

# TONBRIDGE & MALLING BOROUGH COUNCIL

## GENERAL PURPOSES COMMITTEE

24 January 2024

### Report of the Interim Chief Executive

#### Part 1- Public

#### Delegated

## 1 PAY AWARD 2024/25

### Summary

This report provides Members with a variety of options to consider determining the pay award for employees for 2024/25.

### 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.” 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 5% paid to all staff in April 2023.

1.1.3 This report considers a range of factors that are relevant to the issue of a pay award for 2024/25 and provides Members with different options to consider in determining the pay award for employees.

### 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 One of the biggest factors for Members to consider this year in determining a pay award is the significant rise of the National Living Wage (NLW) from 1 April 2024. The Government has announced that the NLW will rise by 9.8% on 1 April 2024 from £10.42 per hour to £11.44, an increase of £1.02 per hour.

1.2.3 The Council has a legal obligation to not pay below the NLW. If a pay award is not awarded, then it must be noted that some form of pay increase will have to be applied to the Council’s spinal column points (Annex 1) 313-316 to ensure staff on

these grades do not fall below the NLW from 1 April 2024 or these staff will need to be moved to scp 317 in order to ensure they do not fall below the NLW.

- 1.2.4 There is no indication as yet of what the national pay award (NJC) offer for 2024/25 will be. The national pay award for 2023/24 was only agreed in November 2023 and backdated to 1 April 2023. The agreed pay award was a flat rate of £1,925 applied to all pay grades. This award equated to between 9.42% - 3.88% increase depending on the salary.
- 1.2.5 The most recently published Retail Price Index (RPI) rate (in December 2023) was 5.3% and the Government's preferred measure of inflation, the Consumer Price Index (CPI) most recent published figure (in December 2023), was 3.9%.

### 1.3 Impact of the National Living Wage rise

- 1.3.1 The Council presently employs 34 members of staff who are on a scale 3 grade and 7 members of staff who are on a scale 2 grade.
- 1.3.2 The NLW will rise to £11.44 per hour from 1 April 2024. For context, the supermarket chain Sainsbury's has announced it will pay all its store staff a minimum of £12 per hour from 1 March 2024 in line with the new Real Living Wage. If the Council was to award a 5% pay award, this would mean only the top point of scale 3 would be slightly above £12 per hour from 1 April 2024.
- 1.3.3 The below table illustrates the new hourly rate increase a 5% pay award for grades 2-4 from 1 April 2024 would give (a 5% pay award is presented as option 1 in section 1.7 of this report):

Scale	SCP	2023 Salary	5% Pay Award	New Salary	New Hourly Rate
2	311	19,299	5%	20,264	£10.50
	312	19,713	5%	20,699	£10.73
	313	20,226	5%	21,237	£11.01
3	314	20,634	5%	21,666	£11.23
	315	21,078	5%	22,132	£11.47
	316	21,594	5%	22,674	£11.75
	317	22,149	5%	23,256	£12.05
4	318	22,593	5%	23,723	£12.30
	319	23,463	5%	24,636	£12.77
	320	24,339	5%	25,556	£13.25
	321	25,257	5%	26,520	£13.75

**Below  
NLW**

- 1.3.4 The below table illustrates the new hourly rate a fixed pay award of £1,900 for grades 2-4 from 1 April 2024 would give (a fixed pay award of £1,900 for local grades is presented in options 4 and 5 in section 1.7 of this report):

Scale	SCP	2023 Salary	Fixed Increase	New Salary	% Increase	New Hourly Rate	
2	311	19,299	1900	21,199	9.85%	£10.99	Below NLW
	312	19,713	1900	21,613	9.64%	£11.20	
	313	20,226	1900	22,126	9.39%	£11.47	
3	314	20,634	1900	22,534	9.21%	£11.68	
	315	21,078	1900	22,978	9.01%	£11.91	
	316	21,594	1900	23,494	8.80%	£12.18	
	317	22,149	1900	24,049	8.58%	£12.47	
4	318	22,593	1900	24,493	8.41%	£12.70	
	319	23,463	1900	25,363	8.10%	£13.15	
	320	24,339	1900	26,239	7.81%	£13.60	
	321	25,257	1900	27,157	7.52%	£14.08	

#### 1.4 Recruitment issues affecting the Council during the past twelve months

1.4.1 New starters during 2023: Between 1 January 2023 – 31 December 2023 the Council recruited 39 new starters. Of these new starters 9 were appointed to M Grade posts and 30 were appointed to scale 2-SO. The breakdown of appointments by grades can be found below:

Scale	Appointed	M Grade	Appointed
2	5	M9	5
3	11	M8	2
4	4	M7	0
5	5	M6	1
6	1	M5	0
SO	4	M4	1
<b>Total Appointed = 39</b>			

1.4.2 Leavers during 2023: Between 1 January 2023 – 31 December 2023, 32 members of staff left the Council, which is a turnover rate of 12.8%. Of these leavers 9 were in M Grade posts and 23 were in scale 2-SO posts.

1.4.3 The breakdown of leaver by grades can be found below:

Scale	Leavers	M Grade	Leavers
2	2	M9	4
3	4	M8	3
4	5	M7	1
5	6	M6	0
6	4	M5	0
SO	2	M4	1

<b>Total Leavers = 32</b>
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1.4.4 During the calendar year 1 January 2023 – 31 December 2023, the Council advertised 62 vacancies. This number is higher than the number of actual vacancies the Council had. This is because a number of these vacancies are re-advertisements. Re-advertisements are required when a post is not filled at the first time of asking. This can be due to a lack of applicants, a lack of suitably qualified applicants, interviews taking place with no appointment made or an applicant accepting the position but then subsequently turning the position down.

1.4.5 The table below shows the number of job vacancies for posts within scale 2-SO which led to an appointment being made between 1 January 2023-31 December 2023, the table also shows the number of job vacancies which did not lead to an appointment.

Scale	Appointed*	Not Appointed
<b>2</b>	2	2
<b>3</b>	8	3
<b>4</b>	4	2
<b>5</b>	9	2
<b>6</b>	5	3
<b>SO</b>	4	1
<b>TOTAL</b>	<b>32</b>	<b>13</b>

(\*note, there are instances where one job vacancy can lead to more than one appointment, the table reflects one appointment made).

1.4.6 All of the job vacancies between scale 2-SO were recruited to but the table above demonstrates that the Council struggles to recruit to lower graded positions and several posts require being readvertised.

1.4.7 The table below shows the number of job vacancies for M Grade posts which led to an appointment being made between 1 January 2023-31 December 2023, the table also shows the number of job vacancies which did not lead to an appointment.

M Grade	Appointed*	Not Appointed
<b>M9</b>	2	5
<b>M8</b>	2	5
<b>M7</b>	1	1
<b>M6</b>	1	0
<b>TOTAL</b>	<b>6</b>	<b>11</b>

(\*note, there are instances where one job vacancy can lead to more than one appointment being made, the table reflects one appointment made).

- 1.4.8 The majority of the M Grade roles which were appointed to were roles within the Planning department, these roles were appointed to following the introduction of the Market Supplement and Golden Hello payments. Similarly of the 11 M Grade vacancies not appointed to, 6 of these posts were within the Planning department and were advertised before the introduction of the market supplements.
- 1.4.9 Recruitment to M grades posts is proving to be a challenge. In the vast majority of cases, M grade posts have a requirement for a specific qualification as well as substantial experience.
- 1.4.10 The Council has had to engage external recruitment agencies to aid recruitment with the appointment of permanent M grade staff in IT, the M9 Developer post and the M8 Senior Application Analyst & Developer. The Council has also had to engage external recruitment agencies to appoint a Senior Accountant (M9) vacancy. Although recruitment to these positions have been eventually successful, the posts have taken longer to fill and the Council incurs a 'finders fee' cost which is paid to the agency.
- 1.4.11 Despite the use of external recruitment agencies the Council has struggled to recruit to its Solicitor Property, Contract & Procurement (M6) vacancy and its Estate Surveyor (M9) vacancy. Both posts have been vacant for more than one year and have been occupied by long term agency/locum staff.

## **1.5 Comparative Pay Settlements**

- 1.5.1 At the time of writing, no Kent Authorities have settled their pay awards for 2024/25, and most are engaged in ongoing negotiations.
- 1.5.2 It may be helpful to Members of this Committee to provide a historical context in terms of recent pay awards. 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 2020/21 it was 2.5%, for 2021/22 it was 1% and for 2022/23 it was 2%. The most recent pay award for 2023/24 was 5%.

## **1.6 General Discussion**

- 1.6.1 The cost of living and Public Sector pay has been a very high-profile topic throughout 2023 with numerous strike actions taking place across various public sector bodies.
- 1.6.2 Although the rate of inflation has fallen significantly over the last twelve months, the current rate of inflation suggests that a pay award is necessary.
- 1.6.3 Unison submitted their claim to the Leader, the Chief Executive and the Director of Central Services & Deputy Chief Executive in November 2023. UNISON's pay claim for 2024/25 can be found, in full, in Annex 2 of this report.

- 1.6.4 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.
- 1.6.5 Provision for pay inflation for 2024/25 has been made in the Medium-Term Financial Strategy of £600,500. If an equal percentage was paid to all staff which has been the case in recent years, then this would equate to a pay award of 5.0% to all staff.
- 1.6.6 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. It is also important from a recruitment and retention point of view that we do not fall significantly behind other employers.
- 1.6.7 I recommend that a pay award is offered to staff for 2024/25 in order to maintain a competitive position with other employers in the recruitment market. I have set out a number of options below for Members to consider.

## **1.7 Options for 2024/2025 Pay Award**

### **1.7.1 Option 1 – 5% pay award for all staff**

1.7.2 This is the most equitable option which ensures that staff across the Council receive the same pay award regardless of the grade of their post.

1.7.3 This pay award would impact on the council's current pay structure. A 5% pay award would see the loss of scale 2 (scp 311-313) and the first spinal column point of scale 3 (scp 314) as they would both fall under the new National Living Wage.

1.7.4 In financial terms, this option would cost £4,100 above the provision the Council has made for pay award inflation for 2024/25. This is due to increasing the salary of a small number of staff to ensure they earn above the National Living Wage.

### **1.7.5 Option 2 – 7.5% pay award for all staff and adoption of the 'Real Living Wage' (UNISON's pay claim)**

1.7.6 As set out in Annex 2, the pay claim from the Tonbridge and Malling Branch of UNISON requested a 7.5% pay award for all staff and that the Council should adopt the 'Real Living Wage' set by the Living Wage foundation.

1.7.7 The Council has not previously signed up to be a Real Living Wage employer, the Real Living Wage from 1 April 2024 is £12.00 per hour.

1.7.8 This option would cost an additional £311,700 above the provision the Council has made for pay inflation for 2024/25.

**1.7.9 Option 3 – Apply the equivalent rise of the National Living Wage to all posts**

1.7.10 As set out in 1.2.2 above, the NLW is rising by £1.02 per hour from 1 April 2024.

1.7.11 If this same ‘flat’ pay increase was applied to all posts in the Council then this would give a greatly varying percentage increase in pay award as shown below:

Salary Scale	Top of salary	Fixed increase	New top of scale	% increase
2	£20,226	£1,965	£22,191	9.72%
3	£22,149	£1,965	£24,114	8.87%
4	£25,257	£1,965	£27,222	7.78%
5	£28,473	£1,965	£30,438	6.90%
6	£31,395	£1,965	£33,360	6.26%
SO	£38,007	£1,965	£39,972	5.17%
M9	£43,311	£1,965	£45,276	4.54%
M8	£48,594	£1,965	£50,559	4.04%
M7	£53,877	£1,965	£55,842	3.65%
M6	£59,157	£1,965	£61,122	3.32%
M5	£64,440	£1,965	£66,405	3.05%
M4	£74,049	£1,965	£76,014	2.65%
M2a	£103,101	£1,965	£105,066	1.91%
M2	£105,741	£1,965	£107,706	1.86%
M1	£132,150	£1,965	£134,115	1.49%

1.7.12 This option ensures all staff receive the same ‘flat’ monetary pay increase regardless of the salary scale that their post falls within. Staff in salary scale 2-6 posts would receive between a 9.72-6.2% increase, staff in SO posts would receive 5.07% and M Grades would receive between 4.54-1.49%.

1.7.13 This option negatively impacts on M grades posts with many posts receiving less than 3%.

1.7.14 This option maintains the council’s current pay structure by ensuring that no grades are lost.

1.7.15 This option would cost an additional £10,800 above the provision the Council has made for pay inflation for 2024/25.

**1.7.16 Option 4 – Maintain the Council’s current pay scales**

1.7.17 The Council’s pay scales will be significantly impacted by the rise of the National Living Wage on 1 April 2024. If no pay award is awarded in April 2024 then this increase will all but erode scale 3 other than the very top spinal column point. The current top of scale 3, scp 317 is £22,149.

- 1.7.18 If a flat 5% award is given as set out in option 1 above, then the lowest spinal column point the Council could pay is the spc 315, the second point of scale 3.
- 1.7.19 As Annex 1 shows, scale 1 and all but the top spinal column point of scale 2 now fall below the current national living wage and will significantly fall below the new NLW from 1 April 2024.
- 1.7.20 Moving the lowest spinal column point the Council can pay into scale 3 (scp 315) will impact on a large number of customer service and other administrative roles. The Council has utilised scale 1 and 2 in the past for lower skilled basic clerical and operative roles. Whilst the Council only employs a very small number of these roles, these roles would automatically have to be remunerated at scale 3.
- 1.7.21 The Council currently employs approximately 34 members of staff who are on scale 3, these posts require previous work experience and undertake more complex tasks with a good understanding of Council processes and systems.
- 1.7.22 This option applies the same fixed monetary amount to all 'Local' grades (scale 2 to SO) to ensure our current lowest grade scale 2 equates to £11.47 per hour, slightly higher than the new National Living wage from 1 April 2024, £11.44 per hour.
- 1.7.23 This option applies a percentage to all M grades. The M grade percentage is based on the remainder of the equivalent "pot" of the provision for pay inflation the Council has made for 2024/25.
- 1.7.24 The table below shows the actual percentage increase at the top of each grade:

Salary Scale	Top of salary	Fixed increase	New top of scale	% increase
2	£20,226	£1,900	£22,126	9.39%
3	£22,149	£1,900	£24,049	8.58%
4	£25,257	£1,900	£27,157	7.52%
5	£28,473	£1,900	£30,373	6.67%
6	£31,395	£1,900	£33,295	6.05%
SO	£38,007	£1,900	£39,907	5.00%
M9	£43,311	3.63%	£44,883	3.63%
M8	£48,594	3.63%	£50,358	3.63%
M7	£53,877	3.63%	£55,833	3.63%
M6	£59,157	3.63%	£61,304	3.63%
M5	£64,440	3.63%	£66,779	3.63%
M4	£74,049	3.63%	£76,737	3.63%
M2a	£103,101	3.63%	£106,844	3.63%
M2	£105,741	3.63%	£109,579	3.63%
M1	£132,150	3.63%	£136,947	3.63%

- 1.7.25 This option maintains the Council's current pay structure by ensuring that no current grades are lost.
- 1.7.26 This option would not cost above the provision the Council has made for pay inflation for 2024/25, but it does mean that professional staff on grade M9 and above would have an award less than the rate of inflation and it is these grades where the difficulties with recruitment and retention are most pronounced.
- 1.7.27 **Option 5 - Maintain the Council's current pay scales and provide a higher pay award for M Grade staff**
- 1.7.28 As outlined above, although recruitment has proved to be increasingly challenging during the past twelve months which affect posts at all grades, the Council is experiencing this most acutely across Management Grade (M Grade) posts.
- 1.7.29 A pay award of 3.63% or less (which would fall below the current rate of both RPI and CPI) will likely further exacerbate the difficulties in recruiting to M Grade vacancies.
- 1.7.30 The option detailed below is similar to option 4 above in that it applies the same fixed monetary amount to all 'Local' grades (scale 2 to SO) to ensure our current lowest grade scale 2 equates to £11.47 per hour.
- 1.7.31 This option is also proposing to apply a higher pay award of 5% to all M Grade staff in order to remain competitive in the recruitment market where M Grades have proved to be the hardest to fill. It is also likely that this option will have a positive impact on retaining current M Grade staff.
- 1.7.32 The table below shows the actual percentage increase at the top of each grade:

Salary Scale	Top of salary	Fixed increase	New top of scale	% increase
1	£19,299	£1,900	£21,199	9.85%
2	£20,226	£1,900	£22,126	9.39%
3	£22,149	£1,900	£24,049	8.58%
4	£25,257	£1,900	£27,157	7.52%
5	£28,473	£1,900	£30,373	6.67%
6	£31,395	£1,900	£33,295	6.05%
SO	£38,007	£1,900	£39,907	5.00%
M9	£43,311	5.00%	£45,477	5.00%
M8	£48,594	5.00%	£51,024	5.00%
M7	£53,877	5.00%	£56,571	5.00%
M6	£59,157	5.00%	£62,115	5.00%
M5	£64,440	5.00%	£67,662	5.00%
M4	£74,049	5.00%	£77,751	5.00%
M2a	£103,101	5.00%	£108,256	5.00%
M2	£105,741	5.00%	£111,028	5.00%

M1	£132,150	5.00%	£138,758	5.00%
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1.7.33 This option maintains the Council's current pay structure by ensuring that no current grades are lost.

1.7.34 This option would cost an additional £70,000 above the provision the Council has made for pay inflation for 2024/25.

## 1.8 Conclusions

1.8.1 The determination of a pay award for 2024/25 is not straightforward. There are a number of competing factors that the Council needs to take into account to ensure that it can meet the objectives set out in paragraphs 1.6.6 and 1.6.7 above. The most equitable option remains to award all staff the same percentage pay award regardless of their grade. However, the increase in the NLW is of particular importance for the forthcoming year, given its impact on the Council's pay structure. A flat percentage pay award to all staff regardless of grade (as set out in option 1) would not maintain the Council's pay structure and is not therefore my recommended option for the 24/25 financial year.

1.8.2 I am also conscious that the Council has made provision for pay award inflation within the medium term financial strategy of £600,500. If the pay award is to be met within this provision and without impacting the existing pay structure, then my recommendation for 24/25 would be that option 4 is approved. However, this comes with an important note of caution as to the potential impact in recruitment and retention terms of a below inflation increase for M grade staff.

1.8.3 Option 5 takes into account the dual pressures the Council is facing in response to the significant rise in the NLW by awarding a flat rate £1,900 pay rise to staff on scales 2-SO. In addition, this also factors in the potential benefits to the recruitment and retention of M Grade staff by awarding them a 5% pay award. If Members were minded to set a pay award that would increase the provision the Council has made for pay inflation 2024/25 then my recommendation would be that option 5 is approved.

## 1.9 Legal Implications

1.9.1 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.

## 1.10 Financial and Value for Money Considerations

1.10.1 Option 1 - This option would cost an additional £4,100 above the provision the Council has made for pay award inflation for 2024/25.

1.10.2 Option 2 - This option would cost an additional £311,700 above the provision the Council has made for pay award inflation for 2024/25.

1.10.3 Option 3 - This option would cost an additional £10,800 above the provision the Council has made for pay award inflation for 2024/25.

1.10.4 Option 4 - This option would not cost above the provision the Council has made for pay award inflation for 2024/25 and would therefore be 'within budget'.

1.10.5 Option 5 - This option would cost an additional £70,000 above the provision the Council has made for pay award inflation for 2024/25.

### **1.11 Risk Assessment**

1.11.1 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.

1.11.2 The Council lists recruitment and retention issues on the Strategic Risk register. If a below inflation pay award is given to staff this could increase the level of risk to the Council.

### **1.12 Equality Impact Assessment**

1.12.1 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.

### **1.13 Policy Considerations**

1.13.1 Pay Policy Statement.

### **1.14 Recommendations**

1.14.1 Members are asked to determine the pay award for the 24/25 financial year from one of the options as set out in section 1.7 of this report.

Background papers:

Nil

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