

Rother District Council

Report to	-	Licensing and General Purposes Committee
Date	-	13 July 2020
Report of the	-	Executive Director
Subject	-	Review of Local Pay Award

Recommendation: It be **RESOLVED:** That Members' views are sought for the 2020 pay settlement in the light of budget forecasts.

Introduction

1. As Members are aware, the financial situation the Council faces remains challenging for the foreseeable future. A major component in the Council's budget is its staffing and discussions have been on going with Staff Side on the position for a pay award for this year.
2. Members' views are being sought on the way ahead for this settlement to enable negotiation with UNISON / Staff Side to be progressed. It is also important to realise that any pay settlement is not a one off; it is then built into our budgets for the future years. Members are also reminded that any pay award agreed for staff is also applied to Members allowances.

Rother Local Pay Award

3. The Executive Director maintains a regular dialog with UNISON / Staff Side and as would be expected the pay award has been discussed. The expectation on their part will be for an annual pay award that reflects the current outlook and they would certainly be looking towards 2.75%. The consultation period with UNISON has closed and they have provided no further comments.
4. Nationally the pay negotiations for local government have not been settled for the 2020/21 financial year. The latest offer from the employers is for a 2.75% increase across all salary grades. The National Joint Council (NJC) original request was for a 10% award and a minimum wage of £10 per hour.
5. Rother has a local pay settlement arrangement and in 2018 Members agreed an annual 2% award for two years (minute ref: LG17/18). It is understood that council's around the county have budgeted for increases from 2% to 2.5% and this has been confirmed by the Society of District Treasurers.
6. In terms of inflation the Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.9% in April 2020, down from 1.5% in March 2020. It is expected that inflation will remain low with a risk of negative inflation following the impact of COVID 19 on the economy.
7. In previous years the Council has matched the Living Wage (from the Living Wage Foundation, and distinct from the National Living Wage) for our permanent staff. The living wage rate for 2020/21 (financial year) is £9.30, the same as 2019/20. All Council officers are paid above this rate.

8. Within this debate it should also be kept in mind the Council's future position in the employment market. Recruitment of professional staff remains challenging in some disciplines as the pool of local government professionals appears to be diminishing. In addition, the Council has proactively worked to narrow the gap between ourselves and neighbouring authorities on pay and, as these are often our main competitors, it is necessary to be conscious of their pay.
9. As part of setting the annual revenue budget for this year, Rother's pay award for 2020 was budgeted at 2% and this figure has been used in the agreed Medium-Term Financial Plan for future years. Any enhancement beyond this budgeted figure will require full Council approval and have to be found from within the existing budgets and further increases the financial pressure on the Council. This inevitably adds to the savings target the Council needs to achieve over the next years. For each 1% increase in pay, based on the budgeted establishment, this would cost an additional £102,000 including employee on-costs (NI, Superannuation).
10. Members are aware that the proposed spending review for local government has been delayed a further year and therefore an interim financial settlement based on current distribution methodologies is expected for 2021/22. It may be sensible to repeat a two year settlement (20/21 and 21/22) to tie in with the Government review. This also gives staff certainty over pay for a longer period.

Conclusion

11. The Council needs to determine its preferred pay award for September 2020. In the absence of the national award being agreed, there is no benchmark to use in coming to a view save for the amounts budgeted for by other Councils. The Council's finances are such that to go beyond the budgeted 2% will cause further financial hardship as compensatory savings will need to be delivered. There is also considerable merit in the stability a 2 year deal would give the Council and its staff. Furthermore, consideration needs to be given to the Council's view on the Living Wage (from the Living Wage Foundation).

Malcolm Johnston
Executive Director

Risk Assessment Statement

If UNISON / Staff Side were to press for a pay award above the budgeted amount, then the matter would have to be referred to full Council as it would fall outside the existing budgetary and policy framework. This would mean the implementation of the pay award would be delayed beyond the usual date of September.