

**DRAFT BUDGETS 2011-12: TOWN HALL**

In addition to considering the Town Hall Keeper's request for a further extension to his employment (see item 61) the Human Resources Working Group also considered the attached paper comparing nationally-negotiated local government cost of living pay increases against RPI and CPI over a 5 year period.

Using a full-time employee earning £21,000pa on 31 March 2007 as an example – and assuming the £250 per employee pay claim for 2011-12 is unsuccessful – the value of that employee's pay will have decreased by 11.5% against RPI and 9.1% against CPI.

Whilst there are advantages to having cost of living pay rises negotiated nationally (externally), when one party (staff side) consistently loses out, the usefulness of the process has to be questioned.

A switch to local pay bargaining (which would require consultation with staff) could potentially result in inconsistencies and friction. Additionally, to maintain Quality Council status the pay and conditions of staff must always be as good as – or better – than those agreed nationally.

The HR WG considered 'one off' payments to RTC staff to help compensate them for the devaluation of their pay over the period examined – but this would need to be linked in some way to length of service. It was concluded that the simplest approach (which would also preserve pay differentials) would be to move staff up one point on the NJC Pay Spine with effect from 1 April 2011. It was considered also that if the Council agreed with this suggestion:

**(a)** the Draft TH Budget should be adjusted to absorb the additional payroll liability (so that the proposed Council Tax increase remained 0% - or less)

**(b)** the additional payroll liability for the Heritage Centre should be funded by the Town Hall – rather than impact on the HC Manager's Draft Budget.

\* \* \*

**Estimated cost of moving NJC Pay Spine-linked staff up 1 increment point**  
*(salary, employers' NIC and any pension contributions)*

<b>Town Hall staff</b> (Town Clerk, Asst Town Clerk, Town Sergeant)	£1,420
<b>HC staff</b> (Sales/Counter Clerks)	<u>£670</u>
	<b>£2,090</b>

*Note* There is an expectation that some time between 1.4.11 and 1.4.12, RTC's pension contributions will decrease by c3% - £1,200pa

## Proposed adjustments to the Draft Town Hall Budget 2011-12

### EXPENDITURE

<b>Town Hall Repairs &amp; Renewals</b>	<b>delete entire provision</b>	<b>£1,000</b>
<i>Reasoning</i> sufficient in Earmarked Reserve		
<b>Contingency</b>	<b>delete entire provision</b>	<b>£850</b>
<i>Reasoning</i> RTC has sufficient General Reserves to address any budget overspend		
<b>Finger posts</b>	<b>delete entire provision</b>	<b>£250</b>
<i>Reasoning</i> RTC has a forecast Earmarked Reserve of £172 and there are no known relevant commitments in 2011-12 (3 new fingers were added in 2010-11).		
<b>Miscellaneous</b>	<b>reduce by</b>	<b>£200</b>
<i>Reasoning</i> RTC has sufficient General Reserves to cover any unplanned expenditure.		
<b>Total suggested reduction</b>		<b>£2,300</b>

To build in a margin for error – and for simplicity – it is suggested that the estimated additional cost for moving staff up one increment point be rounded up to £2,300. This would leave the proposed precept unchanged – ie frozen (0% increase on the previous year).

# BRIEFING PAPER FOR HR WORKING GROUP

## Local Government Pay (NJC), RPI & CPI: a comparison

### Basic definitions

**RPI** Tracks prices of a range of goods and services – plus some financial services charges – but excludes housing costs (mortgages, Council tax, rent etc)

**CPI** New Government's preferred uplift to benefits, pensions etc. Tracks prices (same range of goods and services as RPI) – but excludes financial services charges and housing costs (mortgages, Council tax, rent etc)

In recent years cost of living pay increases in local government have generally been lower than the rest of the public sector. For example, since 1998 NHS cost of living increases have outstripped local government by 7.5%.

In the current financial year (2010-11), most public sector workers had a pay increase (typically c2.2% - the same as the private sector) - but workers in local government whose pay is linked to the NJC Local Government Pay Spine have a pay freeze.

The Government has announced that public sector workers other than those in local government will have their pay frozen for 2011-13 – but those on a full-time pay scale at – or less than - £21,000 will receive an annual flat rate increase of £250. The Government has asked local government employers (whether the pay of their staff is linked to the NJC spine or is negotiated locally) to be mindful of what is happening in the rest of the public sector.

The unions representing the NJC 'staff side' have put in a claim to local government employers for 2011-12 for £250 for every employee but have asked also for a range of 'terms and conditions' to be improved – including, one extra day holiday a year and reducing the FT working week from 37 hours to 35. The changes sought are long-standing and are unlikely to be achieved. With larger principal authorities announcing redundancies and others finding ways of reducing costs, even a modest pay claim of £250 per employee is likely to be unsuccessful.

Like most employees of parish/town councils RTC staff (with the exception of the TH Keeper whose pay is linked to RPI) pay is linked to the Local Government NJC Pay Spine.

The table below clearly shows that the interests of local government staff whose pay is negotiated nationally have not been well served by the process. In every year, the negotiated local government employee cost of living increase has been below one – or both - of the RPI and CPI inflationary measures. This is presumably why so many principal authorities have opted out of the NJC Pay Spine, preferring local pay bargaining.

**Local government pay awards for pay scales  
linked to the NJC Local Government National Pay Spine v RPI and CPI**

Year	NJC pay award	RPI change over prev 12 mnths *	CPI change over prev 12 mnths*
2011-12	Staff side claim: £250 (equivalent to 0.96% for median UK FT salary of £25,948)	+4.7% **	+3.3% **
2010-11	0%	+5.3%	+3.7%
2009-10	1%	- 1.2%	+2.3%
2008-09	2.75%	+4.2%	+3%
2007-08	2.48%	+4.5%	+2.8%

\* Cost of living pay awards for local government employees are effective 1 April – the RPI and CPI figures are as at April (except 2011-12)

\*\* Latest available figure – 12 months to Nov 2010. Because of rising food, cotton and oil prices – plus the VAT rise, the figures for April 2011 are likely to be similar.

**Cumulative effect if applied to a local government worker earning  
a FT salary of £21,000pa on 31.3.07.**

Year	Salary (with NJC award)	Salary (if RPI applied)	Salary (if CPI applied)
2007-08	£21,520.80	£21,945.00	£21,588
2008-09	£22,112.62	£22,866.69	£22,235.64
2009-10	£22,333.75	£22,592.29	£22,747.06
2010-11	£22,333.75	£23,789.68	£23,588.70
2011-12	<b>£22,583.75</b>	<b>£24,907.79</b>	<b>£24,376.13</b>

*If RPI applied* Assuming the cost of living increase for 2011-12 is £250 per employee: as at 1 April 2011 the pay of a local government worker earning £21,000pa in March 2007, employed under the terms of the NJC Local Government Pay Spine, is likely to have fallen in real terms by at least £2,324.04 (-9.3%) over 5 years. If staff do not receive a £250 increase for 2011-12 this fall in salary value will increase to £2,574.04 (-11.5%).

*If CPI applied* Assuming the cost of living increase for 2011-12 is £250 per employee: as at 1 April 2011 the pay of a local government worker earning £21,000pa in March 2007, employed under the terms of the NJC Local Government Pay Spine, is likely to have fallen in real terms by at least £1,795.38 (-7.4%) over 5 years. If staff do not receive a £250 increase for 2011-12 this fall in salary value will increase to £2,042.38 (-9.1%).

TC 9.1.11