

# **APPENDIX B**

## **WAVERLEY BOROUGH COUNCIL**

### **EXECUTIVE – 31 MARCH 2009**

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#### **Title:**

#### **2009 PAY AWARD**

[Portfolio Holder for Finance: Cllr Mike Band  
Portfolio Holder for Human Resources: Cllr Ms Denise Le Gal]  
[Wards Affected: All]

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#### **Summary and purpose:**

The purpose of this report is to update the Executive on the situation regarding the 2009 Pay Award and to agree the financing of the resultant cost.

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#### **How this report relates to the Council's Corporate Priorities**

The pay award affects all staff therefore impacts on the delivery of all of the Council's Corporate Priorities.

#### **Equality and Diversity implications**

There are no direct implications arising from this report.

#### **Resource and legal implications**

These are set out in detail in the report.

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#### **Background**

1. The Joint Negotiating Team met on a number of occasions to discuss the annual pay award due on 1st January 2009 but was unable to reach agreement. As part of the agreed process, the services of ACAS were used to mediate a further set of discussions. No resolution was reached so both parties agreed to refer the matter to ACAS for formal arbitration.

#### **The Financial Implications**

2. The Employer's negotiating team originally made an offer of 0.5% from 1<sup>st</sup> January 2009, which would have cost £60,000 on the General Fund and £35,000 on the Housing Revenue Account and these are the amounts now included in the approved Budget. Subsequently the Employer's team offered 1% from 1<sup>st</sup> July 2009 with a pay review in June 2009. Both offers were rejected by staffside. When Waverley approved its 2009/10 budget, Members were alerted to the fact that 0.5% has been allowed in the Budget and that, if ACAS agreed a pay award in excess of this, the Council would need to undertake a review of services including examination of staffing.

3. On 18 March, ACAS announced the outcome of their consideration of Waverley's pay award and confirmed the increase to be 1.5%. Normally, Members would need to formally approve the level of the pay award that had been agreed by the Staffside and employer. However, the ACAS decision, following arbitration, is legally binding and the Council must accept the stipulated rate and the resultant cost is unavoidable. Therefore there is no decision for Members to take on the rate. The costs are set out in the table below.

	<b>Cost of 1.5% £000</b>	<b>2009/10 Budget £000</b>	<b>Budget Shortfall £000</b>
General Fund	169	60	109
HRA	53	35	18
Other	2	1	1
Total	224	96	128

There will also be part-year costs from 1st January 2009 to 31st March 2009 of £56,000 in the current financial year 2008/2009, which is provided for in the appropriate inflation provisions for 2008/2009.

4. Given the volatility of the economy, when setting the Budget for 2009/10, Council agreed to undertake a formal review of the budget during July 2009. It is therefore proposed that, until this review has been carried out, the additional £109,000 General Fund part of the salary increase be temporarily funded from the portion of the revenue contribution to capital which has not yet been allocated in the budget process, and further consideration be given to the financing of this amount in the review to be reported in September 2009. It is proposed that the additional Housing Revenue Account costs of £18,000 be met from the HRA inflation provision, and that the other costs of £1,000 be charged to capital schemes as appropriate.

### **Recommendation**

The Executive is asked to note the outcome of the ACAS award on the Council's budget and agree to the funding proposals indicated in paragraph 4.

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### **Background Papers (DCEx)**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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