



## POLICY AND RESOURCES SCRUTINY COMMITTEE – 13TH NOVEMBER 2012

**SUBJECT: NOTICE OF MOTION – PUBLIC SECTOR PAY**

**REPORT BY: DEPUTY CHIEF EXECUTIVE**

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### 1. PURPOSE OF REPORT

- 1.1 Committee is asked to consider the Notice of Motion as set out in Part 3 of the Report, and make appropriate recommendations to Council.

### 2. BACKGROUND INFORMATION

- 2.1 A notice of motion has been received by the Head of Legal and Governance from Councillor Gez Kirby.

- 2.2 Councillor Kirby asks the Council to consider the following:-

- The Chancellor of the exchequer announced in the 2012 Budget the Government's desire to introduce 'more market facing' public sector pay. This could mean regional or local public sector pay.
- This recommendation has come in advance of the Pay Review Bodies reporting on the issue in July and September 2012.
- There has been no independent assessment of the impact and consequences this policy could have for public services or the economies of low pay regions like Caerphilly County Borough.

He considers that:-

- The Government's case is based on the claim that public sector pay is 'crowding out' the private sector. This is not supported by evidence, particularly at a time of high unemployment. There are currently 16 JSA claimants for every job vacancy in Caerphilly County Borough.
- This approach also ignores the real reasons for the differences between public and private sector pay. For instance, there are more high skilled workers in the public sector (such as teachers and nurses), and a smaller pay gap between top and bottom earners and a smaller gender pay gap.
- Public sector employers already have some flexibility to adjust pay in response to local conditions, and higher rates are paid in London and the South East.
- All devolved nations and English regions stand to be affected by this, with the possibility of years of pay falling behind the cost of living.

- Workers in Caerphilly County Borough are already paid £66 less than the national average per week.
- 65% of public sector workers are female.

He also believes that:-

- Regional or local public sector pay would have a harmful effect on Wales's economy.
- It will make it harder for schools and other public services to recruit and retain good quality professionals who could earn more for doing the same job elsewhere.
- There are 15,500 public sector workers in the Caerphilly area and reducing their real terms pay each and every year will dramatically reduce spending power and have a negative impact on the private sector.
- This policy will not improve the pay of private sector workers but instead could encourage further depression of wages in all sectors.
- We do not want to be forever defined as a 'low pay' county.
- This policy is therefore counter to our Caerphilly County Borough Council's vision and ambitions for the future.

### **3. REPORT**

3.1 Councillor Kirby requests in his Notice of Motion that the Council resolves as follows:-

- To write to the Chancellor of the exchequer and Chief Secretary to the treasury stating this Council's opposition to plans for regional and localised public sector pay.
- To write to all local MPs within the next month outlining concerns about the impact that this policy would have on services and the local economy.
- To sign up to the TUC's Pay Fair campaign and raise awareness of the implications and risks of this policy locally, regionally and nationally.

### **4. CONSULTATION**

4.1 None required.

### **5. RECOMMENDATIONS**

5.1 Committee is asked to consider the Notice of Motion outlined in paragraph 3 above and make appropriate recommendations to Council.

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