

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**GENERAL PURPOSES COMMITTEE**

**03 April 2008**

**Report of the Chief Executive**

**Part 1- Public**

**For decision**

**Delegated**

**1 2008 PAY AWARD**

**Summary**

**A report to propose a pay award for 2008.**

**1.1 Introduction**

1.1.1 The vast majority of the Council's staff, other than those employed in the Leisure Services Business Unit (LSBU), have a term in their contracts which reads "your salary will be revised on 1<sup>st</sup> April each year ... by an amount determined by the Authority having regard to movements in the Retail Price Index, comparative pay settlements and prevailing economic conditions". This report provides the Committee with information on each of these factors to inform its decision in relation to the recommendation in paragraph 1.8.2 on the level of this year's pay award.

**1.2 Retail Price Index**

1.2.1 The latest RPI rate (February 2008) is 4.1%. It has remained fairly stable in the last year. In the same month the Consumer Price Index (CPI), which excludes mortgage payments, stood at 2.5%.

**1.3 Comparative Pay Settlements**

1.3.1 Three Kent authorities, Tunbridge Wells (for non managerial posts), Sevenoaks and Gravesham and also Medway remain tied to the nationally agreed pay increase for local government. This is still to be negotiated but the unions have claimed over 6%. KCC is paying 2.5% as is Maidstone. Thanet is paying 2.75% but this is tied to other changes to terms and conditions. I understand from South East Employers that the majority of 'local pay' authorities in the region are planning for rises at or around 2.5%. Incomes Data Service, a private research company, has reported whole economy increases in the three months to December 2007 of 3.4%. Lastly the Chancellor of the Exchequer is reported to be looking for no higher than 2% growth in public sector pay but there is uncertainty

about the degree of flexibility in this expectation given the recent teachers' award which exceeds 2% in each of the three years it covers.

- 1.3.2 Four years ago the Authority took a decision to improve its position on salaries relative to others with whom it is competing for staff. I have now had the opportunity to review our position in relation to other Kent authorities and am pleased to report that the Council continues to be reasonably placed. Of the 52 posts for which we have comparable data we are below the median for 22, above the median for 25 and at the median for 5. Where we are above or below there are few cases where the difference exceeds 10% and I do not believe there are any specific posts which require particular attention on the basis of this data.

#### **1.4 Prevailing Economic Conditions**

- 1.4.1 Members will be aware from presentations and discussion during the early stages of the budget cycle that this year we face a truly exceptional number of financial challenges. Your officers were, however, appreciative of the Council's determination to improve its recruitment and retention position four years ago, discussed above, and were mindful that it would be counter-productive not to maintain our position in the labour market and meet legitimate staff expectations that salary increases should provide some protection against the increased cost of living. We have therefore made budgetary provision for an award of 2.5%.

#### **1.5 Legal Implications**

- 1.5.1 We have a contractual requirement to review our salary levels annually.

#### **1.6 Financial and Value for Money Considerations**

- 1.6.1 The cost and provision for the recommended award are detailed elsewhere in this report. I believe that the recommended award represents value for money because it will maintain our salary levels in terms of the CPI and indicate to staff that their effort continues to be valued.

#### **1.7 Risk Assessment**

- 1.7.1 I see no significant risk in the recommendation. Clearly were the salary award to be higher there would be a risk to the authority's financial position and were it to be lower there would be a risk to our ability to recruit and retain staff and thus to our ability to deliver services.

#### **1.8 Conclusions and Recommendations**

- 1.8.1 On the basis of the information provided in this report and following the Authority's well established pay policy of tracking all factors and determining an award to maintain our competitive position cost effectively within the labour market, I believe an award of 2.5% would be appropriate. The inclusive cost of the proposed award is estimated to be £288,500 in 2008/09, provision for which has

been included in the budget estimates. For the LSBU, which will be included in my recommendation, the cost will be £63,050 which has also been provided for in its estimates.

1.8.2 I recommend a pay award to all relevant staff, including those in the LSBU, of 2.5% with effect from 1<sup>st</sup> April 2008.

contact: Richard Jefferys

Background papers:

Nil

David Hughes  
Chief Executive