



Personnel Sub-Committee – 1 February 2011

Staff Pay and Benefits

Purpose of report

The purpose of this report is to inform councillors about:

- the steps East Northamptonshire Council has taken to reduce its employee costs
- collective pay bargaining (for 2011/12) that is taking place between the national employers and trade unions through the National Joint Council (NJC).

The report asks councillors to agree a recommended way forward on the council's staff pay and benefits for 2011/12.

Attachment(s)

1.0 Background

1.1 Typically the council follows national pay agreements negotiated between the national employers and trade unions through the National Joint Council (NJC).

1.2 However, as a result of the economic climate the council decided in 2010/11 to locally negotiate changes to its staff pay and benefit package. As a result of those negotiations the council made a number of changes to reduce its employee costs. They were:

- not making a pay award to employees in 2010/11
- removing private healthcare
- reducing mileage rates to those agreed by the HMRC
- removing life assurance provision above that in the Local Government pension Scheme.

1.3 Making these changes achieved savings of around £200k.

1.4 In addition to those changes, the council has also adopted a policy of not recruiting to all vacant posts and instead has:

- held some posts vacant
- recruited to posts on reduced hours and/or for fixed periods
- redistributed work to other team members.

1.5 The changes made to the employee pay and benefits package in 2010/11 were agreed through consultation with all employees and negotiation with UNISON. With the exception of two people, all employees voluntarily accepted the changes.

2.0 National Negotiations 2011/12

2.1 National negotiations are currently taking place in relation to employee pay and benefits for 2011/12. Some of the options being considered include:

- a reduction in sick pay entitlement (not paying the first three days of absence)
- scrapping the essential car user allowance
- withholding annual increments
- making changes to annual leave entitlements (increasing the minimum but reducing the maximum)
- giving only those employees who earn less than £21k a one-off pay rise of £250

- 2.2 The Corporate Management Team (CMT) has reviewed the options detailed above and in undertaking their review took the following into account:
- council employees have already voluntarily agreed to a substantial reduction in their overall pay and benefits package (see 1.2 above)
 - as more posts are being held vacant, employees are being asked to do more work with no additional pay or benefits
 - it is important the council ensures employees are motivated and feel appreciated for the efforts they are making
 - the council does not have a problem with sickness absence levels (Chartered Institute of Personnel and Development Sickness Survey 2010 – average number of days sickness per employee; national average 7.7 days, private sector 6.6. days, public sector 9.6 days, ENC 5.5 days)
- 2.3 CMT therefore recommends that the only nationally negotiated pay option the council should proceed with is:
- giving only those employees who earn less than £21k a one-off pay rise of £250.
- 2.4 That means all other employees' pay and benefits would remain unchanged. This also applies to the Executive Director(s) and Chief Executive who are employed under separate terms and conditions of employment.

3.0 Equality and Diversity Implications

- 3.1 The recommended pay award would only be payable to the council's lowest earning employees who earn less than £21,000 per annum (relates to council employees on Grade 4, spinal point 24, £20,858 or below). Because the award will be subject to local agreement with employees and UNISON it is unlikely that there will be any local challenge.

4.0 Legal Challenges

- 4.1 Legal challenges are only likely to occur if national negotiations result in a more generous pay and benefit package being agreed which is not subsequently applied by the council.

5.0 Risk management

- 5.1 Because consultation will take place with employees and UNISON, all current inherent risks are mitigated.

6.0 Financial Management

- 6.1 If councillors decide to apply the one-off pay rise, it will be awarded to approximately 100 employees at a total cost of approximately £30k.

7.0 Recommendation

- 7.1 The Personnel Sub-Committee is asked to agree that consultation can start locally with all employees and UNISON to agree to a one-off pay rise of £250 being awarded (in 2011/12) to all employees who earn less than £21,000 per annum.

Legal	Power: Local Government Act 1972 - section 111
	Other considerations:
Background Papers:	
Person Originating Report: Katy Everitt, Head of Resources and Organisational Development	

Date: 17 January 2011					
CFO		MO		CX	

(Committee Report Normal Rev. 22)