

THE 5% LOCAL AWARD

The 5% Local Award was introduced in 1988 to counter recruitment and retention problems at that time. In 2010 it was decided by Directors and Members to reduce The Local Award from 5% to 2%, but stated in the report that, 'Retaining the 2% maintains a degree of retention incentive, which the Council believes important.'

Since the announcement of reducing The Local Award, there's been a steady flow of East Herts District Council employees leaving, presumably for greener pastures, if this problem is not addressed then a culmination could see a mass exodus and there is already a return of retention problems.

Stated in the report by Director of Internal Services, dated 8th February 2010, 249 employees were currently entitled to and were receiving the Local Award and the projected cost for 2009/10 was; £326,817.13.

Taking into account the intention was to reduce the award from 5% to 2% meant that the cost (£326,817.13) needed to drop 3/5ths. to £130,726.85 making an overall saving of £196,090.28 per year.

The wage freeze at East Herts District Council has resulted in employees not receiving a pay increase for over 4 years, figures below show the savings made by EHDC based on an estimated wage bill of £12m.

1% pay increase, £12m x 1% = £120,000 - 4 (years) =£487,248.12 EHDC saving.

2% pay increase, (in line with Private Sector) £12m x 2% = £240,000 - 4 (years) = £989,185.92 EHDC saving.

3% pay increase, (in line with inflation) £12m x 3% = £360,000 – (4 years) = £1,506,105.72 EHDC saving.

The above figures show that EHDC exceeded their wage reduction plan of 2010, 11, 12, and 13, the forecast for 2014 is a further £1m cut on wages, to continue penalizing long serving, loyal, reliable employees would be unfair. Unison asks EHDC to cancel the plans to reduce The Local Award and allow all employees to receive the 1% pay increase negotiated this year, without reduction of The Local Award. If EHDC see the necessity to make further savings, it's suggested this could be achieved by phasing out The Local Award and not including this in contracts offered to new employees.