

Report to: Personnel Committee



Date of Meeting 27th January 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Reward Review Update

Report summary:

To provide an update on the independent Reward Review and make recommendations for next steps.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

1. That the Personnel Committee agree to further work being undertaken on the Reward Review including the development of detailed options and costings, with this additional work funded from some of the monies already allocated to pay within the 2022/23 budget.
2. That no decisions are made at this stage about whether the Council should become a Real Living Wage Employer and instead, this is included in the next phase of the Reward Review, as outlined above.

Reason for recommendation:

The independent Reward Review has identified that some improvements could be made to our grading structure and pay competitiveness and more work is required to determine how this can be resolved, including the budgetary impacts.

Officer: Jo Fellows, HR Manager

Portfolio(s) (check which apply):

- Climate Action and Emergency Response
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Democracy, Transparency and Communications
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities
- Tourism, Sports, Leisure and Culture

Equalities impact Medium Impact

An equality impact assessment will be undertaken once the implications of this work are further understood.

Climate change Low Impact

Risk: Medium Risk; Failure to address pay issues may impact on recruitment and retention and therefore service delivery. Detailed risk analysis of the potential options to address this will form part of the next steps for this work.

Links to background information The Reward Review was agreed by Committee on 2nd September 2021 ([210902 Personnel Ctte report Independent Review Workforce Priorities.pdf \(eastdevon.gov.uk\)](#)) and an update on progress was provided to Committee on 30th November 2021 ([211130 Recruitment Retention Update for Personnel Ctte FINAL.pdf \(eastdevon.gov.uk\)](#)). Paragraph 2 of the report has been informed by Labour Force Survey, Office for National Statistics and Institute for Employment Studies reports ([Labour Market Statistics, December 2021 | Institute for Employment Studies \(IES\) \(employment-studies.co.uk\)](#) and [Average weekly earnings in Great Britain - Office for National Statistics \(ons.gov.uk\)](#), December 2021).

Link to [Council Plan](#)

Priorities (check which apply)

- Better homes and communities for all
- A greener East Devon
- A resilient economy

Report in full

1. Introduction

1.1. This report provides an update on the progress of the independent Reward Review and makes recommendations about the next steps.

2. Background and Context

- 2.1. The Review was commissioned in light of concerns regarding the competitiveness of the Council's current pay rates and the impact this was having on recruitment and retention. The Committee agreed a budget of £25,000 for this work and consultants were selected via a procurement framework to undertake the Review.
- 2.2. The consultants have undertaken the following actions since mid-November 2021:
- 2.2.1. Mobilisation and collation of background data and information
 - 2.2.2. Labour market data pay benchmarking against a sample of agreed jobs across the Council
 - 2.2.3. Reporting of initial findings and potential options for next steps.
- 2.3. The Review should also be considered within the wider economic context, which continues to have an impact on the Council. The December 2021 figures from the Labour Force Survey and the Office for National Statistics (ONS) continued to highlight the low levels of unemployment and high levels of vacancies and 'economic inactivity' (those who are not engaged in the labour market) across the UK economy. The ONS report that growth in regular pay (excluding bonuses) was 4.3% among employees in August to October 2021, which in real terms (adjusted for inflation) is 1.0% for regular pay.

2.4. Alongside this, as reported to Committee on 30th November 2021, there are other pressures on pay rates which will need to be accommodated:

2.4.1. The National Local Government Pay Negotiations – this continues to remain unresolved. The trade unions balloted their members regarding potential industrial action but due to a low turnout, this will not be progressed. We await further information from the national employers and trade unions. The last time staff received a national pay award was for the 2020/21 financial year, when the award was 2.75%.

2.4.2. Increase in the National Minimum Wage and National Living Wage from April 2022.

2.4.3. Increase in National Insurance Contributions from April 2022.

2.5. As reported in November, the Council also needs to make a decision about whether to implement its aspiration to be a Real Living Wage Employer and to promote the Real Living Wage to other employers, as part of the Anti-Poverty Strategy. The current Real Living Wage rate is £9.90 per hour.

3. Review Findings

3.1. The initial findings of the Review have highlighted that we have good governance and controls in place to ensure pay fairness and transparency, although the current number of market supplements are of concern (which we have already acknowledged and is one of the reasons for the review).

3.2. The Review also found that some of our roles are in line with market rates whilst others are not.

4. Next Steps

4.1. The findings indicate that there is not necessarily a simple solution to the issues with market competitiveness. Although a percentage increase across all grades remains one option, this would not necessarily deal with the nuances. However, if we were to just focus on increased pay rates where it has been identified that we are behind the market, this would have wider impacts on the overall grading structure, as well as raising potential employee relations concerns. There are of course also the budgetary impacts of any change.

4.2. It is therefore proposed that further work is undertaken to identify potential options and their related costs.

4.3. It is recognised that this is high priority to provide some certainty to current and prospective employees and to support recruitment and retention. In light of internal capacity pressures, it is proposed that further external consultancy support is commissioned via the existing procurement framework. External support also provides the Council with specialist and independent reward knowledge which would be helpful in seeking an appropriate solution. £300-£500k has already been built into the 2022/23 budget to accommodate any pay increases as a result of the Review and it is proposed that a small proportion of this is utilised to fund this additional work.

4.4. Bearing in mind the above, it is proposed that the Council does not make any decisions about becoming a Real Living Wage Employer at this stage. The costs and implications of the Real Living Wage will be built into the development of potential options and costs, as part of the next phase of the Reward Review work.

5. Conclusion

5.1. This is a complex area of work which needs to balance organisational needs alongside the wider context. Good progress is being made, but further work is required.

Financial implications:

As outlined in the report, the review is still in progress. The proposed budget for 2022/23 includes a sum of £450k for possible costs associated with the General Fund (assumed cost of £300k to £500k, with a 75% allowance included in the budget). It is proposed that part of this budget is used to engage the independent consultant in providing options to implement a solution. It is considered there is availability within the budget to meet this cost assuming the sum is no more than £20k.

Legal implications:

There are no specific legal implications requiring comment.