

## Report to Cabinet

**Subject:** Pay Award 2012/13

**Date:** 8 November 2012

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### Wards Affected

Not applicable.

### Purpose

To seek approval for the payment of a one-off pay award to staff on lower pay bands in respect of the financial year 2012/13.

To agree an additional extra concessionary days leave to be taken on 31<sup>st</sup> December 2012 to recognise the efforts of staff over the last several years in helping cope with reduced budgets, new ways of working whilst maintaining and improving performance standards.

### Key Decision

This is not a Key Decision.

### Background

1 Due to the current economic climate Government imposed a two year pay freeze for public sector workers for a period up to spring 2013. Although nationally, local government is not obliged to take into account this freeze no national pay award has been made to staff during 2010/11, 2011/12, or 2012/13.

Locally Gedling Borough Council supports the national pay bargaining framework and our own Pay Policy directs us to uplift salaries in accordance with this national framework. Consequently no award has been made since 2009/10.

Over the past few years, Gedling Borough Council has changed terms and conditions locally in order to make savings to enable us to maintain a focus on protecting front line services. The most significant examples being the removal of Essential Car User Allowances along with the general reduction in the value of Car Mileage Payments. These changes have saved the authority in excess of £90,000 per annum.

The Council also adopted a policy of 'frozen posts', a process whereby vacancies were only filled internally and then only where the position was considered essential. Subsequently all 'frozen posts' were removed from the establishment saving the authority in excess of £300,000 per annum.

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In addition the Council has and continues to embark upon change programmes designed to deliver on-going efficiency savings. This has resulted in some excellent collaboration with staff and the unions to reprioritise the activities of the Council so as to deliver services that meet the priorities of the Council. This includes the changes in management arrangements which has streamlined both operational and strategic management ultimately delivering over £160,000 of annual savings.

In freezing public sector pay Government recognised that this may have a more significant impact on the lowest paid Government staff, and for the last two years of the pay freeze, have increased the salaries in certain quarters of the public sector for those earning a full time equivalent of £21,000 or less by £250. However the local government sector is not covered by these arrangements and this award has not been made to our low paid workers.

Nationally, the pay award offer by employers for the current year 2012/13 has again been set at 0% with no offers of arbitration. This therefore means that all Local Government workers covered by the national framework, including all Gedling Borough staff, will have had a three year period of no pay increases.

As a result of this at a national level, UNISON, one of the trade unions recognised for staff-side negotiations for Gedling Borough Council's terms and conditions has written to Chief Executives and Leaders across the country, see Appendix 1, asking that councils do three things:

- "To pay the £250 promised by the Chancellor to NJC employees in your council from 1<sup>st</sup> April as a consolidated payment
- To identify part-time employees who may be affected by the change in conditions for Working tax Credits to enhance their hours to 24
- To resist making (further) cuts to pay, hours and conditions at local level".

## **Proposal**

- 2 It is recognised that the current economic climate has had a severe impact on most employees, but particularly those on lower pay bands with frozen salaries being applied at a time when costs of essentials such as energy and food are rising.

In formulating the budget for 2012/13, which was done at a time before pay negotiations had started, an assumed pay award of 1% had been provided for, and this has a budgeted value of £120,000 per annum. This means that if Members are prepared to support a proposal to make a one-off payment to staff on lower pay bands, there is budgeted provision.

Consequently, and in recognition of the hardship particularly experienced by people on lower pay bands, it is proposed that Cabinet considers making a non-consolidated pay award to staff on lower pay bands. The reasons for proposing a payment on this basis are:

- The national pay spine structure will not be compromised now or in the future

- Future pay awards will not erode differential pay between grades where some grades may have been subject to this 'additional payment'
- The payment is non-pensionable which is a benefit to both the Council and most employees affected by the proposal
- The Council's local pay line (associated with job evaluation scores) is not compromised.

As Members are aware, this Council operates a local grading scale based around the nationally agreed range of 'scale points'. Staff on local grade Band 5 and below earn no more than £19,126 per annum (FTE). The maximum pay for the next pay band (Band 6) is £21519 with a minimum incremental increase of £660 between pay points within the grade.

If Cabinet agrees to the proposal, consideration needs to be made to the nature of the payment (amount), who receives a payment (which pay grades), and the method of payment.

In response to Unison's request, it is proposed that at local level:

- A one off (non-consolidated) payment of £250 is made to staff on Pay Bands 1-6 (inclusive) only. That this is made as a single payment via the normal salary period for November 2012 to those qualifying by grade that have been in continual employment with the Council for the Period 1<sup>st</sup> April 2012 to 30<sup>th</sup> September 2012. All payments to be on a pro rata basis against the average number of hours worked per typical week.
- That it is noted that the Council does operate a flexible approach to the number of hours worked and that where staff approach the Council for changes in hours worked these are positively considered where budgets allow and there is operational need.
- During 2012/13 there are currently no plans for further detrimental changes that would affect pay, hours or conditions at a local level. Should a need to make such change arise, proper consideration would be given in line with our current procedures that have been agreed with our respective trade unions.
- To agree an additional extra concessionary days leave to all staff to be taken on 31<sup>st</sup> December 2012 to recognise the efforts of staff over the last several years in helping cope with reduced budgets, new ways of working whilst maintaining and improving performance standards.
- To agree that the Civic Offices be closed on the 31<sup>st</sup> December 2012; and that those staff who are required for operational reasons to work on that day be allowed to take an additional days leave in the 2012/13 leave period.

## **Alternative Options**

- 3 Alternatives options include not awarding a pay increase, awarding an alternative level of pay increase and considering alternative grades of staff affected by the changes.

## **Financial Implications**

- 4 The proposals for a non-consolidated payment of £250 to those staff identified in this report is estimated to cost £80,000, this can be accommodated within existing staffing budgets.

The award of additional leave for many services will have no direct cost implication, however were services are required either on 31<sup>st</sup> December, then additional costs will be incurred. It is not expected that these cost will be in excess of £5,000 and so can also be accommodated within existing staffing budgets.

## **Appendices**

- 5 None.

## **Background Papers**

- 6 None identified.

## **Recommendation(s)**

### **THAT:**

- (a) a one off (non-consolidated) payment of £250 is made to staff on Pay bands 1-6 (inclusive) only. That this is made as a single payment via the normal salary period for November 2012 to those qualifying by grade that have been in continual employment with the Council for the Period 1<sup>st</sup> April 2012 to 30<sup>th</sup> September 2012. All payments to be on a pro rata basis against the number of hours worked in a typical week;
- (b) an additional extra concessionary days leave be granted to all staff to be taken on 31<sup>st</sup> December 2012 to recognise the efforts of staff over the last several years in helping cope with reduced budgets, new ways of working whilst maintaining and improving performance standards.
- (c) the civic buildings be closed on 31<sup>st</sup> December 2012.

## **Reasons for Recommendations**

- 7 To recognise the financial impact that 3 years of no pay award has on staff, especially for those on lower pay bands.

To recognise that the Government, in previous years public sector funding determinations, has provided for increases in pay for the lowest paid Government staff and this has not been made available to local government staff.

To reward the whole workforce for their efforts in helping the Council to maintain and

improve performance during a significant period of change and budget reductions.