

Report

Report to:	Executive Committee
Date of Meeting:	16 August 2023
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Job Evaluation – Back Pay
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1. Purpose of Report

1.1. The purpose of the report is to:

- ♦ advise the Committee of the cost of paying the back dated element of the recently agreed Home Carers Job Evaluation and propose a funding package

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):

- (1) that the estimated costs of back pay for Home Carers of £18 million that will be accounted for in 2022/23, be noted;
- (2) that the funding solution detailed at Table 1 be noted;
- (3) that the one-off payment in 2022/23 to the Health and Social Care Partnership (HSCP) from uncommitted service concessions towards the funding solution (£2.2 million) – Table 1 line 5 be approved; and
- (4) that the one-off payment to the HSCP to reimburse Integration Joint Board (IJB) reserves in 2023/24 totalling £7.2 million, as detailed at section 5 and Table 2 including reserves, unallocated underspends, uncommitted service concession funds and covid funds be approved.

3. Background

3.1. As reported to the Executive Committee (21 June), a basis has been established for backdating the Job Evaluation outcome for Home Carers to October 2020. The Executive Committee was advised that the value of the back pay would take some time to calculate, however, these costs would require to be included in the financial position for 2022/2023. As the costs are in relation to Home Care, which is a delegated service, these costs will fall under the IJB and will require to form part of their financial accounts.

3.2. In that paper, a commitment was made to quantify the full costs of back pay and a funding package and report this back to the Executive Committee.

4. Estimated Costs of Back Pay

4.1. The back pay payable to Home Carers will depend on the length of time an employee has been in post since October 2020, and also whether the employee is in the pension scheme, or has worked overtime. There are also staff that have left, but who will be entitled to claim back pay for the period of time they worked since the start of October 2020.

- 4.2. A detailed estimate of £18 million has been made of the overall costs of back pay for current staff and leavers. The actual back pay will be paid in the September pay (1 September) .
- 4.3. These costs are required to be accounted for in 2022/23. Funding for these costs can be met from the following areas detailed in Table 1 :

Table 1 – Funding Solution – Home Carer Back Pay

		£m
1	<p>IJB Underspend :</p> <p>As covered in the Executive Committee on 21 June, the Executive Committee (1 February 2023) had agreed that it would clawback a non-recurring underspend from the IJB of £5.6 million and use this to help with Children and Families pressures into 2023/2024.</p> <p>As Home Carer back pay now requires to be paid, the IJB will now not underspend and this funding will be used to pay for Job Evaluation back pay</p>	5.6
2	<p>IJB Reserves :</p> <p>The IJB has £7.2m of reserves associated with the SLC partner that it was planning on utilising to balance the IJB budget in 2023/24. As the Job Evaluation back pay will require to be funded in 2022/23, the IJB reserves can be used to meet these costs in 2022/23. This leaves a shortfall for the IJB in 2023/24. This is covered at section 5</p>	7.2
3	<p>Additional IJB Underspend 2022/23 :</p> <p>In addition to the underspend detailed above, a further £0.3m of underspend was reported by the IJB at the end of 2022/23. This was uncommitted, and, therefore, can be used to meet the Job Evaluation back pay</p>	0.3
4	<p>Council Reserves Set Aside for Home Care:</p> <p>At year end 2019/20, funds were set aside in Council Reserves for use in future Budget Strategies including supporting the costs of transitional change in the Care at Home Service. (Executive Committee 29 January 2020 / Executive Committee 24 June 2020). £2.7m of funding has not yet been drawn down, and is currently uncommitted, and can be used to meet the costs of Job Evaluation.</p>	2.7
	Sub Total	15.8
5	<p>Council Service Concession Funds - Uncommitted Balance</p> <p>As covered in the Executive Committee (21 June - 2024/2025 Revenue Budget) there is currently £18.535 million of service concession funding unallocated</p> <p>Papers previously presented to committee had suggested £15.1 million of service concession money would be available as a corporate solution for 2025/26 budget (South Lanarkshire Council meeting – 22 February - Overall Position of Revenue Budget and Level of Local Taxation for 2023/2024 Appendix 2)</p> <p>This currently leaves £3.435m uncommitted and, therefore, £2.2 million can be used to meet the costs of job evaluation in 2022/23</p>	2.2
	Total	18.0

5. One off Contribution to IJB to Reimburse Reserves

- 5.1. As detailed in Table 1, the £7.2 million IJB reserves being used to cover the costs of the back pay were intended to be used to balance the IJB budget in 2023/24. Without these reserves, the IJB will not be able to balance their budget this financial year and an overspend will result. It is, therefore, proposed that the Council provides a one-off contribution to the IJB of £7.2 million.
- 5.2. It is proposed that part of this contribution is made from funds currently held in Council reserves without any definite dates for utilising. Moving forward, if this funding is required, we may have to look to borrow for the funds needed or look to future capital programme to fund. The total contribution proposed from these reserves is £4.7 million This includes funds identified through analysis of the balance sheet which have been there for a period of years, have not spent and there are no firm plans in the short to medium term.
- 5.3. There is also a currently uncommitted balance within Council reserves resulting from the underspend identified as part of the probable outturn in 2022/23. This was referenced in the South Lanarkshire Council Budget paper (22 February 2023) which reported at section 4.12 that, of the £4.696 million transferred to reserves to assist in the 2023/2024 Budget Strategy, **£0.756 million** remained to meet the 2023/24 costs of any savings presented for 2023/24 where the substantive savings are not deliverable until 2024/25, should they be accepted. As these savings were not accepted, the funds remain unallocated.
- 5.4. For the balance required of £1.7m, it is proposed that the remaining uncommitted service concessions funding of **£1.2m** be used (see table 1 (5)) alongside the final balance of residual covid funding held in Council reserves (**£0.5m**)

6. Summary

- 6.1. In summary, as detailed in section 4, the costs of the back pay in relation to Home Carers' Job Evaluation is estimated at £18 million. The sources of funding for these costs, that will require to be accounted for in 2022/23, are detailed in Table 1 above. This includes the Council making a one-off contribution to the HSCP, in 2022/23, of £2.7m from Council Reserves identified for Home Care. In addition, Members are asked to approve the one-off contribution of £2.2 million from the services concession funds.
- 6.2. In addition, the Council is proposing to make a one off payment to the HSCP in year 2023/24 to replace the reserves that they have used to meet the costs of back pay arising from the Job Evaluation outcome . This is detailed in section 5 of this report and this is summarised in Table 2 :

Table 2 – One off payment to HSCP to replace IJB reserves :

Description	£m
Use of reserves with no current date for spend (section 5.2)	4.7
Uncommitted underspend from 22/23 (section 5.3)	0.8
Uncommitted service concessions (section 5.4)	1.2
Unallocated Covid Funds	0.5
Total	7.2

- 6.3. The funding solution noted in this paper does not use any of the funding solution identified to support the 2024/25 and 2025/26 budget strategy. This leaves the solutions previously identified in those years intact.

7. Employee Implications

- 7.1. None.

8. Financial Implications

- 8.1. The financial implications are as detailed in sections 4 to 6 of the report.
- 8.2. At section 5.2, there is reference to a potential requirement to borrow to replace funding being used for the Job Evaluation back pay. As there are no current commitments for these specific reserves moving forwards if this funding is required, it would be unlikely to have any financial implications before 2025/26. If borrowing of £4.7 million was required to be taken, annual costs to the revenue budget will change annually due to the way we have to account for these. The maximum annual cost of repaying this borrowing would be £0.470 million per annum.

9. Climate Change, Sustainability and Environmental Implications

- 9.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

10. Other Implications

- 10.1. The main risk associated with this paper is the value of the back pay that is payable. This has been mitigated through the detailed estimated calculations carried out using details of current staff, and leavers.

11. Equality Impact Assessment and Consultation Arrangements

- 11.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 11.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning

Executive Director (Finance and Corporate Resources)

26 June 2023

Link(s) to Council Values/Priorities/Outcomes

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Financial Ledger and budget monitoring results to 19 May 2023.

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:

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