

Agenda item: 

**Decision maker:** Employment Committee

**Subject:** Employee Terms & Conditions

**Date of decision:** 21<sup>st</sup> November 2011

**Report by:** David Williams - Chief Executive  
Kay White – Head of Human Resources

**Wards affected:** n/a

Key decision (over £250k): n/a

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## 1. Purpose of report

At the Employment Committee of 20 October 2011, members resolved:

- Officers continue with the current consultation and seek to negotiate with the trade unions with the aim of bringing a joint alternative or modified proposal which achieves equivalent savings to a two-year increment freeze
- In return for the proposed two-year increment freeze, an offer to the trade unions of an enhanced voluntary redundancy or severance scheme for the duration of the transformation programme implementation.

Officers have pursued negotiations with the trade unions on the basis set out above. Members of the Employment Committee and the Leader of the Labour group met informally with the trade union representatives on 15 November 2011 to hear their responses to the negotiations.

Officers are now seeking to update members further and receive direction from members on how they wish to proceed.

## 2. Recommendations

2.1 Members of the Employment Committee are asked to advise which option or options they would like to proceed with under section 4 of this report, namely whether they wish to:

2.1.1 Accept the Trade Unions counter offer.

- 2.1.2 Request officers to continue with the current consultation and seek to further negotiate with the trade unions with the aim of bringing a joint alternative or modified proposal which achieves equivalent savings to the proposed two-year increment freeze to the 2 December 2011 Employment Committee.
- 2.1.3 Move to consult directly with individual staff on the proposed two-year increment freeze with effect from 1 April 2012

### **3 Background**

- 3.1 On 13 September 2011 the Employment Committee resolved to start formal statutory consultation with the trade unions and staff under section 188 of the Trade Union & Labour Relations (Consolidation) Act 1992 in regard to freezing incremental pay for all staff earning £21,000 and above (excluding schools), for 2 years. The aim of the consultation is to consider the views raised by the unions in regards to this proposal and any alternatives.
- 3.2 Having carefully considered the proposals put forward by the unions, the Committee concluded that it was not minded to consider pay cuts but would consider any other proposals and suggestions made through the consultation period to help bridge the financial gap including, but not limited to, changes to staff and member car parking, bailiff services and voluntary redundancy/severance, but not the Enhanced Voluntary Redundancy proposals made to date by the unions as they were considered to be unaffordable.
- 3.3 On 20 October 2011 the Employment Committee resolved that Officers should continue with the current consultation and seek to negotiate with the trade unions with the aim of bringing a joint alternative or modified proposal which achieves equivalent savings to a two-year increment freeze.
- 3.4 On 25 October 2011 the Chief Executive wrote to the trade unions summarising discussions up until the 5 October 2011 and that letter is attached at Appendix 1.
- 3.5 Officers met with the trade unions on 9 November 2011 and made a formal offer of an enhanced (1.5 multiplier) Voluntary Severance Scheme, this is attached at Appendix 2. At that meeting the trade unions indicated that they were not willing to agree to the proposed two-year increment freeze but they were willing to agree to an enhanced Voluntary Severance Scheme as they believed this would achieve equivalent savings. At the conclusion of the meeting the unions requested an informal meeting with the Employment Committee prior to the 21 November 2011 Committee.
- 3.6 The informal meeting took place on 15 November 2011 at which the unions put forward a counter offer, which is attached at Appendix 3. The unions stated that:
- They could not agree to a two year increment freeze as increments formed part of national pay conditions (this issue was first raised by the

unions at the meeting on 15 November and is disputed by the management side – see paragraph 8.).

- They were prepared to agree to a one year increment freeze for 2013-14 but only as a fallback position should sufficient savings not be achieved through an enhanced voluntary redundancy/severance scheme.
- In doing so they would be going against national union policy in agreeing to any sort of increment freeze, but they did appreciate the financial position the council was in.
- In order to ‘sell’ the increment freeze to their members who remained as employees of the council, they wanted assurance that the Council would not go through compulsory redundancies.
- They considered that it was divisive for 1200 staff to contribute their increment towards the savings.
- They felt that the Committee were determined to implement a two-year increment freeze irrespective of any alternatives the unions came up with.

The following day the unions issued a statement to their members which is attached at Appendix 4

A commentary including costings for both the union and the management side Voluntary Severance schemes is to follow in an exempt Appendix 8

#### **4. Options To Proceed**

4.1 There are a range of options for the Committee to consider, either individually or in combination and these are set out below.

#### **4.2 Consult directly with staff as well as the trade unions over the proposed incremental freeze**

If the Committee wishes to consult over the proposed incremental freeze with staff directly while still consulting with the trade unions, then the Committee should consider the following.

The Council would commence direct formal consultation with staff for the remainder of the 90 day consultation period asking staff for their views to the proposal and consider any viable alternatives they have which will achieve the same level of savings as the proposed two-year increment freeze so that an agreement can be reached During this period the Council would continue to try and reach an agreement with the trade unions.

It is estimated that proposals for a two-year increment freeze will affect 965 staff in year 1 and 1,249 staff in year 2.

**4.3 Continue to consult with the trade unions and try to obtain a collective agreement with the Unions over the proposed two year incremental freeze for all staff (excluding schools) earning above £21,000.**

The ideal situation when changing staff terms and conditions is to achieve it through a collective agreement. The change is then applied to all staff irrespective of whether they are a union member or not.

**4.4 Implement the Union's Enhanced Voluntary Redundancy Scheme as an alternative to the proposed incremental freeze.**

The unions main alternative to changes to staff terms and conditions to achieve the level of savings required is to attract a large number of staff with an Enhanced Voluntary Redundancy or Severance Scheme. To maximise interest and assist certainty to the impact of the scheme on the Council's budgetary target, the scheme would only be on offer for a short period of four to six weeks, after which any voluntary or compulsory redundancies would be subject to the current unenhanced redundancy scheme.

The union proposals for an enhanced Voluntary Redundancy Scheme are attached at Appendix 3 together with the management proposal for a severance scheme.

The unions undertook a survey of union and non-union members based on a scheme offering a multiplier of 3.5 and their indications estimate that a large number of staff would be interested in such a scheme. The costs and payback of a number of enhanced schemes are as follows in an exempt Appendix

The main risks of this option are:

- To achieve a £926,000 savings, it is estimated that approximately 31 posts would need to be made redundant and those posts are more likely to be based largely on where applications arise rather than a planned and managed process based on where the least detrimental service impact may be.
- Those who are accepted for voluntary redundancy may be in posts that would be lost as a saving from the Transformation Programme.
- Any posts identified as being distinct from the Transformation Programme are likely to result in cuts in service, will be before the implementation of the Transformation Programme and are likely to cause capacity shortfalls at a critical time unless other staff can be trained and switched. However the exit of volunteers could be planned to reduce the impact of this.

- Some posts within the council are hard to fill and require considerable training. It is unlikely that these posts could be considered as suitable alternative employment for other staff and therefore redundancy for the current post holders could not be agreed. Where market supplements are currently paid we would not wish to allow post holders to leave on voluntary severance. Appendix 5 lists current post types where market supplements are paid and a list of key post types Heads of Service have advised they could not agree to voluntary severance.

#### **4.5 A combination of the proposed incremental freeze and the Senior Management Voluntary Severance Scheme proposal**

#### **4.6 Make savings from alternative means.**

Members may decide not to achieve required savings through changes to staff terms and conditions of employment but to seek savings from elsewhere in the Council's operations. Such routes may be expected to result in cuts to services and further redundancies. Members will recall that during the negotiations, the unions have previously proposed that the savings be achieved in part through changes to staff and member car parking and debt recovery practices, although the unions have not put forward any costed schemes and so the report is lacking an appendix covering Car Parking and Debt Recovery.

### **5. Equality impact assessment (EIA)**

This report has undergone a Full Impact Assessment

### **6. Conclusions and Reasons for Recommendations**

Negotiations and consultations have now been proceeding for some time. Members started with ten terms and conditions for negotiation with the unions. Members have previously considered and rejected a range of proposals put forward by the unions and have themselves considered alternative proposals which have been put to the unions and rejected by them. If members are to achieve the savings they require for the next financial year, a decision needs to be made in the very near future about the course of action to be pursued.

The unions proposed severance scheme is unaffordable with or without the option of added years.

### **7. Management Commentary on Unions View that Increment Freeze is in Contradiction to the National Terms and Conditions (Green Book)**

**An incremental freeze does not fall under part 2 of the Green Book and there is no requirement to include annual increments in pay structures. An incremental freeze is therefore not a key national condition of service under the Green Book.**

**8. Head of Legal, Licensing and Registrars' comments**

Comments to follow in Exempt Appendix

**9. Head of Finance & S151 Officer's comments**

Comments to follow in Exempt Appendix

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: