

<b>Committee:</b> Ordinary Council	<b>Date:</b> 2 November 2022
<b>Subject:</b> Employee Pay Award 2022/23	<b>Wards Affected:</b> All
<b>Report of:</b> Jonathan Stephenson – Chief Executive of Brentwood Borough Council & Rochford District Council	<b>Public</b>
<b>Report Author/s:</b> Name: Jacqueline Van Mellaerts - Corporate Director (Finance & Resources) & Section 151 Officer Telephone: 01277 312500 E-mail: <a href="mailto:jacqueline.vanmellaerts@brentwood.gov.uk">jacqueline.vanmellaerts@brentwood.gov.uk</a>  Name: Nichola Mann – Human Resources Manager Telephone: 01277 312500 E-mail: <a href="mailto:Nichola.mann@brentwood.gov.uk">Nichola.mann@brentwood.gov.uk</a>	<b>For:</b> Decision

### Summary

This report explains the national position on the local government pay offer for 2022/23 and the implications and risks if the Council was to continue with the budgeted 2% pay award within the 2022/23 budget.

### Recommendation(s)

#### **Members are asked to:**

- R1.** Approve the proposed National Joint Council (NJC) pay offer for 2022/23, as set out in paragraph 9 of this report, is adopted for Brentwood employees, subject to the final negotiations.
- R2.** Approve the proposed Joint Negotiating Committee (JNC) pay offer for 2022/23, as set out in paragraph 12 of this report, is adopted for Brentwood employees, subject to the final negotiations.
- R3.** Delegated authority is given to the Chief Executive and Head of Paid Service to amend Brentwood's Pay Policy statement to reflect the revised pay scales for 2022/23.

## **Main Report**

### **Introduction and Background**

1. The National Joint Council (NJC) determines pay as well as terms and conditions of employment for Local government services' workers. It has 70 members: 12 on the employers' side and 58 on the trade union side.
2. In 1997, the NJC for Local Government Services agreed a national framework with potential for local modification to suit local service requirements. Known as The Single Status Agreement, these pay and conditions of service agreements are published in the Green Book.
3. The Joint Negotiating Committee (JNC) for Chief Executives and Chief Officers of Local Authorities is the national negotiating body for the pay and conditions of service of chief executives and chief officers in England and Wales. The Authorities' Side consists of elected members nominated by the Local Government Association and the Welsh Local Government Association. The Staff Side consists of chief executives nominated by the Association of Local Authority Chief Executives and Senior Managers (ALACE). ALACE is registered as an independent trade union.
4. They help councils develop a framework for their roles and responsibilities as employers. This covers the relationships between council employers and their employees, including individual rights and collective arrangements.
5. The Localism Act 2011 requires councils to produce and publish a Pay Policy Statement. According to the Act and statutory guidance published in 2012 and 2013, the statement should include the local authority's policy on specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency arrangements.
6. Brentwood's Pay Policy was updated in June 2022 to reflect the Strategic partnership with Brentwood Borough Council and Rochford District Council. For the avoidance of doubt, a Chief Officer is an employee of the Leadership Team which comprises of the Chief Executive, 3 Strategic Directors and 9 Directors.

## Issue, Options and Analysis of Options

7. Brentwood Borough Council is not part of the NJC or the JNC and pay is set locally. On 23 February 2022 the Council agreed to include a 2% pay award within the 2022/23 Budget for Brentwood employees. The 2% currently costs c£249k for current budgeted staffing levels for both general fund and HRA account and has been factored into the current Medium Term Financial Strategy (MTFS).
8. Negotiations for the national Local Government pay 2022 have been ongoing between the national employees and the trade unions throughout the year, a summary of the negotiations to date have been set out below.

### National Joint Council (NJC)

9. In July 2022, the National Employers have agreed unanimously to make the following one-year (1 April 2022 to 31 March 2023), final offer to the unions representing the main local government National Joint Council workforce:
  - with effect from 1 April 2022, an increase of £1,925 on all NJC pay points 1 and above
  - with effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement
  - with effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine.\*

\*For clarity, if agreed, Brentwood would look to align our pay scales to ensure our minimum pay point is reflective of the NJC proposal.

10. The Council received an update from the Local Government Association (LGA) that UNISON's members have voted by 63.5% to 36.5% to accept the National Employers' final pay offer for local government services. Further details can be found [Here](#)
11. In order for the pay deal to be finalised so that it can be implemented and paid to employees, GMB and/or Unite must also vote to accept the employers' offer. Unite's membership consultation closed on 14 October 2022 and have decided to reject the employer's offer. GMB's closed on 21 October 2022. The NJC unions will meet on 1 November 2022 to discuss the results of their respective consultations, the LGA are hoping for a positive outcome.

## Joint Negotiating Committee (JNC)

12. Following the Officer's side and ALACE's pay claim on 6 & 8 June respectively, in July 2022, the national employers agreed to make the following one-year offer. Further details can be found on the following links. [Chief Executive's](#) & [Chief Officer's](#)

- With effect from 1 April 2022, an increase of £1,925 on basic salary (basic salary should exclude other separately identified payments such as Returning Officer fees etc)

13. ALACE has responded to the Employers pay claim for chief executives on 20 October 2022, rejecting their offer. At the time of writing this report, negotiations continue, with no firm agreement approved.

## Analysis of Options

14. The Council could continue with its current budgeted pay offer of 2%, however with the NJC and JNC offers that are in negotiation, it is expected there will be multiple negative impacts for the Council should the current local pay offer not be reviewed. By continuing with 2% the expected risks are:

- National Living Wage inconsistencies.
- Staff retention and recruitment.
- Pay awards in comparable sectors e.g. NHS.
- Staff morale.
- Cost of living and inflationary increases for employees.

15. By following the national pay offer, it is expected this will create parity and equality for employees, not only for the strategic partnership between Brentwood and Rochford but across all other Essex Authorities as well as meet statutory requirements for the National Living Wage.

16. A recommendation has been made by the Chief Executive and Head of Paid Service in consultation with the Leader of Brentwood Borough Council, to adopt the NJC and JNC final pay negotiations for one year only for 2022/23.

17. If it is approved, Brentwood's Pay Policy statement including pay scales will need to be updated, delegated authority is requested for the Chief Executive and Head of Paid Service to action any necessary amendments.

### National Living Wage (NLW)

18. The current national living wage (NLW) is £9.50 per hour from April 2022. Our current spinal column points (SCP) within Grade A and the bottom of Grade B sit below this. Employees receive a supplement to ensure they are receiving the NLW.
19. Forecasted NLW is expected to rise to £10.50 per hour from April 2023 and £11.33 per hour from April 2024. If the council continues at a 2% pay award for this year SCP's within Grade C will also not meet the future NLW requirements.
20. The Local Government Association (LGA) are proposing the increase of £1,925, to create some headroom for 2023 to account for these expected increases in the NLW against the NJC pay scales.
21. The Council needs to consider to also create some headroom within our 2022/23 pay scales to meet the proposed NLW requirements. By including the £1,925 increase the impact on our lowest pay scales will be as follows:

Grade/ SCP	Annual Salary	Monthly Salary	Hourly Rate	NLW 2022	Agreed 2%	With increase of proposed £1,925	NLW 2023 (predicted)
A/11	18,044	1,505	9.35	9.50	<b>9.54</b>	<b>10.35</b>	10.50
B/12	18,405	1,535	9.54	9.50	<b>9.73</b>	<b>10.54</b>	10.50

22. The table shows that an increase of £1,925 will give further headroom to meet predicted NLW requirements for 2023, however consideration for employees on Grade A will need to be reviewed. All Pay scales will continue to be monitored and reviewed in order to meet the predicted NLW for 2024 and future years.

### Employee leaver data

23. There are employees that do decide to leave the organisation, this could be due to sickness, retirement, personal circumstances, pay related concerns or other matters.
24. Of the data and reasons available, between April 2021 to March 2022 we had 19 leavers, 5 of which stipulated that they left to take up a role with a higher salary. Between April 2022 to October 2022, we had 24 leavers, 6 of which stipulated that they left to take up a role with a higher salary. This equates to

approximately 25% of leavers and this is expected to increase if Brentwood's pay scales do not reflect the national position on local government pay.

### Essex Local Authorities

25. The Chief Executives commissioned work to draw together various budget assumptions across all the Essex Authorities. Data has been collated amongst the authorities regarding Pay Awards for 2022/23 and 2023/24.
26. Of the 12 district/borough Council's across Essex, 7 authorities follow the NJC pay scales, and will have to amend their budget assumptions to account for the expected increases if the £1,925 is increased across all pay scales. 5 authorities do not follow NJC pay scales and have local pay arrangements.
27. However, all authorities have reviewed their original budget assumptions for local authority pay awards. Almost all authorities have increased their budget assumptions from approximately the original base positions of 2% to 4%-6.7% including those that have local pay arrangements, to account for the national negotiations.
28. Brentwood could continue with the 2% already included within the MTFs, however almost all Essex authorities are looking to increase their pay, including Rochford District Council, who follow the NJC pay scales.
29. Brentwood wants to create parity across our neighbouring partners, as well as ensure we retain staff on our payroll and maintain staff morale across the organisation.

### **Reasons for Recommendation**

30. To ensure Brentwood's pay scales create parity and across Local government sector, neighbouring authorities and meet statutory National Living Wage requirements.

### **Consultation**

31. Staff have been advised that a report will be brought to Ordinary Council for a decision.

### **References to Corporate Strategy**

32. To develop an empowered culture within the organisation and motivated workforce.

## Implications

### Financial Implications

**Name/Title: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources) and Section 151 Officer**

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33. The approximate financial impact if the national offer is agreed is as follows, based on current budgeted staffing levels. The additional amount required for both General fund and HRA accounts will be **c£505k**

	<b>Current Budget 2022/23 2% Pay Award</b>	<b>Top up to £1,925 (additional amount required)</b>	<b>Total of £1,925 Pay Award</b>
	£	£	£
General Fund	220,615	439,377	659,992
HRA	28,021	65,674	93,694
<b>Total</b>	<b>248,636</b>	<b>505,051</b>	<b>753,687</b>

34. However, the actual in year effect for 2022/23 will be expected to be lower, due to the Council's actual payroll, high vacancy factor and the reversal of the National Insurance 1.25% increase which was included within the 2022/23 budget.
35. If the recommendations in the report are agreed, it is expected that the actual financial implications can be managed in the short term for 2022/23 by using earmarked reserves at year end, specifically funding volatility. Therefore the Budget 2022/23 will not need to be amended in year.
36. By approving the 2022/23 NJC and JNC pay award, this will also affect the 2023/24 budgeted position, with similar implications as 2% has only been included in the base budget for future years. The Council will have to manage this increase whilst preparing the 2023/24 Budget. With the removal of the 1.25% national insurance increase and £1,925 proposed by award. The net increase to the base budget for 2023/24 could be approximately £584k to the General fund.

	<b>Salaries in 2023/24 Base Budget (includes 2% pay award)</b>	<b>NI assumptions reversed and Pay award of £1,925 added to salaries</b>	<b>Forecasted net increase to salaries in base budget 2023/24</b>
General Fund	12,412,760	12,996,610	583,850
HRA	1,529,494	1,617,974	88,480
<b>Total</b>	<b>13,942,254</b>	<b>14,614,584</b>	<b>672,330</b>

37. An analysis of % increases across all pay grades of the organisation is shown below, if the £1,925 is awarded.

<b>% Increase</b>	<b>No of posts</b>	<b>Bottom Grade</b>	<b>Top Grade</b>
10%	8	A11	B14
9%	22	B15	C18
8%	76	D19	D22
7%	65	D23	E26
6%	26	E27	F31
5%	47	F32	G37
4%	29	H38	J46
3%	24	J49	ELT2.3
2%	9	CD1	SD4
1%	1	Chief Exec	

### **Legal Implications**

**Name & Title: Steve Summers, Strategic Director and Monitoring Officer**

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38. There are no direct legal implications arising from this report.

### **Economic Implications**

**Name/Title: Phil Drane, Director of Place**

**Tel/Email: 01277 312500/philip.drane@brentwood.gov.uk**

39. Ensuring the Council maintains a healthy pay scale position, will continue to create growth and prosperity across the organisation.



## **Equality and Diversity Implications**

**Name/Title: Kim Anderson, Corporate Manager (Communities, Leisure & Health)**

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40. The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- a. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
  - b. Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - c. Foster good relations between people who share a protected characteristic and those who do not include tackling prejudice and promoting understanding.
41. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
42. The proposals in this report will not have a disproportionate adverse impact on any people with a particular characteristic.

## **Background Papers**

43. None.

## **Appendices to this report**

44. None