

Employment Committee Report
Report of Managing Director (Head of Paid Service)
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Date: 3 March 2021

Pay Award 2021-22

Recommendation to Employment Committee

That the decision of the Managing Director not to make a pay award but to make a non-consolidated payment of £250 to all staff on Grade 2 and below on 1 July 2021 be endorsed.

Reason for Recommendation:

To ensure that the Council's lowest paid workers receive a payment in the absence of a pay award.

Is the report (or part of it) exempt from publication?) No

1. Purpose of Report

- 1.1 The Managing Director has delegated authority to determine the annual pay award for all staff in the salary bands below Director level as set out in the Council's Constitution under Part 3, Delegation to Officers:

In consultation with the Leader, to determine the annual salary increase to locally determined salary scales for grades below Director level, provided that the cost of such is within the relevant overall budgetary provision

- 1.2 The Council is facing a severe financial shortfall in the next few years and immediate action is required to redress this. The cost of any pay award is significant and this has to be balanced with the Council's ability to meet the costs of the award. In view of this, the Managing Director has agreed in consultation with the Leader of the Council, and with Unison, that no pay award will be made this year. It has been proposed that the lowest paid workers, (those on Band 2 and below) will receive a non-consolidated payment of £250 on 1 July 2021.

2. Strategic Priorities

- 2.1 The Council needs to demonstrate that we have effective governance in place to manage the pay and remuneration for our staff.

3. Background

- 3.1 Our Pay Policy Statement 2021-22 sets out the Council's approach to reviewing levels of pay annually. It states that we will ensure that our overall remuneration packages align with market norms for local government and public sectors while at the same time taking account of pay levels in the local area, including neighbouring public sector employers.
- 3.2 It is the Government's view that Local Government should exercise restraint in making pay awards this year. Coupled with this, the UK currently has very low rates of inflation and has seen a contraction of pay rates in the wider UK economy. Each 0.5% pay award has a cost to the Council in the region of £135,000. Other Surrey District/Borough Councils have agreed the following awards for 2021:

Council	Pay award	Increments	other
Woking	0	no	
Surrey Heath	0	yes	
Epsom & Ewell	0.5%	yes	
Waverley	0.5%	yes	£200 for all staff on low-mid grades
Mole Valley	Up to 1%	yes	
Reigate & Banstead	1.3%	yes	
Runnymede	2%	yes	

- 3.3 It has been proposed that the lowest paid workers on Band 2 and below will receive a non-consolidated payment of £250 (pro rata for part-time staff) on 1 July 2021. There are currently 204 staff in Bands 1 and 2, and the cost of making a non-consolidated payment (including 23.7% oncosts) would be £63,000. As there is no budget provision made for a pay award this year, this will be funded by bringing forward funds set aside for next year's pay award (2022-23) as set out in the medium term budget approved by the Executive on 24 November 2020.
- 3.4 Incremental progression is a contractual benefit and 326 staff out of 683 staff, (almost half of our workforce) are eligible to receive incremental progression this year.
- 3.5 Unison's pay claim this year also included the award of an additional day's leave on the anniversary of 15th and 25th year of service. This would be a non-consolidated gift in each of those years and not added to an employee's leave allowance, it also cannot be claimed retrospectively. This has been agreed.

4. Equality and Diversity Implications

- 4.1 The Council's duty under section 149 of the Equality Act 2010 is to have due regard to the matters set out in relation to equalities when considering and making decisions. There are no direct equality impacts associated with agreeing

the pay award; however, there is an unequal gender balance in the lowest paid workers who are predominantly males engaged in Operational Services. In making a payment to the lowest paid workers, the positive impact on improving the pay level of this socio-economic groupings mitigates the unintended consequence of the equality impact.

5. Financial Implications

- 5.1 The cost of the non-consolidated payment to the lowest paid workers can be met from the Council's budget provision for an assumed 2% pay award in 2022-23. The remaining provision would allow for a 1.5% pay award in 2022-23 although current economic indicators mean that a lower award is likely.

6. Legal Implications

- 6.1 The requirement to consider an annual pay award is contractual and is set out within the Pay Policy Statement.

7. Human Resource Implications

- 7.1 There are therefore no additional human resource implications to agreeing the pay award.

8. Conclusion

- 8.1 The Council is fulfilling its obligation as set out in the Pay Policy Statement to consider making a pay award to staff.

9. Background Papers

Pay Policy Statement 2021-2022 (requires approval by Council 4 March 2021)

10. Appendices

None