

REPORT OF THE GENERAL PURPOSES AND LICENSING COMMITTEE

(Meeting held 14 October 2002)

1. PAY AWARD 2002 – FINAL SETTLEMENT AND PAY AWARD 2003 (REPORT A) (MINUTE NO 27)

The Pay Panel, which comprises 3 elected Councillors and 3 members of the Employees' Side drawn from the Industrial Relations Committee, has made recommendations as to a final settlement of the Employees' Pay Award for 2002/03 and for the Award for 2003/04.

The Council generally participates in national negotiations but reserves the right to determine its own pay award, should the national award be detrimental to its own pay structure. Pay awards are negotiated locally, although they are influenced by national negotiations.

On 9 September, the Council agreed to make an interim pay award of 3%, subject to no employee earning less than £5 per hour.

After protracted national talks in August 2002, ACAS (the Arbitration Conciliation and Arbitration Service) negotiated a proposed settlement which was subject to consultation with both employers and trade unions. Agreement to the settlement was confirmed on 23 September 2002.

Following that national agreement, the Council's Pay Panel has considered the local pay award. They have concluded that the pay award in respect of the final settlement for 2002/03 and the pay award for 2003/04 should be as follows:

- From 1 April 2002 – 3% for all employees subject to a minimum of £5 (already implemented as the interim award);
- From 1 October 2002 – additional 1% for all employees (based on pay scales at 31 March 2002);
- From 1 April 2003 – 3.5% for all employees.

This is the same as the nationally-agreed award.

The national award applies a further 1% to the lowest two pay points but, as the Council has its own pay structure and pay points, the Pay Panel has agreed that it would not be possible to apply the additional 1%, without distorting the Council's existing local pay structure. The Committee supports the Pay Panel's recommendations.

The Employee side support the Pay Panel recommendation to implement the agreed pay award. They accept that it would distort the Council's pay structure if it were to implement the additional percentage increase which has been agreed for the bottom two spinal points in the national pay structure. However, Employee Side wish to ensure that no employee in NFDC is worse off than employees under the national pay structure. From 1 April 2003 the minimum hourly rate on the national pay structure will be £5.33 and Employee Side expects the imminent review of the Pay and Rewards Strategy to address this and other pay issues.

The national settlement includes an agreement that pay and conditions are to be rigorously reviewed. At local level, the Council has promised incremental progress towards Single Status and a review of the Pay and Reward Strategy. Employee Side consider both issues to be urgent and important.

In 2002/03, the cost of implementing the additional 1% from 1 October 2002 has been estimated at £70,000 from the General Fund and £15,000 for the Housing Revenue Account. The cost of this could not be met from existing budgets and a supplementary estimate is required for 2002/03.

In 2003/04 the additional cost of implementing a 3.5% pay award will be £70,000 for General Fund and £15,000 for the Housing Revenue account as the Expenditure Plans have already assumed a 3% increase. The additional cost will need to be included in the Expenditure Plan bids for 2003/04.

The Committee acknowledged the excellent work done by the Pay Panel in formulating the agreement.

RECOMMENDED:

- (a) That a further 1% pay increase be applied to all employees from 1 October 2002, based on pay scales at 31 March 2002;**
- (b) That 3.5% be applied from 1 April 2003 as the pay award for 2003/04;**
- (c) That a supplementary estimate of £85,000 be approved for the additional cost of the pay award in 2002/03 of which £70,000 be funded from the General Fund and £15,000 from the Housing Revenue Account; and**
- (d) That the comments of the Employees' Side be noted.**

**Cllr W H Dow
CHAIRMAN**

(GP141002)