

Report to	-	Licensing and General Purposes Committee
Date	-	10 April 2017
Report of the	-	Executive Director of Resources
Subject	-	Review of Local Pay Award

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**RECOMMENDATION:** Members views are sought for the 2017 pay settlement in the light of budget forecasts, for consideration by Cabinet and Council.

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**Service Manager: John Collins**

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## **Introduction**

1. As Members are aware, the financial situation the Council faces remains very challenging for the foreseeable future. Clearly a major component in the Council's budget is its staffing and discussions have been on going with Staff Side on the position for a pay award for this year.
2. Member's views are being sought on the way ahead for this settlement to enable negotiation with Staff Side/UNISON to be progressed. It is also important to realise that any pay settlement is not a one off; it is then built into our budgets for the future years.

## **Rother Local Pay Award**

3. We keep a regular dialog with Staff Side/UNISON, and as would be expected the pay award has been raised as part of this. The expectation on their part will be for an annual pay award that reflects the current outlook and they would certainly be looking towards at least mirroring the national picture. They have also highlighted higher levels of inflation. Their views on the pay award are submitted at Appendix A.

## **Background**

4. The Government has not stated a position on public sector pay for some time. The national pay award in Local Government is the second part of a two year deal and is set at 1%. As Members are aware Rother has a local pay settlement arrangement and in 2016 awarded 1% or £250 (whichever was greater), a "hybrid" award. The current state of local pay settlements in Local Government is hard to identify, but unsurprisingly appears to be following the national award pattern of 1%. As always scrutiny on Local Government remains and any pay award out of the main stream would undoubtedly draw attention to Rother.
5. Inflation has been low during this period, moving between 0.25% to 1.6%, but with the trend currently upwards. As, would be expected, our salary points are implemented above the Government's National Living Wage.

6. From 2014 to 2016 we have matched the Living Wage (from the Living Wage Foundation, and distinct from the National Living Wage) for our permanent staff. Should we wish to continue this approach then an award in the region of 1% would not be sufficient and a specific adjustment will have to be made to SCP 6 in the salary scales. This in effect would be a 2.3 % pay award to this particular salary point. It affects a very small number of our staff and the cost of continuing this would be minimal.
7. Within the financial pressure we face we must also keep in mind our future position in the employment market. Turnover has increased in Local Government and the upturn in the job market has continued with the private sector once more competing for staff. We have worked over the last decade to narrow the gap between ourselves and neighbouring Authorities on pay and, as these are often our main competitors, we have to be conscious of their pay.
8. In order to achieve a balanced budget for this coming year Rother's pay award for 2017/18 is already budgeted for at 1%. As explained, any enhancement beyond this budgeted figure will have to be found from within the existing budget. This inevitably adds to the savings target the Council needs to achieve over the next years.

## **Conclusion**

9. The overall picture appears to be one of following the national agreement for a 1% award in the local government sector and there are good reasons for us to at least match this pattern. Furthermore, consideration needs to be given to the Council's view on the Living Wage (from the Living Wage Foundation).

Malcolm Johnston  
Executive Director of Resources

## **Risk Assessment Statement**

No risks are foreseen in this report, as it is the starting point in the process of discussion with Members and Staff Side/UNISON.

Appendix A – Staff Side Comments