

## EMPLOYMENT MATTERS COMMITTEE

**30 NOVEMBER 2022**

### **PAY NEGOTIATIONS 2023/2024**

Report from: Samantha Beck-Farley, Chief Organisational Culture Officer

#### Summary

To present Members with a report on the progress of the pay negotiations for the financial year 2023/2024.

#### 1. Budget and policy framework

- 1.1. This report covers the progress on the annual pay negotiations with the Trade Unions (TUs) for the financial year 2023/2024.

#### 2. Background

- 2.1. The Council came out of the national agreement in April 2013 and this is the ninth year of formal negotiations on pay awards with the TUs.
- 2.2. The procedure for pay negotiations was agreed by the TUs and this committee in February 2013 and is set out in the attached Protocol for annual local pay and conditions negotiations document (Appendix 1); the council has followed this procedure in its discussion with the TUs.
- 2.3. A Diversity Impact Assessment has been carried out on the pay negotiations and is attached to the report (Appendix 2).

#### 3. Pay Negotiations protocol 2023/2024

- 3.1. Progress to date:

**Action 1:** Completed - The Chief Organisational Culture Officer met with the TUs earlier than normally, given the cost-of-living crisis, on 21<sup>st</sup> June 2022 (typically September) an extract of the minutes are attached at Appendix 3). At this meeting, the Chief Finance Officer gave the TUs an overview of the Council's process to develop the 2023/24 budget, and that there would be a report to Cabinet in in October on the [Financial Outlook for 2023/24](#). The Chief Finance Officer advised finance are meeting the council's senior

members and corporate management team in early July to present early indications of our financial outlook for 2023/24. While in previous years the budget setting process has begun with a 1% assumption around pay, this year there will be a discussion that will set out the pay claim, recognising the emergency we are facing and ask the Cabinet to determine what assumption we start our budget build process on, recognising 1% will not be enough.

It was explained that whilst we are not assuming 1% the amount will still need to cover any increase resulting from negotiations under the Pay Protocol, any statutory increases to the National Living Wage and National Minimum Wage, as well as increases negotiated nationally to cohorts of staff employed on non-MedPay terms and conditions.

**Action 2:** Completed –The Chief Organisational Culture Officer, invited the TU's (Unison and GMB) to submit their joint pay claim by no later than WC 24th October 2022.

**Action 3:** Completed - The joint pay claim was received on 26<sup>th</sup> October 2022.

**Action 4:** Completed - A meeting with the Chief Executive, Chief Organisational Culture Officer and representatives from Unison was held on 14th November 2022. The financial position of the organisation was discussed, and it was confirmed that a provisional 5% was put aside for pay awards within the financial outlook.

**Action 5:** Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 30<sup>th</sup> November 2022.

**Action 6 a), b), c):** Meetings of the Joint Consultative Committee and Employment Matters Committee are scheduled for 24<sup>th</sup> January 2023.

**Action 7:** A meeting of Full Council is scheduled for 23rd February 2023.

#### 4. The joint TU pay claim

##### 4.1. The joint TU pay claim for 2023/2024 is as follows:

- A £2000 increase on all pay points or RPI, whichever is higher.
- The deletion of all pay points below £10.90 per hour (Living Wage Foundation Living Wage).
- A return to NJC national pay bargaining.
- Medway Council Sleep-in payments raised to £50 per sleep in.

## 5. Analysis of the joint TU pay claim

- 5.1. The pay claim relates to MedPay pay arrangements only, members are reminded that MedPay is not based on a pay point system but on staff being paid in accordance with their respective pay range.
- 5.2. Costs have been arrived at after applying the statutory increases and committed increments.
- 5.3. No cost analysis has been completed on the third element of the pay claim, this has been discussed at a previous meeting and the review of Medpay is now progressing.
- 5.4. The total estimated cost of applying a £2,000 COLA increase, a new minimum of £10.90 per an hour and implementing the statutory increases (increments and NMW/NLW including apprentices) to the salary bill equates to c£8,900,000.
- 5.5. The estimated cost of a £2,000 COLA increase on all pay points or RPI, whichever is greater (including oncosts) along with implementing the statutory increases (increments and NMW/NLW including apprentices) to the salary bill equates to c£8,520,000
- 5.6. The estimated cost of implementing the new minimum MedPay salary of £10.90 per hour increase to the salary bill after the impact of the measures in mentioned in paragraph 5.3, equates to c£380,000. 1082 posts would benefit from a minimum of £10.90 per hour.
- 5.7. A return to JNC national pay bargaining is not costed as this is not an option due to the MedPay review.
- 5.8. Medway Council Sleep-in payments have recently been raised to £45.00 PH, from £32.94 PH. As a comparison to NJC (£39.24). Therefore, no further costing has been done, as the current arrangement is already above a national offer. To consider this further more work would need to be benched marked and is not time permitted for the end of year award.

## 6. Analysis of Statutory increase

- 6.1 Typically in October each year, Government announces statutory increases to both the National Minimum Wage (NMW) and National Living Wage (NLW) to be applied from the following April. The announcement was later this year and confirmed in the Autumn Statement on 17<sup>th</sup> November 2022. The rates announced will be applied from 1<sup>st</sup> April 2023. The details of these statutory increases are listed below:

<b>Group</b>	<b>2022 hourly rate</b>	<b>% increase</b>	<b>2023 hourly rate</b>
<b>23 and over</b>	£9.50	9.68%	£10.42
<b>21 to 22</b>	£9.18	10.89%	£10.18
<b>18 to 20</b>	£6.83	9.66%	£7.49
<b>16 to 17</b>	£4.81	9.77%	£5.28
<b>Apprentice</b>	£4.81	9.77%	£5.28

- 6.2 The assumed cost of applying this NWM/NLW statutory increases equates to c£310,000.
- 6.3 643 colleagues will benefit from these statutory increases
- 6.4 The new bottom of R2 will be £20,104 up from the current £19,293. However, if we were to move to the Real Living Wage of £10.90 the new bottom of R2 would be £21,030, which would fully impact on R2.
- 6.5 Due to the pressures on the lower bands created by statutory increases it is necessary for us to review pay bands 1 and 2 and consider further proposals.
- 6.6 Apprenticeship rates have also been announced in the Autumn Statement on 17<sup>th</sup> November to be applied from the April 2022. The details of these assumed statutory increases are listed below:

<b>Apprentice levels</b>	<b>Current hourly rate</b>	<b>% increase</b>	<b>New hourly rate</b>
<b>Level 2</b>	£4.81	9.77%	£5.28
<b>Level 3</b>	£5.41	5.00%	£5.68
<b>Level 4</b>	£5.41	5.00%	£5.68

- 6.7 Due to the increase at level 2, level 3 and 4 also have a new rate.
- 6.8 The total costs including the proposal and the statutory new apprentice rate are c£114,000.

## 7. Exemptions

- 7.1 There are 33 posts who are engaged under nationally negotiated terms and conditions of employment who are entitled to receive pay increases and automatic incremental pay progression i.e. those engaged under Soulbury, LNFA and NHS (Public and Mental Health) terms. They are therefore not covered by this local arrangement.

## 8. Risk management

- 8.1 The risks arising from this report relate to the morale, employee engagement, attraction, and retention. In these times of austerity, it is extremely difficult for the council to allocate significant funds to increase pay. However, we wish to remain a good employer and ensure that employees are committed to the council and continue to enjoy working here.
- 8.2 We have recently shared with this committee our Employee Value Proposition which list the additional benefits outside of pay that are available to our colleagues.

Risk	Description	Action to avoid or mitigate risk	Risk rating
<b>Without recognising our employees the Council will risk losing their skilled workforce to other work organisations who do.</b>	It is challenged that the removal of increments from pay have meant many people have not had increases to salaries, compared with market average. To do nothing in terms of a pay reward would be detrimental to retaining our skilled workforce	To continue to monitor exit surveys and reasons for leaving.  To launch our people promise  Continue to benchmark roles  Progress the MedPay review beyond the 10% pilot	B2
<b>Funding: Budget not sufficient to cover increase proposed</b>	Often budget constraints mean pay awards are below inflation or RPI.	Other methods of reward can be considered to demonstrate how staff are valued.	B2

Likelihood	Impact:
A Very high B High C Significant D Low E Very low F Almost impossible	1 Catastrophic (Showstopper) 2 Critical 3 Marginal 4 Negligible

## 9. Consultation

9.1 As detailed in the pay protocol at point 3.

## 10. Climate change implications

10.1 Whilst this has neither a positive or negative climate change/carbon emission implication, it should be noted that any other form of recognition, i.e. mileage costs would need to be considered and will be covered as part of the MedPay review on allowances.

## 11. Financial implications

11.1. The financial implications of the joint TU pay claim and the statutory wage increases are c£8,900,000 this is detailed in paragraphs 5 and 6.

11.2. The Financial Outlook 2023/24 included an estimate of c£4,830,000 for a 5% pay allocation for staff. The Trade Union pay claim set out in this report represent a further pressure of c£4,070,000 than the allowance made in the Draft Budget.

## 12. Legal implications

12.1 It is important that negotiations and decision-making relating to these negotiations follow the council's processes to minimise the risks of any legal challenges.

## 13. Recommendations

13.1 That the Employment Matters Committee notes the report, including progress made to date under the Pay Negotiations Protocol.

## Lead officer contact

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## Appendices

Appendix 1 - The Protocol for annual local pay and conditions negotiations 2023/2024

Appendix 2 - Diversity Impact Assessment

Appendix 3 - An extract from the minutes of the Corporate Consultative Committee

## Background papers

None