

EMPLOYMENT COMMITTEE

MINUTES OF THE MEETING of the Employment Committee held on Friday 3 July 2009 at 10 am in the Guildhall, Portsmouth.

(NB These minutes should be read in conjunction with the agenda and reports for the meeting.)

Present

Councillor Gerald Vernon-Jackson (In the Chair)
Councillors Leo Madden
Margaret Adair
Jim Fleming
Lynne Stagg
Steve Wemyss

26 Declaration of Members' Interests

There were no declarations of interests.

27 Minutes – 28 April 2009 (AI 2)

RESOLVED that the minutes of the meeting of the Employment Committee held on 28 April 2009 be confirmed, and signed by the Chair as a correct record.

28 Matters Arising from the Minutes (AI 3)

Proposed Employment Committee Operational Review Working Party

HHR

RESOLVED that no members be appointed to an operational review working party, and that the officers be requested to formulate proposals addressing the points raised under Minute 24/09, consulting members as necessary, and report back to a future meeting of the Committee.

29 Local Pay Review (LPR) (AI 4)

(TAKE IN REPORT)

The Committee received a presentation from the Head of Human Resources and the Head of Central HR Services about the history of the Local Pay Review (LPR), the action taken since the City Council's decision in November 2008 to progress the LPR by consulting directly with staff and making individual offers of the outcomes of the review to them, and the results of that process. The report before the Committee included revised proposals resulting from the consultation undertaken. It was confirmed that all members of the City Council had been invited to attend the presentation.

The Committee was informed that the current level of acceptances was 90% of non-school staff, and 81.2% of school staff. 1.4% of non-school staff and 1.1% of school staff had rejected the offer, and 8.6% of non-school staff and 17.7% of school staff had not yet responded. Taking into account pay and allowances and the proposed revisions to the offer as set out in the report, the

impact on staff was currently as follows, although it was emphasised that these figures were still fluctuating:

Staff receiving an increase 51.7%
Staff for whom there was no change 23.6%
Staff receiving a decrease 24.7%.

The Accountancy manager reported that the cost of the pay and allowances package was estimated at £5.060m in 2009/10, £5.297m in 2010/11, and £4.259m in 2011/12. The revised proposals would cost £500,000 in 2009/10, with an ongoing increase of £143,000 in future years. The steady state financial position was that there was an overall increase of £4.3m to the cost of pay and allowances, which was made up of a £7m overall increase, reductions of £3.8m (£2.7M protected and paid for two years), and the addition of £1.1m for the remaining market sensitive increments.

The Head of Central HR Services said that the next steps in the process, subject to the agreement of the City Council that afternoon, would be to write to all staff who had returned their letter of acceptance giving the required three month's contractual notice of the change, with a pay date of 1 November 2009, and to continue discussions with those staff who had yet to accept. Thereafter there would be a report to the Employment Committee on a date to be agreed in August on the numbers of staff not accepting their offer and the services affected, the reasons for non-acceptance and the options for dealing with the situation.

The Committee was informed that the risks of proceeding with the Local Pay Review as outlined in the report included the following:-

- The possibility of legal action from the Trade Unions
- Damage to employee relations (the point was made that those who had accepted their offer were not necessarily content with the proposals as they affected them)
- Potential for unfair dismissal claims
- Negative publicity and damage to the City Council's reputation
- The need still to secure governing body co-operation in schools

Following the implementation of LPR, it was intended to address the City Council's competitiveness as an employer and to formulate a pay and reward strategy.

At the conclusion of the presentation, the Committee heard deputations from Stewart Graham, Vice-Chair Portsmouth City Unison branch, and Kelvin Aubrey, a Unison Regional Officer.

Stewart Graham said that the Portsmouth City Unison branch had lodged a dispute with the City Council over the implementation of LPR, and that Portsmouth was the only local authority in the area seeking to impose an agreement. He referred to Unison's criticisms of the job evaluation scheme used (JESS) which had been explained in previous meetings. He spoke about the real consequences for employees who were disadvantaged under LPR and the effect it could have on their standard of living, which he said was

poor return for their hard work for the City Council. By implementing the pay award in November, staff receiving a cut would be badly affected at Christmas, and he said that implementation should be delayed whilst a negotiated agreement was sought. Unison remained of the view that JESS was not fit for purpose and produced perverted results. Although Unison had always accepted there would be winners and losers in job evaluation, in its opinion JESS had not produced a reliable result because it included double counting and insufficient consideration of some factors. He spoke about the effect on staff morale of the LPR as proposed, and the likely detrimental effect on the retention of staff. Although 90% of non-school staff had accepted their offer, this was because they had to do that or lose the pay protection offered. He said there was anecdotal evidence that staff had been pressured by managers to sign their letters. He believed the City Council would have been better served to have undertaken the LPR in-house and remain convinced that JESS did not meet the job evaluation requirements and was therefore unacceptable.

Kelvin Aubrey repeated Unison's previous criticisms of JESS which he said were grounded on strong arguments. He believed no adequate response had been received from the City Council to those criticisms. One of the major criticisms was the lack of transparency of the scheme. He said full information had been released in other local authorities, citing Dover, and that the City Council had not fulfilled an undertaking to go back to the Reward Partnership to ask for more transparency in the release of information. This lack of transparency in his opinion was causing suspicion from staff. He urged the City Council to delay the implementation of LPR and continue negotiations so that it could be moved forward on a joint basis with the trade unions and the staff to avoid substantially undermining employee relationships within the City Council.

The Chair thanked Mr Graham and Mr Aubrey for their deputations. He reminded Members that the purpose of the Employment Committee was to make recommendations to the City Council on whether a revised offer should be made to staff as set out in the report submitted.

The Head of Human Resources referred to an issue which had arisen with regard to pay protection. It was possible that where service reviews were undertaken immediately following LPR, some staff whose pay had been reduced under LPR might suffer a further reduction. As a good employer the City Council would not wish staff in that unfortunate situation to be disproportionately disadvantaged. She therefore suggested as an addition to recommendation 5 in the report that a specific LPR pay protection policy should be developed to deal with the situation should it arise, so that staff suffering a second reduction received pay protection at their original salary, not their reduced salary following LPR. In answer to questions, it was noted that this was likely to affect a very small number of staff, and that there would be no additional financial cost since the original, higher salaries of the staff would still be included within the budget.

Members asked various questions of the officers about LPR and made comments on the deputations heard. The consensus was that there had been agreement originally with the unions on the use of JESS, and that following consideration of the subsequent criticisms made of it, they remained of the

view that the process should not begin again, and that it was necessary to bring matters to a conclusion in the interests of all staff. The view was expressed that the City Council had done all it could to respond to the concerns of the unions and staff, and that the revisions proposed as a result of the consultation process, which would further improve the offer for many staff, should be recommended to the City Council.

RECOMMENDED to the Full City Council on 3 July 2009 –

- (1) That the proposed revisions to the original local pay review proposals be approved;**
- (2) That the review be implemented by writing to all schools and non-school staff who have accepted the proposals giving the required three month's contractual notice of the change backdated to 1 April 2009 with physical changes being reflected in the November 2009 pay;**
- (3) That during July 2009, managers continue discussions with those staff who have yet to accept, to ensure they understand the offer, including the revisions, and find out why they may still be unwilling to accept;**
- (4) That a further report be submitted to the Employment Committee in August 2009 on the numbers of staff and reasons for non-acceptance, including options for moving forward with the staff to avoid the situation where there are staff in the same role being played differently.**
- (5) That the relevant HR policies be updated and/or replaced by the LPR proposals, and a specific LPR pay protection policy be developed for future agreement by the Employment Committee;**
- (6) That the additional cost in respect of the Local Pay Review for 2009/10 in the sum of £656,000 be funded from the City Council's overall contingency provision;**
- (7) That the ongoing additional cost in the sum of £221,000 for 2010/11, £221,000 for 2011/12 and £171,000 thereafter be added to the budget for future years and therefore increase the City Council's forecasted deficits upon which savings targets are based;**
- (8) That a report be brought forward in the first half of 2010 setting out a pay and remuneration policy for the City Council to address competitiveness with adjacent Council's and the market place.**
- (9) That it be recommended to Cabinet that the cost of revisions to the Local Pay Review proposals be recommended to Full Council for approval.**

The meeting concluded at 11 am.

Chair

LC/SEM
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6 July 2009