

By: Director of Personnel & Development
To: Personnel Committee
Subject: Local Pay Bargaining – 2008/9
Classification: Unrestricted

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.

1. Introduction

- 1.1 This is the fourth year of Local Pay Bargaining. Consultation began in October 2007, and has been undertaken in an honest and constructive manner. There has also been an appreciation of the financial challenge Kent County Council faces currently and in the medium term.
- 1.2 Last year's national settlement was not finalised until November 2007, and was made at a slightly higher level than our own for last year at 2.475%. There have been clear indications from Trades Unions nationally that their expectations are higher for 2008/9. However there is also a clear statement of expectation from the Prime Minister that ideally public sector pay settlements will be for 3 years and below 2% for 2008.
- 1.3 As last year, approximately 65% of KCC Kent Scheme employees will be eligible for pay progression under Total Contribution Pay. Based upon last year's outcomes the vast majority of this 65% are expected to receive one increment, which has an average value of 2.7% for those that receive it.
- 1.4 The relative analysis of awards for the past 3 years between Kent and the National Joint Council are attached in Table 1, together with current rates of inflation in Table 2, as Appendix 1.

2. Local Pay Bargaining Elements

2.1 Pay award level

The County Council has made budgetary provision for an award of 2.5% for the year. The aspirations of Trades Unions is ideally for 6% for 2008/9 with an additional 0.475% in recognition of the lower than National award in 2007/08. The Trades Unions have indicated that an offer of at least around the rate of inflation, as indicated by the Retail Price Index (RPI) is the minimum they could consider. Anything less than RPI will not be recommended for acceptance to their memberships. The Trades unions have expressed their view that there has been a shortfall in awards compared to inflation over several years, and it is this aggregate issue that requires addressing. This is not therefore a jointly agreed recommendation, and discussions will continue with Trades Unions.

2.2 Revision to Pay Scale.

As reported last year, a consequence of the revised pay scale to enable the final stages of Single Status to be delivered was an annual cost of 0.16% of the pay bill for 4 years (2008/9 being the third year). Naturally this requires funding.

3. Conclusion

- 3.1 The proposed award of 2.5% does not meet the trade union expectation or the RPI rate of inflation, but is in excess of the expressed Government expectations. It is believed to be the best that can be achieved considering the Council's financial pressures. Discussion to continue with the Trades Unions and an oral update will be given to the Personnel Committee Meeting.

4. Recommendation

- 4.1 The Personnel Committee agrees to endorse and recommend to Cabinet and Council the adoption of this pay award as the settlement for 2008/9.

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Appendix 1

Table 1. National Joint Council (NJC) Cost of Living increase

| Scheme | 2005/6 | 2006/7 | 2007/8 |
|---------------|---------------|---------------|---------------|
| NJC | 2.95% | 2.95% | 2.475% |
| KCC | 3.0% | 2.83% | 2.0% |

Table 2. Key economic data published January 2008

| Measure | Rate (%) |
|-------------------|-----------------|
| RPI | 4.4 |
| CPI | 3.0 |
| AEI Whole Economy | 4.1 |
| AEI Public Sector | 3.2 |