

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

31 January 2011

Report of the Chief Executive

Part 1- Public

Delegated

1 2011/12 PAY AWARD

Summary

This report requests Members to give consideration to the matter of a pay award for employees for 2011/12.

1.1 Introduction

1.1.1 The vast majority of the Council's employees, 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 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."

1.1.2 Members of the Committee will be aware that no consideration has as yet been given to the matter of a pay award and the last increase in salaries for the Council's employees was a "deferred award" of 2% in October 2009.

1.1.3 This report will now look at a range of factors that are relevant to the issue of a pay award for 2011.

1:2 Prevailing Economic Conditions

1:2:1 Whilst the UK economy is no longer in recession, most economic pundits predict that the rate of growth for the foreseeable future will be slow, not least because of the impact of the Government's recently announced reductions in public expenditure in the Comprehensive Spending Review.

1:2:2 As Members will be aware, in the current financial climate the Council has effectively no options for raising the revenue that would be required to fund a pay award that would not impact adversely on council tax payers and those who use Council services such as the leisure facilities.

1:3 Comparative Pay Settlements

1:3:1 All Kent Authorities are currently considering the issue of a pay award within the context of the Government's aspiration for a 2 year public sector pay freeze. Although none have definitively settled as yet, those Councils that are not tied to the nationally agreed pay scales have indicated that they will have a 0% pay award for 2011. Sevenoaks, Gravesham and Medway remain tied to the national collective bargaining process and are currently considering whether or not to adopt a pay award of £250 for "lower paid staff". Tunbridge Wells is undergoing a fundamental organisational restructuring and regrading review.

1:4 Retail Price Index

1:4:1 The Retail Price (RPI) rate of increase in November was 4.7% and the Government's preferred measure of inflation, the Consumer Price Index (CPI), was 3.3%. Economic analysts forecast continuing upward pressure on both of these cost of living indicators due to continuing global increases in the price of commodities. Increases in both the RPI and CPI are beginning to have an impact upon private sector pay awards.

1:5 General Discussion

1:5:1 The factors that are relevant to a consideration of a pay award have been identified in the previous sections of this report. Although the rate of inflation appears to be gathering pace, which in a more buoyant economy would argue in favour of a pay award, the overriding imperative for the Council in the current financial climate is to contain its expenditure on salaries in order to retain as many posts as possible and to achieve a balanced budget.

1:5:2 The Council's employees have been fully informed of the financial challenges facing the Council. At the December meeting of the Joint Employee Consultative Committee the Director of Finance and I gave an overview of the impact of the reduction in Government grants upon the Medium Term Financial Strategy and advised the meeting that a "pay freeze" would be one of the measures that would enable the Council to achieve a balanced budget. There was a tacit acceptance from all present that there would not be a pay increase in 2011. Unison expressed the view that this Council's employees are very aware of both the national economic climate and the pressures upon the Council's finances, and wished to support steps that would secure employment and avoid the risk of redundancies currently being experienced in other authorities, thus protecting the Council's ability to deliver its services.

1.5.3 If Members decide not to increase salaries in 2011/12 this would be the second consecutive year that there has been no increase and the Council would have met the Coalition Government's call for a 2 year pay freeze in the public sector.

1:6 Legal Implications

1:6:1 The Council has a contractual requirement to review our salary levels annually but no obligation to increase them by any set amount or in response to movement in either the RPI or the CPI.

1:7 Financial and Value for Money Considerations

1:7:1 I believe that the recommended 0% pay award for 2011 is a necessary feature of the Council's budget for 2011/12.

1:8 Risk Assessment

1:8:1 I see no significant risk in the recommendation. However, in the light of the anticipated continuing upward pressure on both the RPI and the CPI, and anticipated higher contributions to the Local Government Pension Scheme, the Council will need to closely monitor movements in pay awards in future years not only amongst neighbouring authorities but also in the private sector as there is a slight risk that some staff whom it may be in the Council's interest to retain for the future may be attracted to the potentially higher rewards of the private sector.

1:9 Equality Impact Assessment

1:9:1 See screening for equality impacts' table at end of report.

1:10 Conclusion and Recommendation

1:10:1 I **RECOMMEND** a 0% pay award for the 2011/12 financial year for all relevant staff, including those in the LSBU.

Background papers:

contact: David Hughes

Nil

David Hughes
Chief Executive

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The decision whether or not to award a pay increase to staff does not have a differential impact upon any "protected characteristic" groups in the community.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	It is a purely internal matter.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.