has undertaken to discuss this with the local branch.
- 1.5.9 Unison presented their claim to the Chief Executive and Director of Central Services & Deputy Chief Executive in December 2022. Unison also separately presented their claim to the Leader and Deputy Leader. UNISON's pay claim for 2023/24 can be found, in full, in **Annex 2** of this report.

1.6 Annual Leave

- 1.6.1 On 1 November 2022 the National Employers and the NJC Trade Union Side reached agreement on the 2022/23 pay award.
- 1.6.2 In addition to the pay award it was also agreed that an additional one day's leave entitlement should be added in order to increase the minimum annual leave entitlement from 22 to 23 days for all 'Green Book' employees with less than 5 years' service and to continue to give an additional minimum of 3 days to employees with over 5 years' service. This change is due to take effect on 1 April 2023 and will directly apply to and impact Council staff on grades 1-6 with less than 5 year's service.
- 1.6.3 The national agreement also committed to giving all staff who work for Councils which determine their pay award by the agreed nationally accepted offer, to give an additional one day annual leave to all staff regardless of whether they have a separate annual leave policy. This change does not apply to TMBC but it is important to note for awareness. Members will also note in, **Annex 2**, that the Tonbridge and Malling Branch of UNISON have requested an extra day's annual leave is applied to all staff.
- 1.6.4 The below chart shows the current annual leave entitlement for staff on different grades.

Grade	Under 5 years' continuous local government service	Over 5 years' continuous local government service
1 – 4	22	26
5 – 6	22	27
Senior Officer	23	28
M9 - M5	24	29
M4	25	30
M3 - M1	30	33

- 1.6.5 In addition to the annual leave entitlement set out above, staff have an entitlement to two extra statutory days holiday as set out in the National Joint Council for Local Government Services, National Agreement on Pay and Conditions of Service (Green Book), these days are pro-rata'd for part time staff.
- 1.6.6 The Council's contracts for all staff state 'Changes in leave entitlements will be determined by reference to local or national agreements, or to statute'. As a minimum, the Council must adjust the annual leave entitlements for all its current staff within leave bands 1-4 and 5-6 (with less than 5 years' service) from 22 to 23 days. This change needs to be implemented to take effect from 1 April 2023.
- 1.6.7 The Council's annual leave entitlements have not been reviewed for a number of years. Having undertaken a review of the annual leave entitlements offered by neighbouring local authorities, it is clear the Council offers less annual leave than some neighbouring authorities.
- 1.6.8 It is proposed to increase the leave entitlement by one day for all staff with effect from 1 April 2023.
- 1.6.9 The below table, which incorporates the one day annual leave increase for all staff, was considered by the Council's Management Team and it is proposed to increase the leave entitlements accordingly with effect from 1 April 2023.

Grade	Under 5 years' continuous local government service	Over 5 years' continuous local government service
1 – 4	23	27
5 – 6	23	28
Senior Officer	24	29
M9 - M5	25	30
M4	26	31
M3 - M1	31	34

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 RPIJ or the CPI.

1.8 Financial and Value for Money Considerations

1.8.1 I believe that the recommended award for 2023/24 is an appropriate response in the light of the Council's budget position.

1.8.2 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 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.

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.

1.11 Recommendations

1.11.1 I RECOMMEND a 5.0% pay award, from 1 April 2023.

1.11.2 I RECOMMEND an increase of one day to the annual leave entitlements of all Officers as detailed in section 1.6 this report, from 1 April 2023.

contact: Julie Beilby

Background papers:
Nil

Julie Beilby
Chief Executive