

## London Borough of Bromley

Report No.

PART I – PUBLIC

Agenda Item No.:

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**Decision Maker:** General Purposes & Licensing

**Date:** 6<sup>th</sup> February 2024

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

**TITLE:** 2024/25 PAY AWARD

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**Ward:** N/A

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### 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 3% pay increase on all salary points and rates for Council staff (excluding teachers who are covered by a separate statutory pay negotiating process) for 2024/25
- (ii) The removal of the equivalent of spinal points 9-11 (affecting grade BR3) with assimilation to equivalent of spinal point 12 (BR4)
- (iii) An increase of 3% to the Merited Rewards, for 2024/25, bringing the total to £412k for rewarding staff for exceptional performance.
- (iv) Members to note that the Council is awaiting the Trade Unions' pay claim and response to the Council offer. Therefore, a recommendation on the Trade Unions position may be tabled at the meeting.

#### 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 2024/25 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: £2.25m
  2. On-going costs: £2.25m
  3. Budget Head/Performance Centre: Staffing budgets across the council
  4. Total current budget for this Head:
  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:
- 

### 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 12<sup>th</sup> 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 next year, but have to consider the scale of growth/cost pressures is high and a combination of reducing monies set aside to meet financial risks (contingency), the benefit of managing previous government funding for initiatives well (and recycling such monies where possible) and the transformation programme have helped ensure a balanced budget is achieved.

3.3 We are entering the next phase known as Transformation Bromley 2024-28 and funding from Members has been requested to support this important work (see 6.8 of main report). The transformation programme will be continues to help provide a sustainable budget but there are clear challenges ahead with a potential budget gap of around £16.6m in 2025/26 increasing to £38.7m per annum in 2027/28.

3.4 The Council's approach to these pressures and the challenges and opportunities it faces is comprehensively addressed in the report 'Draft 2024/25 Budget and Update on Council's Financial Strategy 2025/26 to 2027/28' reported to Executive on 17<sup>th</sup> January 2024. A copy of the report can be found at the following link:

[Budget Report 2024 25.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 4% and RPI was at 5.2%. The Bank of England expects inflation to continue to fall in 2024.

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

- Against the ongoing pressures the Council is proposing a 3% pay award for 2024/5. This would apply to all officers with the exception of teachers who are covered by a separate statutory pay negotiating process.

- The removal of the equivalent of spinal points 9-11 (affecting grade BR3) with assimilation to equivalent of spinal point 12 (BR4)
- An increase of 3% to the Merited Rewards, for 2024/25, bringing the total to £412k for rewarding staff for exceptional performance. 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 (86% of rewards for 23/24).

3.9 The proposal was communicated on behalf of the Director of HR, Customer Services & Public Affairs to all staff on 18<sup>th</sup> January 2024 and the Unions, comprising Unison, GMB and Unite were also advised. At the time of writing the report feedback is still being gathered.

3.10 The initial response from the Departmental Representatives (not the Trade Unions) was that the proposed 3% pay award is below the current rate of inflation and does not take into account the cost-of-living pressures. They believe that this may affect staff morale and their sense of being valued. However, as Members will be aware, last year the Council pay award was 7.75% despite the enormous financial pressures the local authority was facing. To date, there has not been negative individual responses from the workforce save for one which was to do with the non-application of merited reward to teachers whose terms and conditions are governed by separate statutory pay and conditions.

3.11 At the time of writing the report, we are awaiting details of the joint claim and feedback on the Council's offer from GMB, Unison and Unite. This information will be circulated to Members once received.

3.12 The National Joint Council (NJC) agreed its 23/24 pay deal in November 2023 at a flat rate of £1925 across all points (£2226 for Outer London). At the time of writing this report, the National Employers for Local Government have yet to put forward an offer for 24/25.

3.13 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. Apart from the hard to fill posts in qualified Social Care teams, the Council's turnover rate is healthy.

#### **4. Public & Private Sector pay forecast 2024/25**

4.1 There continues to be industrial action across different sectors with junior doctors and train drivers in particular continuing action regarding previous years pay offers. This is an indication of the challenging environment for pay award discussions and negotiations.

4.2 We are awaiting information from the Local Government unions mainly Unison, Unite and GMB with their national pay claim and LG employers have not confirmed their position as yet for 24/25.

- 4.3 Private sector pay rises are expected to be in the region of 4-5% in 2024 according to recent research by IDR and figures published by XperthHR showed that the median basic pay award remained steady at 6% in the three months to November 2023.
- 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.
- In 2023/24 a total of 557 awards ranging from circa £250 to £1,000 were awarded to staff, 86% of these within BR grades. Also, a total of 261 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 3% increase to all staff as detailed in recommendation 2.1 (i), will cost the Council £2.25m p.a.
- 6.2 The removal of BR3 will cost the Council approximately £30k in addition.

6.3 Provision for a 3% increase has been included in the Draft 2024/25 Budget.

## 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.

8.2 In addition to the comments in the body of the report, the proposals to eliminate the equivalent of spinal points 9-11 will benefit 57 employees centrally. This equates to an average 5.4% increase for the staff on the lowest points, compared to the 3% increase.

<b>Non-Applicable Sections:</b>	
Background Documents: (Access via Contact Officer)	