

29 November 2023		ITEM: 10
Council		
Updated Annual Pay Policy Statement 2023/24		
Wards and communities affected: All	Key Decision: Non-Key	
Report of: Graham Snell – Portfolio Holder for Finance		
Accountable Director: Jackie Hinchliffe – Director of HR, OD & Transformation		
This report is Public		

Executive Summary

The Localism Act 2011 requires the Council to publish an annual Pay Policy Statement. Council approved the 2023/24 Pay Policy Statement in January 2023 with amendments following the senior manager pay award approved in September 2023.

In accordance with the recommendation from the independent market assessment the 2023/24 Pay Policy included a pay increase of 4%. Noted in the report was the unpredictability of the national pay negotiations.

The national negotiations for Local Government pay for 2023/24 have now concluded with an agreed increase of £1,925 or 3.88% if higher. This represents a higher increase than applied by the Council on pay points up to the top of grade F.

In accordance with the Council's Collective Agreement, the recognised Trade Unions are expecting the Council to apply the higher NJC award. This is estimated to cost £1.528 million 2023/24. It should be noted that the report to Council on 25 January 2023, which approved the Council's own 2022/23 pay award be increased to match the higher NJC award, highlighted that the risk of the NJC award potentially being higher in future years.

Following the pressure caused by the NJC award in 2022/23, Council agreed to undertake a pay and reward review to potentially mitigate future pay growth before any new agreements are reached. This is the final year of the current collective agreement with Trade Unions that commits the Council to matching NJC increases. The agreement will be amended subject to the outcome of the review which will progress through the 2024/25 budget process.

1. Recommendations

1.1 The Annual Pay Policy Statement 2023/24 is revised to replace the locally agreed pay award with the higher national award.

2. Introduction and Background

2.1 The Localism Act 2011 requires the Council to publish an annual Pay Policy Statement for chief officers. This must be approved by Council by 31st March each year. Like many other local authorities, Thurrock's statement includes a pay policy for all categories of employees which reflects existing employment terms and conditions.

2.2 The Annual Pay Policy Statement for 2023/24 was approved by Council in January 2023. The Pay Policy Statement included a cost of living pay increase of 4%. This increase was based upon the market assessment conducted in December 2022 and recommended by the independent assessor. For comparison, subsequent pay increases agreed in 2023 for NHS employees awarded 5% and Teachers 6.5%.

2.3 The pressure on pay settlements in 2023 has remained high due to the high levels of inflation and tight labour markets.

2.4 The annual cost of living review conducted in December 2022 to inform the 2023/24 Pay Policy Statement did not reference the National Joint Council recommendations as this information was not available at the time.

2.5 In February 2023, the National Employers made a one year (1 April 2023 to 31 March 2024) final offer to the Trade Unions representing the Local Government Workforce. The elements of the offer relevant to the Council are:

- **With effect from 1 April 2023, an increase of £1,925 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive.**
- **With effect from 1 April 2023, an increase of 3.88 per cent on all pay points above the maximum of the pay spine but graded below deputy chief officer.**
- **With effect from 1 April 2023, an increase of 3.88 per cent on all allowances**

2.6 Following pay consultations, the NJC confirmed on 1 November 2023 that agreement had been reached encouraging employers to implement the new pay scales as swiftly as possible.

2.7 The three recognised Trade Unions, Unison, Unite and GMB, have all formally requested the Council apply the NJC agreed increase to ensure all employees have received a minimum increase of £1,925. This will affect 1,653 FTE in the workforce who will receive between £1,291 at the first point on the pay spine reducing to £38 at the top of grade F.

2.8 This report seeks approval to amend the Council's pay scales to incorporate the NJC agreed pay award – all other elements of the Pay Policy remain as agreed in September 2023.

3. Issues, Options and Analysis of Options

3.1 Under Thurrock's 2019 Human Resources Framework Collective Bargaining Agreement, the Council agreed to remove the historical annual link to National Joint Council for Local Government (NJC) pay rates and for the pay rates to be determined locally. The Agreement states:

- ***Annual Cost of Living Review***

- *The Council reserves the right to review, revise, amend or replace the content of the Pay Policy Statement from time to time to reflect service delivery needs and to comply with new legislation, including the inclusion of the payline.*
- *The annual cost of living review will be a locally agreed decision with reference to the National Negotiating committee (NJC) recommendations, an independent pay review (commissioned annually by the Council), budget availability and the UK Living Wage.*
- *Should the Council decide that annual pay will increase, this will be applied equally across all pay points.*
- *The cost-of-living review will continue to be effective from 1st April annually.*
- *Whilst the annual increase will be locally agreed, the Council commits that the overall increase to the pay line over the lifetime of this agreement (as per section 2.5) shall not be less than the cumulative "headline" increase of the NJC scales, as measured over the same period. This excludes any weighting or "loading" of the NJC scales.*

3.2 The current five-year Agreement runs until the 2023/24 financial year. The Agreement does not require the annual cost of living increase to reflect the NJC Award. Instead, the Council is contractually obliged to:

- Conduct and agree an annual cost of living review.
- Ensure the overall increase in the pay line over the lifetime of the agreement (1 April 2019 to 31 March 2023) is not less than the cumulative increase of the NJC scales over the same period.
- In addition, the Council aims to ensure its lowest pay point is not below the lowest pay point on the NJC scale and keeps pace with the expected National Living Wage.

3.3 Matching the 2023/24 NJC increase will ensure the Council meets the commitment made in the collective agreement that the overall increase to the pay line over the lifetime of the agreement (2019 to 2023) shall not be less than the cumulative "headline" increase of the NJC scales, as measured over the same period.

- 3.4 Following approval of the Pay Policy at Council in January 2023, the Council implemented a pay increase of 4% for Bands A to I. This was in line with expected increases in the public sector at the time and agreed with the Trade Unions.
- 3.5 The 4% pay increase awarded by the Council is lower than the offer that has now been agreed nationally. The national pay award represents a further pay increase for two thirds of the Council's workforce of between 0.1% and 6.4%. The 2023/24 NJC pay scales now have a minimum pay point of £11.59, the Council's minimum pay point increases from £10.92 to £11.59 as a result of the NJC award.

4 Consultation

- 4.1 The report has been shared with the Commissioners and the Trade Unions.

5. Implications

5.1 Financial

Implications verified by: **Jo Freeman**
Head of Financial Management

At their meeting on 1st March 2023 Full Council agreed the 2023/24 budget adjustments required to reflect pay inflation of 4% and incremental pay progression (subject to end-of-year performance and development review), this totalled £4.792m. In addition to this was the backdated changes to the pay policy for 2022/23 (in which the previously awarded increases of between 2.25-2.5% was replaced with a £1,925 annual increase on all pay points) this equated to £2.5m.

Total budgeted increase for 2023/24 was therefore £7.292m.

The proposed changes to the 2023/24 pay policy (to replace the 4% increase applied to bands A-F with a flat rate £1,925) has an estimated impact of £1.276m above the levels of growth already applied to the general fund (and estimated additional £0.252m for the HRA). This is an additional in-year cost above budgeted levels and will be reflected as part of the in-year budget monitoring reports presented to members on a quarterly basis. The ongoing financial impact of this pay policy change has been reflected as growth in the MTFs for 2024/25 with separate further contingency made. The HRA business plan has been updated to reflect the additional cost and can be contained within the ring-fenced fund.

The Council continues to experience significant revenue budget pressures and exceptional wider financial risks, for which a Section 114 notice was issued on 19th December 2022. The budget assumes government support in

the form of a capitalisation directive (CD), an MTF5 update will be presented to members in December 23 which shows all growth and savings requirements and impact on the CD requirement.

A review of pay and allowances will be conducted to identify any opportunities for mitigating pressures and to define arrangements for future pay increases.

5.2 Legal

Implications verified by: **Jayne Middleton-Albooye**
Interim Head of Legal Services

Sections 38 to 43 of the Localism Act 2011 require Councils to prepare a Pay Policy Statement for each financial year and the Secretary of State, pursuant to section 40, has issued both the original Pay Accountability Guidance in February 2012 and a supplementary guidance in February 2013. The content of this report and the recommendations comply with the Council's responsibilities in this regard. Section 39(4) permits the Council to amend its policy by resolution.

Clause 9.5 of the Thurrock collective agreement states:

Whilst the annual increase will be locally agreed, the Council commits that the overall increase to the pay line over the lifetime of this agreement (as per section 2.5) shall not be less than the cumulative "headline" increase of the NJC scales, as measured over the same period. This excludes any weighting or "loading" of the NJC scales.

It is more likely than not that a Tribunal or Court would consider provisions of this Collective bargaining Agreement dealing with pay as forming part of individual contracts of employment of Thurrock Council employees.

Failing to honour contractual commitments is likely to result in employees submitting claims and/ or taking industrial action. If claims are brought asserting that the Council has not complied with the collective agreement the Council would probably be unsuccessful in resisting those claims and would incur additional legal costs.

The Council's Chief Finance Officer has issued a section 114 notice which places restrictions on what the Council can spend to ensure that the Council will be able to balance its budget in the future. However, the Council is permitted to continue spending on existing staff payroll and pension costs, and on existing legal agreements and contracts.

As it is likely that the provisions of Thurrock Collective bargaining agreement would be found to be part of the contracts of employment of council employees, expenditure in relation to pay would fall into the category of an

exceptional reason for spending to be agreed. Members will need to consider the advice of the Chief Financial Officer as how the additional pay costs would be met.

5.3 **Diversity and Equality**

Implications verified by: **Becky Lee**
Team Manager – Community Development and Equalities

This pay statement implements the recommendations and standard protocols set by law and policy and therefore there are no diversity and equality implications arising.

5.4 **Other implications**

All implications have been detailed in the body of the report.

6. **Appendices**

Appendix 1 – Pay Policy Statement 2023/24

Report Author:

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