

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

16 JUNE 2011

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Corporate Management and Finance – Lead Cabinet Member – Councillor Harrington

Proposed Changes to Employee Policies

1. Summary

On 20th January 2011, Cabinet received a report, exploring the potential to review some terms and conditions of employment to assist in meeting the future budget gap identified in the Medium Term Financial Plan. Two areas were identified for further consideration, and Cabinet agreed that consultations should take place with the recognised Trades Unions with a view to amending the current Redundancy Policy and Policy in respect of Overtime Payments. Negotiations have taken place with the Trades Unions and the outcome of those negotiations is detailed in the report.

2. Recommendations

It is recommended that Cabinet approve:

1. An amendment to the Redundancy Scheme which reduces the current multiplier of 2.2 to 1.5 with effect from 1st April 2012
2. To give delegated authority to the Corporate Director of Resources in consultation with the Cabinet Member for Management and Finance and the Director of Law & Democracy, to agree an amendment to terms and conditions of employment in respect of the proposal to pay overtime at plain time rate if the outcome of the Trade Union ballot is positive. If the proposal is rejected through a negative ballot, then members will be asked to reconsider the proposal at a future Cabinet meeting.

3. Reasons for the Recommendation

To seek Members agreement to amendments in respect of the current policies in respect of redundancy and overtime payments.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

AGENDA ITEM

REPORT TO CABINET

16 JUNE 2011

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Proposed Changes to Employee Policies

SUMMARY

On 20th January 2011, Cabinet received a report, exploring the potential to review some terms and conditions of employment to assist in meeting the future budget gap identified in the Medium Term Financial Plan. Two areas were identified for further consideration, and Cabinet agreed that consultations should take place with the recognised Trades Unions with a view to amending the current Redundancy Policy and Policy in respect of Overtime Payments. Negotiations have taken place with the Trades Unions and the outcome of those negotiations is detailed in the report.

RECOMMENDATIONS

It is recommended that Cabinet approve:

1. An amendment to the Redundancy Scheme which reduces the current multiplier of 2.2 to 1.5 with effect from 1st April 2012.
2. To give delegated authority to the Corporate Director of Resources in consultation with the Cabinet Member for Management and Finance and the Director of Law & Democracy, to agree an amendment to terms and conditions of employment in respect of the proposal to pay overtime at plain time rate if the outcome of the Trade Union ballot is positive. If the proposal is rejected through a negative ballot, then members will be asked to reconsider the proposal at a future Cabinet meeting.

DETAIL

1. Staffing costs make up 45% of the Council's Revenue Budget and a number of actions have been taken to minimise these costs to meet the current difficult financial situation whilst reducing the need for compulsory redundancies. These have included the EIT review programme, changes to recruitment advertising, reductions in subsistence and travelling allowances and a review of agency contracts. There has also been a virtual recruitment freeze in place and no temporary contracts are renewed without first considering the potential for redeployment from employees at risk of redundancy. Between October 2010 and May 2011, 272 employees have left the Council, not including those made redundant and only 8.5 posts have been filled externally, whilst 37 employees have been redeployed. For the same period, 74 employees have been made redundant, 40 on a compulsory basis and 34 on a voluntary basis. However, there remain some employment policies in place which are costly to implement and which, if amended could have a positive impact in reducing staffing costs and consequently on the number of redundancies required.

The Redundancy Scheme and Overtime Payments

2. Redundancy pay, under the Council's current scheme applies a multiplier of 2.2 against the statutory scheme for each completed year of service at actual pay up to a maximum of 66 weeks. The statutory scheme is to pay 1 week up to the age of 41 and 1.5 weeks from age 41 at actual pay up to a maximum of £380 per week (£19,760 per annum) for a maximum of 30 weeks.
3. Last year a review of schemes in the region found that our scheme was one of the most generous compared with other local authorities and since then most authorities have undertaken a review. Within the Tees Valley, the current position is:

66 weeks	Stockton
52.5 weeks	Darlington
45 weeks	Redcar
37.5 weeks	Middlesbrough, a temporary scheme for volunteers only
30 weeks	Hartlepool, Middlesbrough
4. Discussions were held directly with staff through a series of road shows in January and February and at the same time consultations were held with the Trade Unions both through the Trade Union Liaison Group and the Schools Joint Consultative Forum with a formal offer made in writing on 13th April. The proposal was either to reduce the multiplier to 1.6 with effect from 1st October 2011 or to reduce the multiplier to 1.5 but to defer implementation until 1st April 2012. The basis of calculation would be retained as the employee's actual salary. This delay in implementing the change was in response to the consultations to date and recognised that the 1st April 2012 would coincide with the completion of the EIT programme. Unison, Unite, GMB have now responded to indicate that they are willing to accept the proposed amendment on the basis of a multiplier of 1.5 to take effect from 1st April 2012 as the best that can be achieved through negotiation. They are willing to proceed on this basis. NASUWT have not formally responded but have also indicated, during consultations, their preference for this proposal.
5. The Council currently pays overtime at a rate of time and a half for all hours worked in excess of 37 hours per week. All overtime worked is on a voluntary basis. Last year £428,536 was paid in enhanced overtime (excluding schools) so removal of the enhancement would realise savings of around £142,845. Although it will be useful to retain some flexibility within the scheme to ensure cover is maintained in some critical areas, removal of the premium would also bring us into line with other Tees Valley Authorities as well as providing a long term and ongoing saving to the Authority. Unison has indicated that they have no objection to the proposal but following advice nationally they have indicated that they wish to ballot their members on the proposed change to this scheme. GMB have also indicated that they wish to ballot their members. Unite have indicated that they are not proposing to ballot and are willing to proceed on the basis that this is the best that can be achieved through negotiation. Again I have had no formal response from the NASUWT either for or against the proposal. Although the Trades Unions are recommending acceptance of the proposal, the outcome of the ballot will not be known until the end of June.
6. Provided agreement is reached with the Trade Unions the Council will be able to implement the proposals without any requirement to terminate current employment contracts and re-engage on the new terms and conditions. However, if the Trade Unions do not accept the proposals in respect of the overtime payments, then members will need to consider whether they wish to impose the change whilst giving employees appropriate notice. It is therefore proposed that delegated authority is given to the Corporate Director of Resources in consultation with the Cabinet Member for Management and Finance and the Director of Law & Democracy, to agree an amendment to terms and conditions of employment in respect of the proposal to pay overtime at plain time rate if the outcome of the Trade Union ballot is

positive. If the proposal is rejected through a negative ballot, then members will be asked to reconsider the proposal at the Cabinet meeting on 14th July

FINANCIAL IMPLICATIONS

7. The proposed changes will lead to the following potential savings.
 - a. In respect of the changes to redundancy payments, using the example of an employee aged 40 with 20 years service earning £19,760 per annum would equate to a saving of £50,540 per 10 redundancies.
 - b. In respect of overtime payments, savings would equate to approximately £142,000 per annum based on payments made in 2010/2011.

LEGAL IMPLICATIONS

8. The proposal in respect of overtime payments is contained within Part 3 of the NJC Green book whilst the proposal in respect of redundancy payments is a policy change. Part 3 terms and conditions and policy changes can be locally negotiated and agreed with the Trade Unions. The proposals will address any potential equality issues due to any inconsistent application of the existing overtime arrangements.

RISK ASSESSMENT

9. The proposed changes are categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

EQUALITIES IMPACT ASSESSMENT

10. Both the proposals in respect of redundancy and overtime have been the subject of Equality Impact Assessments and have been found to have a neutral effect. The EIA's are attached as **Appendix 1 and Appendix 2** to this report.

CONSULTATION INCLUDING WARD/COUNCILLORS

11. Consultation has taken place on these proposals with the recognised Trades Unions and with employees.

Name of Contact Officer: Julia Spittle
Post Title: Head of Human Resources
Telephone No. 01642 527016
Email Address: Julia.spittle@stockton.gov.uk

Background Papers: None

Ward(s) and Ward Councillors: None