

Report to Cabinet

21 March 2024

By the Cabinet Member for Finance and Resources.



**Horsham
District
Council**

DECISION REQUIRED

Not Exempt

One-off cost-of-living award

Executive Summary

To offer a “one-off cost-of-living award” supplement to our employees on Grade 4 and below, of £450 p.a., pro-rata, payable monthly from 1 April until the national pay award for 2024/25 can be implemented, but with a maximum duration of nine months (whichever is earlier).

The Unison Regional Officer and the Chair of the Horsham Unison branch confirmed to make a positive recommendation to their members to accept that offer.

Projected costs are around £100,000.

Recommendations

Cabinet is recommended to:

- i) ask Council to approve an increase of £100,000 in the income and expenditure revenue budgets in 2024/25 for the cost-of-living award.

Reasons for Recommendations

- i) To support council employees on lower grades with managing the increased cost of living and bridge the anticipated delay in the national pay settlement for 2024/25.
- ii) Full Council must approve the allocation of funds outside budget.

Background Papers

None.

Contact:

Robert Laban, Head of Human Resources and Organisational Development
Robert.laban@horsham.gov.uk

Background Information

1 Introduction and Background

- 1.1 The trade union UNISON is recognised by the council for collective bargaining. In December 2023, the UNISON Horsham Branch Executive requested the introduction of a “Horsham Weighting” of £750 p.a. on all pay points, at a projected cost of £420,000 p.a. recurring, to better address living in a high-cost area. National pay awards do not address local cost-of-living variations and at times of high inflation the pay in high-cost areas in particular is not keeping up with the rising costs-of-living. That request was deemed as being unaffordable.
- 1.2 UNISON accepted the affordability considerations but put forward anecdotal evidence of council workers having to resort to food banks, with inflationary costs for food not falling in line with the falling headline inflation figures. Following consultation with the Senior Leadership Team (SLT) and UNISON an amended proposal for a “one-off cost-of-living award” supplement (the “award”) was informally put to Cabinet.

2 Relevant Council policy

- 2.1 The recommendation within this report would support lower paid officers and therefore would support the delivery of the Council Plan as a whole.
- 2.2 The council follows the annual National Joint Council (NJC) pay awards and sets out any locally agreed provisions in an annual [Pay Policy Statement](#). Changes to the pay policy and changes that are not within the agreed staffing budget will be decided upon by full Council.

3 Details

- 3.1 The revised proposal concentrates on the lower grades up to Grade 4, spinal column point 20 on the NJC pay scale (up to £15.70 p.h.), rather than being applied to all grades, which makes it more affordable. Just under half of all employees would benefit from the award.
- 3.2 The proposal is for an award of £450 p.a., pro-rata for number of hours worked. That award must be pensionable in line with the Local Government Pension Scheme and attracts Employers’ National Insurance contributions, increasing the costs by 30 percent to around £580 p.a. per full-time equivalent employee (fte).
- 3.3 Costs are around £100,000, as set out in s.7.1. This would add between 1.5 and 1.9 percent to the gross pay for the grades in scope, based on a per annum calculation.
- 3.4 To avoid a ‘cliff edge’ of the award coming to an end, the proposal is linked to the implementation of the annual NJC pay settlement. Historically, these pay settlements happen late in the year and are then backdated to April. For example, in the financial year 2023/24 the pay settlement was paid in December 2023. Therefore, employees do not receive their annual NJC increase on time, which would relieve some of the inflationary pressures, and the proposal will bridge the

time until the NJC pay settlement can be paid and provide some extra help, as it would be additional to the NJC pay settlement. To contain potential costs in case of an even longer NJC pay settlement delay, the award is capped for the duration of 9 months, whichever is earlier.

- 3.5 There are two full incremental points between Grades 4 and 5, providing a good differential between the grades, which avoids a need for introducing gradual steps.
- 3.6 Casual workers on Grade 4 and below should equally be in scope for the award, pro-rata for hours worked.
- 3.7 The award is a “one-off” award payable in 2024 only, from April until the implementation of the NJC pay settlement or until December 2024, whichever is earlier, and payment is calculated for 9 months pro-rata, payable in equal monthly instalments.

4 Next Steps

- 4.1 Once approved, the Pay Policy Statement for 2024/25 (in draft) will reflect the award. Payroll will make a retrospective payment from April 2024.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The proposal was not considered by PDAG. SLT and UNISON consulted throughout January and February 2024 and the UNISON Regional Officer, and the Chair of the Horsham Unison branch confirmed that they will make a positive recommendation to their members to accept that offer.

6 Other Courses of Action Considered but Rejected

- 6.1 To bring fewer grades or more grades in scope for the award or increase or decrease the value of the award was considered.
- 6.2 Having the cut-off point at Grade 4 brings almost 50 per cent of employees into scope and was seen as a good balance of maximising the numbers of employees who would benefit with affordability. Although it was recognised that employees on higher grades are also affected by high inflation, it was felt that the effects are more manageable by individuals on higher grades. A lower award would not make a big enough impact on increasing the take-home pay.

7 Resource Consequences

- 7.1 Additional funds became available this year because of a slightly higher Final Settlement from Government in February 2024 than was expected at the Provisional Settlement in December 2023. Therefore, £100,000 has been set aside for the award. Projected costs for the award of £450 p.a. to just over 200 fte plus casual workers, plus 30 per cent on-costs, pro-rata for 9 months' maximum duration are expected to be at the budgeted figure.
- 7.2 There is no ongoing impact of this award in revenue budget terms on the Medium-Term Financial Strategy, as this is a one-off award.

8 Legal Considerations and Implications

8.1 The legal and governance implications have been incorporated into this report.

9 Risk Assessment

9.1 There is a risk of employees on grades 5 and above being aggrieved for not being in scope for the award. There is, however, clear incremental headroom between grades 4 and 5 of just over £1,000, so an award of £450 p.a. would still provide a good differential between the grades. Also, the award of £450 p.a. would diminish in terms of percentage of salary and would make lesser impact the higher the grade, particularly for those employees on the higher tax rate. Good communication will be important to contain potential resentment and a joint message with Unison is planned to coincide with the publishing of this report.

10 Procurement implications

10.1 Not applicable.

11 Equalities and Human Rights implications / Public Sector Equality Duty

11.1 The male to female ratio of employees in scope for the award is about 60:40 overall, which is due to the large number of mainly male operational employees on Grade 2. The gender ratio is more even for employees on Grade 3 and is reversed for employees on Grade 4, with the male to female ratio being 40:60, albeit on lower numbers.

11.2 Fifty percent of disabled employees would be in scope for the award, slightly higher than the overall employee percentage.

11.3 Slightly more than 50 percent of BME employees would be in scope for the award.

11.4 The male to female ratio of Casual workers in scope for the award is 50:50. The number of disabled or BME Casual workers is too low to make an equality inference.

12 Environmental Implications

12.1 There are no environmental implications.

13 Other Considerations

13.1 The council has excellent relations with its employees and Unison. Demonstrating that we listen to their concerns and offer support, balanced with a need for budgetary constraints, will strengthen that relationship.

13.2 The council provides cost-of-living support to residents, and it is apt to also offer cost-of-living support to its lower graded employees.