

**By:** Director of Personnel & Development  
**To:** Personnel Committee  
**Subject:** Local Pay Bargaining – 2009/10  
**Classification:** Unrestricted

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**Summary:** This paper outlines the process undertaken and the current stage of this year's Local Bargaining agreement. Endorsement of the proposed settlement is sought from Personnel Committee, prior to that from full Council.

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## **1. INTRODUCTION**

- 1.1 This is the fifth year of Local Pay Bargaining. Consultation began back in September 2008, and has continued to be undertaken in an honest and constructive manner. The current financial climate with the challenges Kent County Council face now and in the medium term have been key factors in the discussion with our recognized Trade Unions.
- 1.2 Last years national settlement was although still not formally agreed has been paid at 2.45%. There have been clear indications from trade unions nationally that their expectations in terms of pay settlements reflect the Retail Price Index. This measure however reached a high of 5% in September. The Government's preferred measure, the Consumer Price Index (CPI) peaked slightly higher than this at 5.2% but forecasts predict the continued fall of both measures and may even reach negative values in the forthcoming year.
- 1.3 As last year, approximately two thirds of employees will be eligible for pay progression under Total Contribution Pay which has an average value of 2.7% for those who receive it.
- 1.4 The current rates of inflation in Table 1 together with the relative analysis of awards for the past 3 years between Kent and the National Joint Council are attached in Table 2, as Appendix 1.

## **2. LOCAL PAY BARGAINING ELEMENTS**

### **2.1 Pay award level**

The County Council has made budgetary provision for a cost of living award of 1.0% effective 1 April 2009. As in previous years, the Trades Unions have expressed their view that there has been a shortfall in awards compared to inflation, and it is this aggregate issue that requires addressing. The submission from trades unions is for 8%, but cost of living should be at least close to the rate of inflation, as indicated by the Retail Price Index (RPI). Anything less than RPI will not be recommended for acceptance to their memberships. This is not therefore a jointly agreed recommendation, and discussions will continue with trades unions.

The TU submission has also included the request to remove Kent Scheme Grade 1. This is due to the low rates of pay within this grade, relative increase of other public sector pay ranges at this level and to make a greater distinction between the lowest Kent Scheme pay point and the national minimum wage. Analysis of the costs for implementing this proposal by moving everyone on KS1 to pay point 4, as it becomes the new minimum, indicates a cost of £327k, comprising of £243k for schools and £84k for non schools. Figures include on costs.

Payment of registration fees for the forthcoming Independent Safeguarding Authority (ISA) is also part of the TU submission. Kent Adult Social Services estimate that this will be £200k however if this is paid it would be reclaimed by installments from the individual and therefore not a cost to the directorate. Within Children's, Families and Education including Schools the costs are £544k per annum for years 2010 -14 and £431k per annum thereafter however these figures include CRB checking.

Carer Leave has been introduced on a pilot basis since June 2007 and has been very positively received by staff, trade unions and their membership. In September 2008 Personnel Committee agreed to continue the provision of Carer Leave on a pilot basis. Although only a short period of time has elapsed since this decision was made it would be beneficial to include the substantive provision of Carer Leave within our Terms & Conditions, particularly since there is no financial impact.

## **3. COST SAVINGS**

A review of a wide range of allowances has taken place in order to identify where potential cost savings can be made. Two key areas were identified.

### **3.1 Essential User Car Allowance**

It is estimated from the claims made over the period of a year that approximately 1800 of the 3500 essential users fall outside of the 2500 business miles per year requirement for eligibility. Transferring these individuals to casual user status would save the £825 lump sum payment, and increase the mileage further to 40p per mile, equating to an overall saving of £0.9m. Individuals are being written to individually informing them of the withdrawal of the allowance but have the ability to appeal should there be a substantive reason.

### **3.2 Recruitment management**

Vacancy management can offer a substantial source of saving. Last year we actively recruited to approximately 2500 posts excluding schools with an average annual salary of £19,500 per post, or £25,300 with on costs.

Given this level of recruitment, by holding each vacancy for a fixed period initially for 1 month (regulated by the Recruitment Services Team), this results in potential savings of **£2m**. This estimate includes an assumption that some posts will be critical to service delivery in the short term, i.e. within 4 weeks, and that this could be as much as 1 in 4 posts.

## **4. CONCLUSION**

- 4.1** The proposed award of 1.0% does not meet the trade union expectation or the current RPI rate of inflation, but does take into account the rapidly changing economic conditions and is believed to be the best that can be achieved considering the Council's financial pressures.

## **5. RECOMMENDATION**

That the Personnel Committee agrees to endorse and recommend to Cabinet and Council:

- i) The adoption of the 1.0% pay award as the settlement for 2008/9.
- ii) Carer leave becoming a substantive provision within our Terms and Conditions.

The Personnel Committee give consideration to:

- i) Payment of Independent Safeguarding Authority registration fee
- ii) Removal of Kent Scheme Grade 1.

These are currently the subject of ongoing discussion with the Trades Unions.

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## Appendix 1

**Table 1. Current key economic data (Office of National Statistics)**

<b>Measure</b>	<b>Rate (%)</b>
RPI	0.9
CPI	3.1
Average Earnings Index (AEI) Whole Economy	3.3
AEI Public Sector	3.8

**Table 2. Comparison of National Joint Council (NJC) Cost of Living increases**

<b>Scheme</b>	<b>2006/7</b>	<b>2007/8</b>	<b>2008/9</b>
NJC	2.95%	2.475%	2.45%
KCC	2.83%	2.0%	2.5%