



Pay Award pressure above budget assumptions 2021/22 and 2022/23

The total pressure for pay awards above the increases assumed in the budget have resulted in an overall cost burden on the company of **£548k** over 2021/22 and 2022/23.

**Impact of NI and Pay-Awards
above that assumed in the
2021/22 and 2022/23 Budget**

	£
Pay-Award 2021/22	189,563
Pay-Award 2022/23	302,836
NI seven months 2022/23	55,346
	547,745

The pay inflation budget for 2021/22 was set at zero in line with that assumed by the Council, the actual award was 1.75%. Excluding DFE funded posts and the knock on impact on employers national insurance and pension contributions this cost pressure is **£189k**.

There has been a significant rise in inflation rates to levels unprecedented in over 40 years since the budget was set. This has led to a fixed pay award of £1,925 for in 2022/23, equivalent to a 4% increase compared to the 2% assumed in the budget at a cost of **£303k**.

The government introduced an increase in national insurance rates for employers of 1.5% April 2022 – 6th November 2022 which was not built into the budget for 2022/23. The impact of this increase is **£55k**.

Year	Type	Description	£'000s
2021/22	Pay award	Pay award settlement	1.75%
		Gross salary - post uplift	10,725
		Gross salary - pre uplift	-10,536
	Total Shortfall 21/22		189
2022/23	Pay award - £1,925 x 254.17 (ave FTE)	Impact on pay + on costs of NI and pension	625
		Less budget expectations of 2%	-322
		Estimated shortfall	303
	NI Uplift paid 06/04/22 - 06/11/22	Forecast actual total NI element including uplift	666
		Forecast NI pre uplift	-611
		Shortfall - 1.5% of NI	55
	Total Shortfall 22/23	358	
Total Pay shortfall			548