

Report to the Leader of the Council

Subject: Proposal to provide a budget to support employees during the cost of living crisis

Date: 22 September 2022

Author: Head of Paid Service

Wards Affected

Borough-wide

Purpose

To seek approval to establish a budget to award a temporary cost of living support payment to all of the Council's current contracted staff in Pay Bands 1 to 7.

Key Decision

This is not a Key Decision

RECOMMENDATION(S)

It is recommended that the Leader of the Council:

1. Endorses the proposal by the Head of Paid Service to make a temporary cost of living payment of £250 to all contracted staff currently employed on Pay Bands 1 to 7 on a pro rata basis;
2. Approves the establishment of a budget by virement for the temporary cost of living support payments of £95,000 to be funded by a contribution from the Efficiency and Innovation Reserve.

1. BACKGROUND

Over the past few years a range of socioeconomic issues have had an adverse impact on the global, national and local economies, culminating in rising energy prices and inflation being significantly above expected levels. This has led to a large proportion of the population struggling to continue to meet everyday living costs due to the rise in petrol, fuel and food prices.

The Government has made some support available to the public, including for example, some direct financial support for increasing energy bills and the more recently announced Energy Price Guarantee which will cap energy bills for the next

two years, however this does not alleviate all of the immediate pressures of rising prices being faced by families.

It is nationally recognised that even relatively well-paid workers are struggling to pay the bills, and some are resorting to using food banks to support their family, but lower income families are accepted as those being the hardest hit.

The Council cannot resolve the macro problems that exist in our economy, but we do have the ability to provide an element of financial support to our staff at a local level. However, in making this decision, there is also a need to recognise that salaries are met from public money, and the reality that the Council is in a challenging financial environment, given the history of funding reductions and the inflationary pressures now being faced.

A national pay award has been offered to all NJC employees this year of £1,925 per annum (ranging from around 4% to 10.5% on pay points in the national pay scale with the higher percentages being applicable at the lower grades). However, this is still under consideration by trade unions and will not provide immediate relief to hardship.

2. PROPOSAL

Following consultation with the Leader of the Council, the Finance Portfolio Holder and Senior Leadership Team, the Head of Paid Service proposes a temporary cost of living support payment to all contracted staff currently on pay bands 1 to 7, as detailed in the table below. This offers the immediate recognition of the seriousness of the situation, which in the current climate is important.

In addition to this proposal, on 5 October 2022, the Appointments and Conditions of Service Committee (ACSC) will consider proposals for measures of a permanent nature to provide further support to staff on the lowest pay bands of the Council.

Proposal	Pros	Cons
Provide a one-off cost of living support payment of £250 to all contracted staff currently paid on pay bands 1 to 7 on a pro rata basis.	<ul style="list-style-type: none">• A considered and structured approach targeting posts up to Band 7 currently £29,124, i.e. above the Council's 'mean pay' level currently £26,766.• More than three quarters of the council's workforce would receive a payment.• Immediately visible recognition of the current economic climate and how it is affecting staff.• A defined cost that can be met from reserves.• There are examples of at least one other council locally making a one-off payment to staff to recognise the current hardship.	<ul style="list-style-type: none">• The nature of it being a one-off payment, however as detailed above, a permanent measure will also be considered by ACSC.• Staff paid on pay bands 8 and above would be excluded.

3. ALTERNATIVE OPTIONS

Broadly there are 3 alternative options considered:

- The first is that no budget for a one-off cost of living payment is approved. This would mean that no additional spend is committed beyond that associated with the national pay award. Socially this may have an impact in terms of hardship for our employees;
- The second is that the payments are made as a full amount to all employees in bands 1-7 rather than on a pro-rata basis. The benefit of a pro rata arrangement is that it is intrinsically fairer and from an employee relations perspective the arrangement is less divisive in that employees who work very few hours each week would not receive the same payment as a full time employee. That said, by applying a pro-rata payment to someone who works for, say five hours per week, would result in a relatively small payment being made that could be seen to be inconsequential and demotivating. However on balance, a pro-rata basis is the favoured approach and this option was not therefore supported;
- The third option that has been considered is a request received from the GMB Union Midlands Region for “a *non-consolidated Covid-19 recognition payment of £2,000*” for all staff. The cost of this option is approximately £950,000 and, in the Chief Financial Officer’s view, is not an affordable option in the context of the Council’s current financial challenges, the level of general fund balance, and the increasing uncertainties in the medium term financial plan. The initial inflationary impacts associated with the cost of living crisis on the Council’s budgets were reported to the 4 August 2022 meeting of Cabinet as part of the Quarter 1 budget monitoring report. This included the impact of the current statutory pay offer for which there is currently an ongoing funding shortfall of around £530,000 and for which ongoing savings will need to be identified in the absence of Central Government funding. However, as detailed above, the Appointments and Conditions of Service Committee will also be considering further permanent financial measures to support staff on the lowest pay bands of the Council.

There are a wide range of different levels of incentive that could be applied either in terms of the pay offered, the lengths of time over which it is offered or to whom it is to be offered. The option proposed is recommended as that reaching the majority of the workforce, being targeted to those on lower pay and being affordable in the context of the Council’s financial position and the uncertainty around the final cost of the national pay award.

4. FINANCIAL IMPLICATIONS

The cost of the proposed cost of living payment of £250 on a pro rata basis for all contracted staff on pay bands 1 to 7 is around £95,000. It cannot be accommodated within the existing base budget and it is proposed that it is funded by a contribution from the Efficiency and Innovation reserve.

5. LEGAL IMPLICATIONS

Although there is a contractual requirement to apply the annual national pay award, there is no statutory requirement to award additional local pay. There are no potential

legal implications associated with making these one-off cost of living payments as we are making the payment to all the contracted staff in our workforce earning pay bands 1 to 7 inclusive.

6. EQUALITIES IMPLICATIONS

An equality impact assessment is shown at Appendix 1.

There are no adverse impacts identified. The council has published its Gender Pay Gap information for 2021/22 and this shows that there is broadly a neutral pay gap between each of the four quartiles. As such the proposals do not have any identified equality issues.

The proposals to make payments for all posts up to Band 7 (SCP24) do not have any obvious adverse equality impact because the employee blend is so evenly distributed.

The Council's Pay Policy Statement identifies that 'median pay' falls within Band 4 and 'mean pay' falls in band 6. By selecting the options for a one-off payment to all employees up to Band 7 there is some financial benefit to more than three quarters of the workforce.

7. CARBON REDUCTION/ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

No environmental sustainability implications are identified.

8. APPENDICES

Appendix 1: Equality Impact Assessment

9. BACKGROUND PAPERS

There are no additional background papers

10 REASONS FOR RECOMMENDATIONS

To contribute to the relief of hardship suffered by our workforce currently on the lower pay bandings of the council.

Statutory Officer approval

Approved by:

Date:

Approved by:

Date:

Chief Financial Officer

21 September 2022

Monitoring Officer

21 September 2022



EQUALITY IMPACT NEEDS ASSESSMENT

Protected characteristic	Positive impact	Possible adverse impact	Not relevant	Consultation needed? Y/N (include as a sub-action)	Comments and sub-actions
Age			X	N	
Disability			X	N	
Race			X	N	
Religion and belief			X	N	
Gender			X	N	
Sexual orientation			X	N	
Pregnancy and maternity			X	N	
Gender reassignment			X	N	
Marriage and civil partnership			X	N	
Any particular geographical area within the Borough			X	N	