



Subject:	Motion: 10 Per Cent Pay Increase for Council Workers – Response from HM Treasury
Date:	21st May, 2021
Reporting Officer:	John Walsh, City Solicitor/Director of Legal and Civic Services
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Restricted Reports	
Is this report restricted?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If Yes, when will the report become unrestricted?	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Sometime in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

Call-in	
Is the decision eligible for Call-in?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

1.0	Purpose of Report/Summary of Main Issues
1.1	To consider a response to a motion relating to public sector pay which was passed by the Council at its meeting on 1st April.
2.0	Recommendation
2.1	The Members of the Committee are requested to consider the response and, in line with the Council's decision of 4th May, to delegate authority to the Chief Executive to take such action thereon as may be determined.
3.0	Main Report
3.1	At the Council meeting on 1st April, the following motion, which was proposed by Councillor Matt Collins and seconded by Councillor Michael Collins, was passed: "Over the last year, councils have led the way in efforts against the Covid-19 pandemic, providing a huge range of services and support for our communities. Local Government has shown more than ever how indispensable it is.

But the pandemic has led to a massive increase in expenditure and loss of income and the Government has failed to provide the full amount of promised support.

Local Government workers have kept our communities safe throughout the pandemic, often putting themselves at considerable risk as they work to protect public health and deliver functioning services during this difficult time.

Since 2010, the local government workforce has endured years of pay restraint with the majority of pay points losing at least 23 per cent of their value since 2009/10. At the same time, workers have experienced ever-increasing workloads and persistent job insecurity.

The funding gap caused by Covid-19 will make local government employment even more precarious. There has been a disproportionate impact on women, with women making up more than three-quarters of the local government workforce.

Recent research shows that if the Westminster Government were to fully fund the unions' 2021 pay claim, around half of the money would be recouped thanks to increased tax revenue, reduced expenditure on benefits, and increased consumer spending in the local economy.

The Council believes that:

- our workers are public service super-heroes. They keep our communities clean and safe, look after those in need, and ensure services continue to function. Without the professionalism and dedication of our staff, the council services would not be deliverable. Local government workers deserve a proper real-term pay increase; and
- the Government should take responsibility to fully fund this increase, it should not put the burden on local authorities whose funding streams have greatly suffered and who have not been offered adequate support throughout the Covid-19 pandemic.

Therefore, the Council resolves to:

- support the pay claim submitted by Trade Unions representing all public sector staff for a substantial increase;
- to write to the Chancellor of the Exchequer to call for a pay increase for public sector workers to be funded with new money from central government;
- meet with local NJC union representatives to convey support for the pay claim and consider practical ways in which the Council can support the campaign; and
- encourage all staff to join a union.”

3.2

A response to the motion has been received from HM Treasury, on behalf of the Chancellor of the Exchequer.

3.3	<p>The response begins by stressing that the Government recognises that public sector workers play a vital role in the running of public services and refers to their commitment in keeping the public safe during the pandemic. It hugely values and appreciates the dedication of all key workers and is working hard to ensure that they feel supported and safe to continue that work.</p>
3.4	<p>Throughout the current crisis, the Government has sought to protect people's jobs and livelihoods and support businesses and public services across the UK and it has spent over £352 billion since the start of the pandemic to do so. Since March 2020, the Government has helped to pay the wages of people in 11.4 million jobs across the country, through the Coronavirus Jobs Retention Scheme, protecting jobs which might otherwise have been lost, and has supported the livelihoods of 2.7 million self-employed workers. However, given the unprecedented impact of Covid-19, unemployment and redundancies are rising in the private sector. Employment in the public sector has not, however, been affected to the same extent.</p>
3.5	<p>The response goes on to state that, prior to Covid-19, those working in the public sector were, on average, already getting better remuneration packages than their counterparts in the private sector, with the Office for National Statistics estimating that public sector workers were paid 7% more than those in the private sector, after controlling for characteristics and including pension contributions.</p>
3.6	<p>In order to protect jobs and ensure fairness, the Government confirmed in the 2020 Spending Review that there will be a pause to headline pay rises for the majority of public sector workforces in 2021-22. For all workforces where such arrangements exist, performance pay, overtime, pay progression and pay rises from promotion will continue.</p>
3.7	<p>However, given the unique impact of Covid-19 on health services, and despite the challenging economic context, the Government will continue to provide for pay rises for over 1 million NHS workers. In setting the level for these rises, it will need to take account of the challenging fiscal and economic context. The NHS Pay Review Body and Doctor and Dentist's Review Body will make their recommendations as usual later this year.</p>
3.8	<p>The response concludes by stating that it is right to temporarily pause pay awards for the rest of the public sector earning £24,000 and above on a full-time equivalent basis, whilst the Government assesses the impact which the Coronavirus has had on the wider economy and labour market. If it were to carry on with blanket, across the board pay rises, the existing gap between public sector reward and the private sector would widen further. This approach will allow it to protect investment in public services, as the Coronavirus continues to have an impact. The Government will protect the lowest paid, with 2.1 million public sector workers earning less than £24,000 (Full Time Equivalent) receiving a minimum £250 increase.</p>
	<p><u>Pay Rise for Public Sector Workers</u></p>
3.9	<p>Members will recall that the Council, at its meeting on 4th May, in passing a further motion on public sector pay, agreed to <i>“write to the British Government asking it to review its budget allocation to the Executive and stressing the need for multi-year budgets, with adequate resources to fund much needed pay increases to our health and social care and public sector staff.”</i></p>
3.10	<p>The Council is awaiting a response to that correspondence.</p>

<p>3.11</p> <p>3.12</p>	<p><u>Financial and Resource Implications</u></p> <p>None associated with this report.</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>None</p>
<p>4.0</p>	<p>Document Attached</p>
	<p>Response from HM Treasury</p>