

London Borough of Bromley

Report No.

PART I – PUBLIC

Agenda Item No.:

Decision Maker: General Purposes & Licensing

Date: 16th February 2023

Decision Type: Non-Urgent Non-Executive Non-Key

TITLE: 2023/24 PAY AWARD

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Ward: N/A

1. REASON FOR REPORT

- 1.1 Under the local terms and conditions of employment framework, the General Purposes & Licensing Committee (GP&L) is required to make a recommendation on pay awards to Full Council.
 - 1.2 Pursuant to the local framework, the annual pay award review is now part of the Council's budget planning process. This requirement is a key driver for coming out of the national/regional pay negotiating frameworks.
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2. RECOMMENDATION(S)

2.1 Members are asked to recommend that Full Council approve the following:

(i) A flat 2% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process) in response to the unexpected spiralling inflation post 2022/3 pay award agreed by full Council. Increase would be effective from 1st April 2023.

(ii) A flat 5.75% pay increase for all staff (excluding teachers who are covered by a separate statutory pay negotiating process) for 2023/24

(iii) An additional £200k towards Merited Rewards, for 2023/24, bringing the total to £400k for rewarding staff for exceptional performance.

(iv) That the Trade Unions' pay claim for staff be rejected (see para 3.12 below and attached Appendices)

2.2 Members also note that, as in the previous years since coming out of the nationally/regionally negotiated frameworks, Bromley staff will receive the 2023/24 pay increase in time for the April pay.

Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: £6.6m
 2. On-going costs: £6.6m
 3. Budget Head/Performance Centre: Staffing budgets across the council
 4. Total current budget for this Head: £86m (prior to award)
 5. Source of Funding: Central contingency
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Staff

1. Number of staff (current and additional): All Council staff, except teachers.
 2. If from existing staff resources, number of staff hours:
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Legal

- 1) Legal Requirement: Non-Statutory Requirement
 - 2) Call In: Call in is not applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected)
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Ward Councillor Views

- 1) Have Ward Councillors been asked for comments: N/A
- 2) Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 The Council formally adopted a local terms and conditions of employment framework for its staff, except teachers, on 12th November 2012. The key elements of the localised arrangements are as follows:

- Locally determined annual pay award for all staff, except teachers, aligned with the annual budget setting process;
- Merited reward (non-consolidated/non-pensionable) for exceptional performers;
- Any pay increases, including increments and pay awards linked to satisfactory performance for all staff, not automatic.

3.2 The Council have a broadly balanced budget for 23/24 and has received a good local government finance settlement. It is a one year settlement with limited indication of funding for 2024/25. Although additional government funding is welcomed this has to be considered against the context of significant cost/growth pressures and significant increases in inflation.

3.3 The transformation programme continues to help provide a sustainable budget but there are clear challenges ahead with a potential budget gap of around £30m per annum by 2026/27.

3.4 The Council's approach to these pressures and the challenges and opportunities it faces is comprehensively addressed in the report 'Draft 2023/24 Budget and Update on Council's Financial Strategy 2024/25 to 2026/27' to Executive on 18th January 2023. A copy of the report can be found at the following link:

[BUDGET 202324 FINAL v2.pdf \(bromley.gov.uk\)](#)

3.5 Delivering sustainable finances is increasingly important during a period of national economic instability which creates uncertainty over the longer term.

3.6 In order to continue to provide services in the longer term the Council will need to transform existing service provision, release the necessary revenues, increase council tax income, continue to explore investment opportunities and mitigate against the cost pressures currently being forecast. The Transforming Bromley Agenda seeks to address these issues.

3.7 In December, CPI was at 10.5% and RPI was at 13.4%. The Bank of England expects inflation to fall back from the middle of 2023.

3.8 Against this background, the Council proposed for all staff and Trade Union consultation purposes the following:

- In 2022/3 the Council agreed a 2.25% pay award which at the time was reasonable and consistent with the average pay award across the main sectors. As usual it was implemented in April 2022. However, In response to the unexpected spiralling inflation post 2022/3 pay award agreed by full Council, the Council is proposing a further 2% increase, but effective from 1st April 2023.

- Against the ongoing pressures the Council is proposing a 5.75% pay award for 2023/4.
- Together staff will receive 7.75% if agreed by full Council, effective from 1st April 2023.

This would apply to all officers with the exception of teachers who are covered by a separate statutory pay negotiating process.

- 3.9 In addition to this and in recognition of the hard work of staff the Council proposed an additional £200k towards Merited Rewards, increasing the amount to £400k for 2023/24. The reward in vouchers is non consolidated and non pensionable. The Merited Reward Scheme is used to reward staff for exceptional performance with the ratio of awards being significantly in favour of those in BR graded roles (85% of rewards for 22/23).
- 3.10 The proposal was communicated on behalf of the Director of HR, Customer Services & Public Affairs to all staff on 19th January 2023 and the Unions, comprising Unison, GMB and Unite were also advised. At the time of writing the report feedback is still being gathered. The initial reaction from the unions is not favourable compared to some positive responses from employees and Departmental Representatives.
- 3.11 We have received feedback from a number of employees regarding the pay award. These comments included the combined offer being generous and a pleasant surprise. There was also some feedback regarding the 2% not being backdated as well as comments regarding the use of fixed value payments as an alternative to a % increase. The consequential implications of a fixed value being applied, which would mean a higher % for lower grades, would be erosion of differentials between the grades which could also impact on senior staff recruitment and retention.
- 3.12 At the time of writing the report, we are still awaiting details of the joint claim from GMB, Unison and Unite. However, nationally the Unions' claim is as summarised below (Management's response is indicated in italics) A full copy of the claim and supporting documentation can be found at Appendix A.

- An increase of RPI + 2% on all spinal column points

The latest figures from the Office for National Statistics (ONS) currently report RPI at 13.4% and CPI at 10.5% however, the pay offer has to be seen in the wider context of the pressures on Public Sector finances.

Nationally, whilst the previous years pay award was finally settled in November 2022, there are currently no proposals for the 23/24 pay award.

The unions' RPI + 2% pay claim (15.4%) would cost the Council £13.2m.

- Consideration of a flat rate increase to hourly rates of pay in order to bring the minimum rate up to £15 per hour within two years

The proposed increase would mean the minimum hourly rate at Bromley would be £11.93 per hour. The National Living Wage from April 2023 will be £10.42 per hour.

One of the key principles of adopting a local pay framework allows democratically elected Members/Councillors to determine staff pay and terms and conditions based on a number of factors including affordability and local benchmarks. In 2020/21, the Council removed the equivalent of lower spinal points up to and including spinal point 8.

- A review and improvement of NJC terms for family leave and pay

The Council recognises the need to ensure an adequate work life balance for its staff and empowers its managers and staff to ensure that this happens.

Bromley has a range of flexible working and benefits for working parents including the Childcare deposit loan scheme, parental leave and special leave along with flexible working practices. Bromley's pay arrangement is equality compliant.

- A review of job evaluation outcomes for school staff whose day to day work includes working on Special Educational Needs (SEN)

The Council uses the Greater London Provincial Council (GLPC) Job Evaluation Scheme for evaluating all BR roles across the Council. The scheme was jointly agreed by the employers and unions in London local government with all staff who undertake job evaluation at Bromley being trained in the scheme.

- An additional day of annual leave for personal or well-being purposes

There are no plans to increase the minimum entitlements for annual leave. The minimum leave in the Council is 24 plus the 8 statutory bank holiday, rising to 30 for long standing employees with 5 years or more service. This compares favourably with the leave provisions both in the private and public sector.

In addition, employees are given a discretionary additional concessionary day during the Christmas period.

The Council is committed to the well-being of our employees and regularly promotes wellbeing initiatives such as the Telephone Lottery, Well-being webinars, Ask HR sessions as well as the introduction of our Volunteering Policy. Support is also available to all staff through the Employee Assistance Programme as well as our Mental Health First Aiders. Promotions from Workforce Development are sent to staff on a regular basis.

- A homeworking allowance for staff for whom it is a requirement to work from home

Since the beginning of the Covid-19 Pandemic, various support has been made available including laptops and IT goody bags to support agile working, desks and chairs made available where required, mental health support and wellbeing initiatives and online training and support.

The Council's commitment to hybrid and agile working is very clear as stated in the Transforming Bromley Workplace Modernisation Programme. Therefore, as we eased back to the workplace following the lifting of the coronavirus restrictions, staff could continue to work smartly in a mixed arrangement including a combination of home and office working or wholly from the office, subject to the desk to staff ratio (approximately 50% desk occupancy).

- A reduction in the working week by two hours

There are no plans to look at a reduction of the standard working week

However, we are committed to giving serious consideration to requests for flexible working arrangements. This includes 'compressed weeks' where staff work their usual 5-day week hours over the course of 4 days. We already have a number of colleagues working under these arrangements.

- A review of the pay spine, including looking at the top end, and discussions about the link between how remuneration can be used to improve retention

Bromley Council previously adopted localised terms and conditions giving democratically elected Members/Councillors the ability to determine staff pay and terms and conditions based on a number of factors including affordability and local benchmarks.

The Recruitment & Retention Board, chaired by the Director of HR, Customer Services & Public Affairs continues to monitor and benchmark a number of hard to fill positions across the Council. This includes undertaking regular benchmarking activities with London Councils and other neighbouring authorities in regard to pay and benefits.

How does the Council's 2023/24 pay award increase offer compare?

- 3.13 The National Joint Council (NJC) agreed its 22/23 pay deal in November 2022 at a flat rate of £1925 across all points (£2229 for Outer London). At the time of writing this report, the National Employers for Local Government have yet to put forward an offer for 23/24.
- 3.14 The Council will continue to monitor staff recruitment and retention and where appropriate additional pay including the use of market supplements and any other proportionate responses will be adopted e.g. hard to fill and retain posts in children/adult services. Since coming out of national terms & conditions, Bromley's pay remains competitive for all occupations.

4. Public & Private Sector pay forecast 2023/2024

- 4.1 The 'winter of industrial actions' with multiple strikes across the public sector in particular is an indication of the challenging environment for pay award discussions and negotiations. Nationally, the unions across the public sector including local government (LG) are asking for inflation matching pay rises minimally, which is

currently circa 10% (CPI). The expectation is that pay rises will be somewhere between 3% and 5%.

- 4.2 The LG unions mainly Unison, Unite and GMB have submitted a joint pay claim of RPI (approx. 14%) plus 2% totalling 16% in the main. LG employers have not confirmed their position as yet however we believe that most councils are budgeting for a 5-6% increase.
- 4.3 Private sector pay rises are expected to be in the region of 5-6% in 2023 according to a recent XpertHR report.
- 4.4 The Council continues to operate in an economic climate of national financial uncertainty whilst having to face enormous pressures to deliver services where demand for growth is high particularly in relation to care services to vulnerable children and adults.
- 4.5 The Council will continue to respond positively and flexibly to the labour markets regarding critical skills and hard to recruit and retain posts, in particular by offering enhanced packages if appropriate. Staff employed by the Council are also able to access the "Real Benefits" Scheme. Through the scheme the Council has negotiated favourable discounts with a range of retailers in Bromley. Accessing these benefits maximises the opportunity for employees to save on everyday living costs and staff feedback in this respect has been very positive.
- 4.6 Additionally, the Leader, the Portfolio Holder for Resources and their Cabinet colleagues and the Chairman of General Purposes and Licensing Committee are still committed to the Merited Pay Reward scheme for exceptional performers
- A separate amount of £200k for Merited Award vouchers for exceptional performers has been set aside and in 2023/24 a proposed increase to bring this to £400k. In 2022/23 a total of 444 awards ranging from circa £250 to £1,000 were awarded to staff, 85% of these within BR grades. Also, a total of 241 mini rewards circa £100 (average) were awarded to staff.
 - Every year the Council recruits graduate interns and many of them have been promoted into permanent senior positions in the organisation. In terms of the Apprenticeship Levy, HR is developing a plan to use the levy to upskill existing staff in the organisation partly to address areas of recruitment and retention difficulty.

5. POLICY IMPLICATIONS

- 5.1 As stated in paragraph 3.1 above, the annual pay award review is one of the key drivers for adopting the localised terms and conditions of employment framework for staff, except teachers. It enables the Council to set its own pay award free from nationally/regionally negotiated arrangements, usually divorced from local pressures and circumstances.
- 5.2 Aligning the pay review process with the budget setting process means that the cost of the pay increase is not viewed in isolation from the other significant cost pressures impacting on the Council's overall budget

6. FINANCIAL IMPLICATIONS

- 6.1 A 2% increase to all staff as detailed in recommendation 2.1 (i), will cost the Council £1.7m p.a.
- 6.2 A 5.75% increase to all staff as detailed in recommendation 2.1 (ii), will cost the Council £4.9m p.a.
- 6.3 Provision for a 7.75% increase has been included in the Draft 2023/24 Budget. The proposed £200k increased cost of Merit Rewards would need to be funded from Central Contingency.

7. LEGAL IMPLICATIONS

- 7.1 As set out in the report, there are no specific implications, including equal pay arising from the proposed pay award recommendations as detailed in para 2.1 above.

8. PERSONNEL IMPLICATIONS

- 8.1 As set out in the report.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	