

**Agenda item:****Decision maker:** Employment Committee**Subject:** Terms and Conditions - Update Report**Date of decision:** 2<sup>nd</sup> December 2011**Report by:** David Williams - Chief Executive**Wards affected:** N/A**Key decision (over £250k):** N/A**1. Purpose of Report**

- 1.1 At the Employment Committee on 21 November 2011 in order to achieve savings Members decided to offer a voluntary severance scheme to all staff from 8 December 2011 until 3 January 2012. Members also resolved that negotiations on the proposed two year increment freeze for all staff would continue but if the voluntary severance scheme achieved the required savings, then the increment freeze would not be imposed.
- 1.2 Council Officers are asking Members to agree the revised Resolution in respect of the voluntary severance scheme that will be introduced from 8 December 2011 and note the current timetable to start negotiations with staff on the two-year increment freeze. Consultation with the trade unions will continue throughout this period.

**2. Recommendation**

- 2.1 Members of the Employment Committee are asked to:
  - 2.1.1 Agree the revised voluntary severance scheme Resolution as attached as **Appendix 1**
  - 2.1.2 Agree that officers shall proceed to determine the detailed severance scheme in accordance with the principles set out in **Appendix 3**, and
  - 2.1.3 Note the current timetable to start direct negotiations with staff on the proposed two year increment freeze as attached as **Appendix 2**.

### 3. Background

- 3.1 Following Government cuts to public spending the Council has to secure savings in the amount of £22 million (or £45m in cumulative terms) over the next three years.
- 3.2 On 18 January 2011 the Employment Committee asked Council Officers to begin informal negotiations with the trade unions over changes to employees' terms and conditions as an alternative to job losses in order to meet some of these savings.
- 3.3 From February 2011 onwards Council Officers met with the trade unions on a number of occasions to try to reach an agreement over changes to terms and conditions. However, despite these negotiations no agreement was reached.
- 3.4 On 13 September 2011 the Employment Committee decided to start formal statutory consultation with the trade unions in regards to freezing increment pay for all staff earning £21,000 and above (excluding schools) for two years.
- 3.5 The Employment Committee concluded it would not consider pay cuts but would consider any other proposals and suggestions made by the trade unions through the consultation period to help meet the savings.
- 3.6 On 20 September 2011, 5 October 2011 and 9 November 2011, Council Officers met with the trade unions in order to consider their suggestions and any alternatives they had to the proposed increment freeze.
- 3.7 The trade unions confirmed during these meetings that their alternatives to the increment freeze would be debt management, bailiff proposals, staff and member car parking proposals and an enhanced voluntary redundancy scheme. The trade unions would not agree to the two-year increment freeze. Council Officers confirmed that these proposals would not meet the savings required.
- 3.8 On 21 November 2011 the Employment Committee decided to introduce a voluntary severance scheme for all staff on a multiplier of 1.5 from 8 December 2011 until 3 January 2012. Members also confirmed they wished negotiations to continue over the proposed increment freeze with the trade unions as well as staff. The Resolution of the Employment Committee is attached at **Appendix 1**.

### 4. Process

#### Voluntary Severance Scheme

- 4.1 Members of the Employment Committee are asked to agree to the revised voluntary severance scheme Resolution attached at **Appendix 1** which provides that the scheme will be open to all staff, however applications may be rejected on the grounds of the Council's business interests.
- 4.2 The Council's current voluntary redundancy scheme will come to an end at 5.00 pm on 7 December 2011 and there are no plans to re-introduce it in the future. The new enhanced severance scheme will be introduced from 8.00 am on 8 December 2011 when all staff will be invited to apply and submit their applications to their managers. The voluntary severance scheme will provide a payment equivalent to 1.5 times the normal statutory number of redundancy weeks but calculated on the actual

contractual pay. Guidance notes and application forms will be available to all staff. At 5.00 pm on 3 January 2012 the enhanced voluntary severance scheme will close.

- 4.3 Following a period of consideration of applications for severance and also any alternative proposals arising out of the consultation on increment freeze, the Committee will then be in a position to consider its next steps. A report will be brought to Members of the Employment Committee at the first available date after 3 January 2011 to seek Members' guidance on how they wish to proceed.

#### Negotiations with Staff on Proposed Increment Freeze

- 4.4 Members will note from **Appendix 2** that in December 2011 Council Officers will commence consultation with staff directly as well as continuing consultation with the trade unions through presentations and meetings with a view to seeking their views, concerns and suggestions over the proposed increment freeze. This timetable is liable to change as consultation develops. The Council will also consider any alternatives staff or the trade unions put forward to avoid the increment freeze.
- 4.5 If in January 2012 the voluntary severance scheme has not realised enough savings to avoid the increment freeze, then Council Officers will report to Members to establish how they wish to proceed and whether they wish to continue with implementing the increment freeze or other proposals
- 4.6 If Members are minded to pursue the implementation of the increment freeze or other proposals, then Council Officers will write to all staff asking them to agree to a new contract which would be required to enable an increment freeze to be introduced. Council Officers will then need to consult with staff who have not accepted and if it is concluded that it is necessary, it may issue dismissal and re-engagement letters to these staff.

### **5. Conclusions**

- 5.1 Following ongoing negotiations with trade unions since February 2011 this Report seeks Members' approval of the revised Resolution reached at the Employment Committee on 21 November 2011 and seeks to inform Members of the proposed increment freeze consultation.

### **6. Equality Impact Assessment**

- 6.1 The full Equality Impact Assessment of the proposed increment freeze can be viewed online at:  
[http://www.portsmouth.gov.uk/media/EQD507\\_terms\\_conditions\\_Nov\\_11.pdf](http://www.portsmouth.gov.uk/media/EQD507_terms_conditions_Nov_11.pdf)

### **7. Head of Legal, Licensing and Registrars' Comments**

- 7.1 The Council is continuing consultation under section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 with the trade unions. The Employment Committee has resolved to commence consultation with staff directly at the same time.
- 7.2 Further legal comments are exempt and are attached as **Appendix 4**.

**8. Head of Finance & S151 Officer's Comments**

- 8.1 The cost of the proposed voluntary severance scheme has previously been considered by Members of the Employment Committee and is anticipated to be affordable and within the limits budgeted for over the next 3 years.
- 8.2 The value of savings anticipated to be achieved via an increment freeze amounts to £1.8m (i.e. £0.9m per annum) in total, of which £1.4m (i.e. £0.7m per annum) relates to the Council's General Fund activities against which a total of £22m (or £45m cumulatively) of savings is required to be found over the next 3 years. In order to find savings equivalent to this, 31 staff (24 from General Fund activities and 7 from Housing Revenue Account activities) would need to volunteer as part of the Voluntary Severance scheme. These volunteers however, would need to be in excess of the savings already proposed as part of the forthcoming budget process i.e. in excess of anything currently proposed through Transformation.

**Signed by:** ..... **Date:** 30 November 2011  
**David Williams – Chief Executive**

**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: