

PAY STATEMENT

To provide members with a preliminary pay statement prior to the conclusion of the staffing review and with an indication of the likely increase in wage costs in 2024-25.

Recommendation:

1. That committee note the report and provide guidance to the RFO / Town Clerk on their assumptions regarding pay costs and inflation.

	Yes	No
Does the decision involve new expenditure?		No
Is there an existing budget for the proposed expenditure (insert code)	N/A	
What procurement level is required?	N/A	
Are there equalities impacts / an equalities assessment required?		No
Does this require a full council decision? (Reports for full council decision should still be sent to the relevant committee where possible.)	N/A	
Is there a background paper or papers? (provide links below).		No

1. As part of the budget process council will be required to approve a pay statement which will set out the basis on which the council's establishment and pay costs will be approved for financial year 2024-25.
2. This is, by definition a movable feast whilst council is in the middle of a staffing review, but it is nevertheless useful to set out the basis on which staffing costs might move, all other things being equal. It is hoped that the pay statement approved in January will reflect the outcomes of the staffing review.
3. FTE headcount is currently 0.32 down on last year's budget process, and active headcount is currently 1.32 down due to an unfilled vacancy, although use has been made of temporary variations in hours to provide capacity. All current calculations have been made on the basis of a stable headcount in the region of 7.5 FTE; this may have a small impact on incremental drift, but that impact is not material to the budget process.
4. There is one other matter that may influence the total salary cost for 2024-25 which is confidential, but it is not material and the Town Clerk will provide an update in confidence if it is required.
5. There are two principal influences on staffing costs; incremental drift and the national pay settlement for local government pay. It is worth noting that the Town Clerk's advice remains that council should actively decide if it wishes to remain within the Local Government pay regime. There is no representative from NALC, as the employers organisation for the Parish and Town Council sector, on the employers side, and the trade union side has no representation for those from this sector. As a result the driving factors in a key decision concerning your budget, which you are contractually bound to accept, is one over which neither you nor the sector has any influence. Nor are there consultative fora in which staff can discuss the pay offer.
6. The Town Clerk's advice would also be that a blanket policy of appointing staff to pay bands with progression within them being automatic unless there are active steps taken by management should be reviewed, and positive reasons established as to why it is adopted. It is still possible to reward improvement, progression or meritorious service without using pay bands.

7. With regard to incremental drift in 2024-25, it is likely that the impact of incremental drift will be minimal – in the order of 0.6% (or £1200) of the total pay bill. This is a function of the divide within the work force; all the higher paid staff are at the top of their existing pay bands, and will receive no incremental progression as of right, whereas all the lower paid staff who are entitled to incremental progression are on pay scales that are increasingly seeing the incremental gaps decrease as a result of flat rate pay increases.
8. The use of flat rate pay increases in this year’s pay settlement, with staff at the lower end of the pay scales receiving a 12% pay increase, whilst staff at the upper ends of the pay scale receive an increase of 3.88% is a political matter on which an officer should have no opinion, but as an officer the Town Clerk is concerned that the recent outbreak of job evaluation and equal pay claims in the sector foreshadows a possible breakdown of the job evaluation scheme that underpins the Local Government Pay Spine. It is worrying that NALC appears not to have an opinion on this, which may reflect the fact that many members of NALC do not follow the Local Government pay scheme.
9. Given the political context of the national pay negotiations in local government it is impossible to predict what next year’s pay rise might be, but with inflation still persistently high we think it unlikely that the cost will be below 5%, and that it is not impossible to foresee another bottom weighted settlement delivering a global cost of between 6% to 10%. This is likely to lead to a cash increase in salary costs of £12,000 to £20,000.
10. A fuller breakdown of the pay statement will be available as a confidential document on the night of the meeting; it is not a document that can be disclosed because of data protection rights.

Issues arising from proposal.

None.

Rationale for recommendation.

Not applicable.