

EAST HERTS COUNCIL

LOCAL JOINT PANEL – 21 OCTOBER 2013

HUMAN RESOURCES COMMITTEE – 15 JANUARY 2014

REPORT BY SECRETARY TO STAFF SIDE

REVISION OF COUNCIL'S PAY AWARD POLICY

WARD(S) AFFECTED: NONE

Purpose/Summary of Report

To approve the amendment of the Councils policy to reduce the pay award

RECOMMENDATION FOR LOCAL JOINT PANEL:

That:

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| (A) | Having made sufficient savings the policy which was intended to reduce the pay award for staff from 5% to 2% be revised; and |
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RECOMMENDATIONS FOR HUMAN RESOURCES COMMITTEE:

That:

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| (A) | The revised Pay Award Policy be approved |
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1.0 Background

1.1 The Council's imposed a reduction of the Staff Pay award in 2010 which was intended to reduce the salary budget to accommodate expected savings which the Council envisioned it would need to make. The Council's then Director of Finance expected that the imposed reduction in the pay award would be gained by withholding the expected nationally negotiated annual pay award. In the following years the Council budgeted for these pay awards but central government froze pay for local government. The Council has therefore made the necessary savings to payroll and can now recommence paying staff .

2.0 Report

2.1 **Key changes**

2.2 As described in previous section, the Council did not anticipate that local government would have a multi year pay freeze when the original terms and conditions review was imposed. The Council did however continue to budget for these pay awards and simply re-absorbed the money into budgets rather than any consideration to support of the staff that were experiencing a reduction in pay.

2.3 The unintended consequence of the review of the staff terms and conditions is that effectively the Council's staff have not had an increase in their pay in line with the continued high levels of inflation – effectively a pay cut has been experienced. If the previous Directors' plan is fully implemented it is possible that staff could continue to experience a reduction in pay for more years to come.

2.4 The Staff side wish to suggest to the Members that, as sufficient savings have been made to the staffing budget and simultaneously the staff have experienced many years of effective pay cuts that now is an opportune moment to permanently suspend the reduction in pay award proposals element of the terms and conditions review. Instead staff will now be able to receive any nationally awarded pay increase.

2.5 The calculations and supporting statement for this report can be found in **Essential Reference Paper 'B'**.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers - None

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