



# Cabinet

<b>Date:</b>	<b>Thursday, 21 July 2011</b>
<b>Time:</b>	<b>6.15 pm</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

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## SUPPLEMENTARY AGENDA 2

30. LOCAL PAY AWARD 2011/2012 (Pages 1 - 4)

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## WIRRAL COUNCIL

### CABINET

21 JULY 2011

<b>SUBJECT:</b>	<b>LOCAL PAY AWARD 2011-12</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR STEVE FOULKES</b>
<b>KEY DECISION?</b>	<b>YES</b>

#### 1.0. EXECUTIVE SUMMARY

- 1.1. I have been requested by the Leader of the Council to prepare a report, for possible presentation to the Cabinet, which sets out in detail how those employees whose full time equivalent salary is less than £21,000 per annum could be paid £250 as a lump sum, net of Income Tax, employees' National Insurance and employees' pension contribution as a pay award in 2011-12. I have also been asked to consider how schools could be compensated for the additional financial impact of delivering such net sum payments.

#### 2.0. RECOMMENDATIONS

- 2.1. That those employees whose full-time equivalent salary is less than £21,000 per annum be offered a non-consolidated additional lump sum payment net of Income Tax, National Insurance and pension contribution, of £250 for 2011-12 to be paid no later than December 2011. The operational details of the arrangements for these payments shall be determined by the Chief Executive (in consultation with the Leader of the Council, the Director of Finance and the Director of Law, HR and Asset Management) following consultation with the Trade Unions.
- 2.2. That it be recommended to Council that an amount of £190,000 be transferred from the General Fund Budget to the Schools Budget.
- 2.3. That officers report to a future Cabinet meeting on the implications of bringing those Council employees earning below £7.20 per hour up to that level of pay (referred to as a living wage).

#### 3.0. REASONS FOR RECOMMENDATIONS

- 3.1. I have been requested to prepare this report by the Leader of the Council.
- 3.2. This issue was discussed at the Council meeting on 18 July 2011.

- 3.3. Further work will need to be undertaken to identify which employees are eligible for this payment and to ensure that no individual employee is disadvantaged due to their individual financial circumstances.
- 3.4. Further work will need to be undertaken on the implementation of a living wage, including possible wider issues for Job Evaluation across the Council's workforce.

#### 4.0. **BACKGROUND AND KEY ISSUES**

- 4.1. In the Budget on 22 June 2010, the Chancellor announced that he was 'asking the public sector to accept a two-year pay freeze', but that 1.7 million public servants, who earn less than £21,000, 'will each receive a flat pay rise worth £250'. However, in response to a parliamentary written question tabled by Frank Field MP, the Treasury subsequently stated that its commitment covered only workforces under ministerial control or covered by pay review bodies.
- 4.2. The Government accepted the recommendations of pay review bodies for public sector pay awards for 2011/12. These cover teachers, prison officers, the armed forces and the NHS, but not doctors and dentists.
- 4.3. Neither the Police nor Local Government workforces are covered by pay review bodies. Pay for the Police is determined by the Police Negotiating Board and the Home Office while Local Government workers' pay is managed by Local Authorities and the National Joint Council. For 2011 the Local Government Employers have decided that there will be no pay awards for any employees.
- 4.4. Council on 18 July 2011 resolved to support a non-consolidated £250 payment to those employed by the Council and earning below £21,000 per annum.
- 4.5. The recommendation in this report is that the £250 be paid as a non-consolidated lump sum, rather than in instalments throughout the year. Also, it is recommended that this payment be made net of Income Tax, employees' National Insurance and employees' pension contribution. Therefore eligible employees will receive a net payment of £250. In order to ensure that each individual employee will receive a net £250, each payment will be calculated separately to take account of individual financial circumstances.
- 4.6. It is recommended that the operational details of the arrangements for these payments are determined by the Chief Executive (in consultation with the Leader of the Council, the Director of Finance and the Director of Law, HR and Asset Management) following consultation with the Trade Unions.
- 4.7. In preparing the Schools Budget, Schools were informed that the Schools Budget included provision for 'the costs of a pay award for non-teaching staff earning less than £21,000 of £250'. The costs of such a pay award include the employer's National Insurance and employer's pension contributions.

4.8 Schools will not have allowed for the cost of Income Tax, employees' National Insurance and employees' pension contributions; the total of these costs to schools is estimated to be £190,000. Accordingly, it is recommended that Council be requested to approve the transfer of £190,000 from the General Fund Budget to the Schools Budget.

4.6 It is also recommended that officers report to a future Cabinet meeting on the implications of bringing those Council employees earning below £7.20 per hour up to that level of pay (referred to as a living wage).

#### **5.0. RELEVANT RISKS**

5.1. None.

#### **6.0. OTHER OPTIONS CONSIDERED**

6.1. The option of paying the additional £250 spread over monthly payments was considered, and also the option of paying the £250 gross before deductions.

#### **7.0. CONSULTATION**

7.1. Consultation will take place with the Trades Unions prior to implementation.

#### **8. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1. None.

#### **9. RESOURCE IMPLICATIONS**

9.1. The cost of this proposal is estimated to be £1,630,000. Budgetary provision of £1,000,000 exists in the General Fund and £640,000 in the Schools Budget.

9.2. An amount of £190,000, included in the total estimated cost above, should be transferred from the General Fund Budget to the Schools Budget to meet the cost of Income Tax, employees' National Insurance and employees' pension contributions.

9.3. All staff whose full time equivalent salary is below £21,000 per annum are eligible to receive this payment. The entitlement will be pro rata.

#### **10.0 LEGAL IMPLICATIONS**

10.1 There are no direct implications arising from this report.

#### **11.0 EQUALITIES IMPLICATIONS**

11.1 There are no direct equalities implications arising from this report.

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 There are no carbon usage implications arising from this report.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 There are no planning implication arising from this report.

FNCE/164/11

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### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Council	18 July 2011