



East
Northamptonshire
Council

Personnel Sub-Committee 17 March 2014

Cost of Living Pay Rise

Purpose of report

This report considers implementation of a 2014/2015 cost of living pay rise.

1.0 Background

1.1 As Councillors will be aware, the Council follows national pay negotiations in respect of all staff groups employed by the Council. Heads of Service and below are employed on National Joint Council for Local Government Services (NJC) terms and conditions of employment. The Chief Executive's and Executive Director's salaries are part of national negotiations for Chief Officers' salaries. The cost of living pay rise proposed in this report relates to all groups of staff including the Executive Director and Chief Executive

1.2 The table below shows the pay rises that ENC has awarded over the last 5 years related to inflation.

| Year | Increase | Impact on someone earning £20k** | Inflation (RPI*) | Impact of inflation on £20k** |
|------|---|----------------------------------|------------------|-------------------------------|
| 2009 | 1% | £20,200 | 2.2% | £20,440 |
| 2010 | £250 to staff earning less than £21,000 | £20,450 | 3.3% | £21,115 |
| 2011 | 0% | £20,450 | 4.5% | £22,065 |
| 2012 | 0% | £20,450 | 2.8% | £22,682 |
| 2013 | 1% | £20,655 | 2.7% | £23,295 |

*RPI = Retail price index, CPI – consumer price index is another index and is usually about 1 to 2 % lower.

** compound

1.3 In addition, since 2009 the Council has also removed or reduced a number of staff benefits including:

- removal of private healthcare
- removal of life assurance
- removal of the Council Car Scheme
- reduced fuel payments to HMRC rates.

This Sub-Committee has noted in the past that staff have responded positively to the Council's financial challenges caused by the government's funding cuts and have accepted the need for the removal / reduction of these benefits.

1.4 The CIPD reported on 21 February that the Incomes Data Survey suggests that pay freezes and pay awards of less than 2% have reduced significantly in recent months, and have suggested that the trend is now towards more significant pay rises, with the median being 2.5% (although this data covers both the private and public sector, and the median is likely to be much lower in the public sector).

2.0 Position with national pay negotiations

- 2.1 The Local Government Employers organisation is negotiating nationally over what it refers to as a cost of living pay rise for individuals employed on NJC terms and conditions. UNISON has asked for an increase of £1 per hour for all staff. This has been calculated to amount to a rise of around 8.5% on the national local government salary bill and has been rejected by the employers.
- 2.2 The employers have not made a formal offer; if and when they do it is unlikely to be above 1%. UNISON has already indicated that it would reject an offer of 1% as being too low.
- 2.3 It is looking increasingly unlikely that a national settlement will be agreed in the next few months, and there is the possibility that there may be industrial action. It is possible that a strike will be called for 1 April – historically our staff have chosen not to participate in strike action.

3.0 Proposed cost of living pay rise

- 3.1 The Council has built £60k into the 2014/15 budget, which represents a 1% pay rise for all staff. While the Council wants to remain part of national negotiations for the time being, Councillors are asked to consider whether to award a 1% cost of living pay rise to all staff in advance of the conclusion of national pay negotiations.
- 3.2 The benefit of applying the increase now would be to recognise the continued hard work of staff and enable the Council to be competitive in the employment market to ensure that it can recruit and retain knowledgeable and skilled staff. Some difficulties have recently been experienced when recruiting to jobs within the Council, for example in Planning Services.
- 3.3 If Members agree to a 1% cost of living pay rise for 2014/2015, this will be paid to staff from 1 April 2014 and will be subject to the Council abiding by any other changes to Green Book terms and conditions that are agreed as part of any national pay deal.
- 3.4 Members are also asked to consider whether the rise should apply to Chief Officers (the Chief Executive and the Executive Director / Monitoring Officer) as well as staff covered by the NJC terms and conditions. The rise agreed nationally for 2013/14 excluded Chief Officers and any rise eventually agreed for 2014/15 may do likewise.

4.0 Financial implications

- 4.1 A 1% cost of living pay rise for all staff is already built into the Council's Budget for 2014/15.

5.0 Legal implications

- 5.1 There are no known legal implications.

6.0 Risk implications

- 6.1 There is a risk that national negotiations result in either a lower cost of living pay rise being agreed, or National Employers and Unison's NJC Committee failing to reach a settlement.

7.0 Equality implications


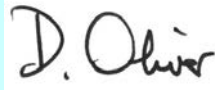
- 7.1 There are no known equality implications.

8.0 Recommendation

8.1 Members are asked to:

- approve a 1% cost of living pay rise from 1 April 2014 (subject to the Council abiding by any other changes to Green Book terms and conditions that are agreed as part of any national pay deal); and
- decide whether this rise should apply to all staff or just to NJC staff.

[Reason: to ensure the Council can successfully recruit and retain knowledgeable and skilled employees]

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|---|---|-----------|---------------------|---|
| Legal | Power: Local Government Act 1972. | | | |
| | Other considerations: | | | |
| Background Papers: | | | | |
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| Date: 25 Feb 2014 | | | | |
| CFO 7/3/14 |  | MO | CX 6/3/14 |  |

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