

TONBRIDGE & MALLING BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE

16 May 2013

Report of the Chief Executive

Part 1- Public

Delegated

1 2013/14 PAY AWARD

Summary

This report requests Members to give consideration to the matter of a pay award for employees for 2013/14.

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 2013/14.

1.2 Prevailing Economic Conditions

1.2.1 The UK economy continues to teeter on recession and most economic commentators continue to predict that the rate of growth for the foreseeable future will be slow, not least because of the impact of the Government's on-going reductions in public expenditure.

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 an inflation-proof pay award that would not impact adversely on council tax payers and those who pay for the use of 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 freeze of public sector pay. Those Councils that are not tied to the nationally agreed pay scales have awarded, or intend to award, increases averaging 1% for 2013/14. Sevenoaks, Gravesham and Medway remain tied to the national collective bargaining process which, at the time of writing, has reached a stage where the Employers have made a 'final offer' of 1% with 'no strings' attached in respect of their aspirations to reform aspects of other national employment terms.

1.4 Retail Price Index

- 1.4.1 The Retail Price (RPI) rate of increase in March was 3.3% and the Government's preferred measure of inflation, the Consumer Price Index (CPI), was 2.8%. 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 having 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. The current rate of inflation could be argued to favour a similar level of pay award in a more buoyant economy. However the overriding imperative for the Council in the current financial climate is to contain its expenditure on salaries in order to retain a stable employment position that in turn will be to the overall benefit of staff, continue the delivery of good quality services and help to achieve a balanced budget.
- 1.5.2 The Council's employees have been fully informed of the financial challenges facing the Council, via both the JECC and through Unison. At the last meeting of JECC, staff did ask if there would be a pay award and were advised that discussions were currently underway within the context of Members having openly recognised the staff's contribution to the savings schedule thus far. No guarantee was given as to the outcome of these discussions.
- 1.5.3 However, a provision for a pay award in 2013/14 was made in the Medium Term Financial Strategy and I feel that it is now appropriate to consider a measured award in recognition of the continuing efforts of staff to 'do more with less', particularly given the increases elsewhere in Kent and the current offer of the National Employers. In addition, I feel that a modest backdating of an award would reinforce a message of support and encouragement to our staff who have faced significant challenges in dealing admirably with the implications of overall cost reduction through shared services, deletion of posts and increasing change in many areas linked to government initiatives such as welfare reform, housing legislation and the planning regime. This proposal has been informally tested with both staff and Unison, and content was expressed.

- 1.5.4 If Members decide not to make an award in 2013/14, this would be the fourth consecutive year that there has been no increase.

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 1% pay award for 2013/14 is an appropriate response in the light of the Council's budget position.
- 1.7.2 Financial provision in the Medium Term Financial Strategy, assumes a 2% pay award and therefore the proposal to award a 1% pay award (including LSBU) is a saving against anticipated spend, of £120,000 p.a. which if agreed, can be reflected in the forthcoming savings target for 2014/15.
- 1.7.3 If Members were minded to agree to a backdating of the award as set out in paragraph 1.5.4, there will be a one-off cost (including LSBU) of £30,000.

1.8 Risk Assessment

- 1.8.1 I see no significant risk in the recommendation which is significantly below RPI/CPI. However, 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 1% pay award for the 2013/14 financial year, backdated to 1 January 2013, for all relevant staff, including those in the LSBU.

Background papers:

contact: Julie Beilby

Nil

Julie Beilby
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.