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To: Personnel Committee **Date:** 25 January 2011

Subject: Local Pay Bargaining – 2011/12

Classification: Unrestricted

Summary: This paper outlines the current stage of this year's Local Pay Bargaining process. Endorsement of the proposed no increase is sought from Personnel Committee, prior to that from full Council in February 2011.

1. BACKGROUND

- 1.1 Consultation began in September 2010 for what is our seventh year of local pay bargaining, and has continued to be undertaken in an honest and constructive manner. The difficult financial climate together with the challenges Kent County Council face now and in the medium term have been key factors in the discussion with our recognised Trade Unions.
- 1.2 There was no national settlement last year, in line with our own budget based decision that it was 'unaffordable'. This year the national Trade Union submission is made up of a number of improvements to terms and conditions of employment, including increasing annual leave, maternity leave, adoption leave, a reduction in the working week to 35 hours, and at least £250 pay increase for all employees. No response has yet been formally made by the Employers' side, though a similar response to last year is anticipated.
- 1.3 The Government's preferred measure of inflation, the Consumer Price Index (CPI) is currently at 3.3% with forecasts suggesting that this will average 2.7% for 2011. The Retail Price Index is higher at 4.7%, with forecasts suggesting that this will average 3.7% for 2011. The sources for these forecasts are HM Treasury and Industrial Relations Service (IRS) respectively.
- 1.4 Teachers received the final part of their three year settlement of an increase of 2.3% for October 2010 to August 2011, in September 2010. As in previous years, an inconsistency between Teachers and non teaching staff in schools is likely to be the cause of complaint and criticism. The Government has now formally abolished the recently created "Schools Support Staff Negotiating Body" which was to take responsibility for the reward structure for such employees in schools. A

consequence of this abolition will be that school support staff will continue to be employed under Kent Scheme terms and conditions of employment and therefore any associated local pay settlement.

- 1.5 As last year, approximately two thirds of employees will be eligible for pay progression under Total Contribution Pay which had an average value of 2.7% for those who received it. This year will be the first of our new, alternative progression scheme based upon performance, and the re-distribution of awards will result in the average value of approximately 1.8%.
- 1.6 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 RESPONSE

- 2.1. The County Council has made no budgetary provision for a cost of living award, which was not a surprise to Trades Unions. Their local submission this year was a reflection of the national submission in that they seek a minimum of £250 for all, an additional day's annual leave and for KCC to provide paid time off for staff undergoing IVF treatment. Consequently this paper does not reflect a jointly agreed recommendation, and discussions will continue with trades unions.

3. CONCLUSION

- 3.1 The proposed 0% does not meet the trade union expectation or predicted levels of inflation, but does take into account the Council's budgetary pressures and challenging economic conditions. This will be the second consecutive year that there will be no increase.

4. RECOMMENDATION

The Personnel Committee agrees to endorse and recommend to Cabinet and Council:

- 4.1. That there is no pay award for 2011/12.
- 4.2. That consideration be made of the proposed addition of leave for those staff undergoing IVF treatment.

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Appendix 1

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

Measure	Rate (%)
RPI	4.7
CPI	3.3
Average Earnings Index (AEI) Whole Economy	2.2
AEI Public Sector	2.4

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

Scheme	2008/9	2009/10	2010/11
NJC	2.75%	1.0% (1.25% for under £14k)	0%
KCC	2.5%	1.0%	0%