

Alexandra Palace

ALEXANDRA PARK AND PALACE CHARITABLE TRUST **(APPCT) BOARD MEETING** **6th NOVEMBER 2018**

Report Title: Cost of Living Pay Award

Report of: Catherine Solomon, Head of Human Resources

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Purpose: This report proposes a cost of living pay award of 2% for all APPCT employees backdated to 1 April 2018 and a further 2% with effect from 1 April 2019.

Local Government (Access to Information) Act 1985

N/A

1. Recommendations

1.1 To approve a cost of living increase of 2% for all APPCT employees backdated to 1 April 2018 and a further 2% with effect from 1 April 2019.

2. Introduction

2.1 A cost of living award is an increase in pay to match an increase in the cost of living and so maintain the real value of earnings in the face of inflation. This report proposes the level of pay award and outlines the financial implications of paying this award for APPCT.

2.2 Traditionally there has been a strong link between inflation and pay awards to ensure that employees receive an increase in line with cost of living increases, while only a minority of organisations link pay explicitly to a measure of inflation, the majority take it into account as a factor when considering cost of living awards.

The two main measures are

- Retail Price Index (RPI), the longstanding inflation measure that includes housing costs such as mortgage interest payments; and

- The Consumer Price Index (CPI), which is a newer internationally comparable measure and forms the basis of the Government's inflation target.

The RPI increase at June 2018 was 2.3% and CPI was at 2.5% for March 2018.

3. Background Considerations

- 3.1 APPCT employees are on *National Joint Council (NJC)* conditions for Local Government Services, which means that they are entitled to receive nationally agreed pay increases and cost of living awards. In previous years the cost of living percentage has been applied to both APPCT and APTL employees, to achieve a uniform and fair cost of living increase for all staff.
- 3.2 NJC awarded agreed a two year pay deal of a basic 2% cost of living award to all employees in April 2018 and a further 2% in April 2019. Employees at the lower end of the pay scale received a higher increase.
- 3.3 No Cost of Living Award has been awarded for 2018/19 to APPCT to date pending the results of the pay review. This item is covered as part of a separate pay review paper.
- 3.4 A cost of living pay award of 1% was last paid to APPCT employees in April 2017 for the period 2017/18. Prior to that a cost of living pay award of 2% was paid to APPC employees in April 2016. This covered a period of two years (2014-15 and 2016-17).

4. Risks and Considerations

- 4.1 Whilst affordability is a key issue, failure to implement a cost of living award would mean our pay rates would fall further behind inflationary increases. (A pay review has been undertaken that provides an audit of pay and a separate paper has been prepared to further explore these issues and financial implications).
- 4.1 All APPCT employees are paid above the National Living Wage and London Living Wage.

5. Legal Implications

- 5.1 APPCT employees are employed on *National Joint Council (NJC)* conditions for Local Government Services, which means that they are contractually entitled to receive nationally agreed pay increases and cost of living awards. Not paying this could expose the organisation to a claim for breach of contract.
- 5.2 The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report, advises that there appear to be no legal implications arising from this report.

6. Financial Implications

List current payroll cost / Total cost

- 6.1 In 2018-19 the increase to the current payroll costs of the Trust as a result of 2% cost of living award is estimated to be £21,186 (gross salaries plus Employer National Insurance plus Employer Pension Contribution).
- 6.2 In 2019-20 the increase to the current payroll costs of as a result of a further 2% cost of living increase is estimated at £21,609.70 (gross salaries plus Employer National Insurance plus Employer Pension Contribution).

APPCT		
Costs	Impact	Salary bill
Current Salary Bill		£1,059,302.00
2018/19 2% cost of living award	£21,186.00	£1,080,488.00
2019/20 2% cost of living award	£21,609.70	£1,102,097.70
Implementing NLW (£8.20)*	-	-

*No-one in the Trust is paid below NLW

- 6.3. The Council's Chief Financial Officer has been consulted in the preparation of this report, and advises that the proposed application of a 2% pay rise in this and the next financial year will need to be contained within existing resources, or from new resources identified (additional income) or savings.

7. Use of Appendices

None