

1 Background

- 1.1 The salaries budget represents around 23% of the gross budget and is partitioned between direct costs and indirect costs. For 2007-08, it has been completely re-costed, from which has been generated the following two years salaries budgets. Pay inflation was included at 4%. Separately another 4% has been included for the Pay and Rewards exercise (in Critical Growth).
- 1.2 It is also an area over which controls and analysis can be improved. Briefly, controls to prevent pay drift and analysis to better predict the movement in increments over the whole three years. There is more on this at 2.4.
- 1.3 During the course of compiling the salaries budget, it has become clear that non-payroll staff costs - for example, consultants – are mainly funded via the Supplies & Services route. This is being further investigated; the results will be reported to Members.
- 1.4 The key information for the Council is set out below. The figures are subject to a final review, which is why the budget report retains the MTFP figure. The individual Business Area data is attached.

Table 1: Key information – salaries budgets 2007-08

Line	Descriptor	Data 2007-08	Comment
1	Number of staff	438	
2	Number of FTE's	402.15	• FTE = full time equivalent
3	Direct staff costs	£ 12,636,135	• of which £249,330 overtime; includes Healthier Wiltshire growth of £4k
4	Indirect staff costs	<u>518,115</u>	• an overall increase of 4.6%
5	Total	13,154,250	• of which Agency staff £105,650 2007-08 £49,650 2008-10 • Details are set out at the end of this Annex
6	MTP control total	13,154,000	• The top down estimate is within £250 of the bottom up calculation, or 0.0019% of the control.

2 Analysis

- 2.1 Whilst the detailed figures are set out at the end of this Annex, briefly, the main features of the Direct salaries are, in descending order of cost, Salary, Superannuation, National Insurance, Pay Award, Overtime, Allowances and, as a deduction, a Vacancy Factor.
- 2.2 The features of the Indirect salaries are, in order of descending costs, Agency Staff (although this halves in the following year), Recruitment & Retention, Added Years, Course Fees, Training, Health Insurance, Subsidised Parking, Joint Staffing Contribution, Professional Subscriptions and four items below £5,001.

2.3 An initial analysis of the reasons for the increase in the salaries budget has found thirteen factors.

Table 2: Reasons for increase in costs in 2007-08 from 2006-07 £

Ranking	Factors	Cost
1	Restructuring	483,298
2	Inflation	482,179
3	New posts	72,251
4	Increments – a net increase	56,057
5	Re-grading	43,306
6	Budget error	25,007
7	Virement	12,824
8	Pension changes	10,084
9	Increased hours	5,275
10	Overtime	5,048
11	Allowances	4,836
12	One-off growth	-25,000
13	Vacancy factor change	-37,911
	Total	1,137,219

2.4 The control of this budget can be exercised in several ways.

Table 3: Mechanisms for exercising control

Line	Mechanism	Items controlled
	<p>Full Time Equivalent and Hours Control</p> <ul style="list-style-type: none"> Any change in the number of staff and the FTE has to be agreed by CMB, which would include how any cost increase is to be funded. Major changes eg restructures, would be agreed by Members. Hours are controlled through the FTE mechanism 	<ul style="list-style-type: none"> Restructuring New post One-off growth Increased hours
	<p>Grade and Market Supplement control</p> <ul style="list-style-type: none"> Grading applications that cannot be funded from savings elsewhere in the budget (and shown in the monthly revenue monitors), must have the additional funding agreed by the Executive. A market supplement, and its funding, has to be agreed by CMB prior to implementation; this treatment also applies to Virements, Overtime and Allowances Similarly, any change in the VF is a matter for Members 	<ul style="list-style-type: none"> Re-grading Market supplement Virements Overtime Allowances Vacancy Factor change (VF)
	<p>Drivers set externally or system generated.</p> <ul style="list-style-type: none"> Increments, inflation and Pensions are set externally. The prediction of the movement of increments should be improved. Budget errors will be addressed as part of the annual budget process. 	<ul style="list-style-type: none"> Increments – a net increase Inflation Pensions Budget error

Salaries 2007-08

Jan 23

1 Control total			
Salaries		12,647,000	
Inflation		<u>507,000</u>	
			13,154,000
		2007-08	
2 Direct			
Salary		9,169,092	
Overtime		249,330	
Allowance		26,631	
Pay award 4%		373,308	
NI		746,220	
Super		2,388,850	
Less Vacancy		<u>-317,297</u>	
Total			12,636,136
3 Indirect			
		Inf @ 3%	
Course fees	66,240	1,987	68,227
Training	64,780	1,943	66,723
Recruitment & retention	77,200		77,200
Professional subscriptions	12,510	375	12,885
Health insurance	44,240	1,327	45,567
Subsidised parking	26,160		26,160
Added years	67,390	2,022	69,412
Long service awards	1,570		1,570
Solicitors practising certificates	3,950		3,950
Employee assistance scheme	13,630	409	14,039
Staff social club	5,000		5,000
Trade Union costs	410		410
Agency staff	105,650		105,650
Joint Staffing contribution	20,700	621	21,321
	<u>509,430</u>	<u>8,685</u>	<u>518,115</u>
			<u>13,154,251</u>
4 Excess over Control Total			-251
		or %	0.0019