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**To:** Personnel Committee **Date:** 27 January 2010

**Subject:** Local Pay Bargaining – 2010/11

**Classification:** Unrestricted

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

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## **1. BACKGROUND**

- 1.1 This is the sixth year of Local Pay Bargaining. Consultation began in September 2009, 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 recognised Trade Unions.
- 1.2 Last year's national settlement 2009 of 1.0%, with 1.25% for the lowest 10 points in the national grade (the equivalent of an annual salary of under £14k) was not formally agreed until September. Trade unions nationally have made their bid for this year of 2.5% or £500. No response has yet been formally made by the Employers' side, although it is suggested that this would not be more than 0.5% if anything at all.
- 1.3 The Government's preferred measure of inflation, the Consumer Price Index (CPI) is currently at 1.9% with forecasts suggesting that this will average 1.8 % for 2010. The Retail Price Index is has now returned to a positive figure, albeit only 0.3%, with forecasts suggesting that this will average 2.9% for 2010. These source for these forecasts are HM Treasury and Industrial Relations Service (IRS) respectively.
- 1.4 The Teachers award for 2010 is the final stage of the three year settlement and will provide an increase of 2.3% in September. As in previous years, this inconsistency between Teachers and non teaching staff in schools is likely to be the cause of complaint and criticism.
- 1.5 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.

- 1.6 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. Trades Unions have stated that they are not surprised by the proposal, and have “reserved their position”. Their local submission this year was not for a specific percentage, but that the County Council matches the final national joint council settlement. This would require the County Council, for this year only, to revoke the very principles of local pay as well as allow a process to dictate costs that we are not part of or have the ability to influence. Consequently this is not a jointly agreed recommendation, and discussions will continue with trades unions.
- 2.2. The TU submission in 2009/10 included the proposal to remove Kent Scheme Grade 1. This was positively considered by the authority and is the subject of a separate paper for Personnel Committee. It is therefore recommended that the current proposal needs to be considered alongside this.

## **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 current economic conditions. This will be the first year since local pay was introduced in 1990, that there will be no increase, but circumstances are also unprecedented.

## **4. RECOMMENDATION**

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

- 4.1. That there is no pay award for 2010/11.
- 4.2. That consideration be made of the proposed removal of Kent Scheme 1 from our pay structure.

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## Appendix 1

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

<b>Measure</b>	<b>Rate (%)</b>
RPI	0.3
CPI	1.9
Average Earnings Index (AEI) Whole Economy	1.2
AEI Public Sector	2.8

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

<b>Scheme</b>	<b>2007/8</b>	<b>2008/9</b>	<b>2009/10</b>
NJC	2.475%	2.75%	1.0% (1.25% for under £14k)
KCC	2.0%	2.5%	1.0%