



# East Northamptonshire Council

## Personnel Sub Committee - 15 February 2010

### Employee Pay & Benefit Review – Progress report

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#### Summary

This report is to update Members on the proposed changes to employee pay and benefits and the negotiations with Unison.

#### Attachment(s)

Appendix A - Note circulated to staff on 25 January 2010

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#### 1. Background

- 1.1 SMT held a series of workshops with staff during December to make them aware of the Council's financial position and the need for cost savings, and to discuss with them the options for achieving those savings. A clear consensus arose as to which savings would be more acceptable and which would be less acceptable, as reported to this Sub-Committee at its last meeting on 10 December 2009.
- 1.2 SMT discussed the outcome of the workshops with the Budget Review Group in January and considered the balance to be struck between delivering cost savings and maintaining terms and conditions of employment which enable us to attract and retain high quality staff. The impact across the organisation was also considered, and a proposal was developed which would not impact unfairly on any individual or group of employees. This proposal was then put to Unison, the Council's statutory consultee, and was communicated to staff – see Appendix A. If agreed it will save the Council £200k on its 2010/11 budget.

#### 2. Latest position

- 2.1 The Chief Executive and the Head of Organisational Development have held two productive meetings with the Regional Unison Organiser and the Council's Unison representative, most recently on 5 February 2010. It has been agreed that the proposal put forward by the Council will go to a ballot of Unison members (currently 45 Council staff are members of the union), in parallel with the ongoing consultation with all staff, which finishes on 24 February. The Chief Executive and the Head of Organisational Development will meet Unison again on 1 March to discuss the outcome of the ballot and the consultation responses received from staff.
- 2.2 While these consultations and discussions have been going on locally, the Local Government Employers' Organisation has responded to Unison's national pay claim for a 2.5% rise with a proposal that there should be no pay rise for 2010. Negotiations continue at national level and it seems likely that there will be a minimal, if any, increase in pay rates nationally.
- 2.3 A concern expressed by the Regional Unison Organiser is that, were we to agree a pay freeze locally, we would be moving away from the 'Green Book' terms and conditions if a pay increase was agreed nationally. However, noting the national position, she has asked that, should a pay freeze be negotiated nationally, the Council will abide by any other changes to Green Book terms and conditions that are agreed as part of the national deal, provided they gave rise to no additional cost.

### 3. Recommendation

3.1. Members are recommended to note the current position, and to consider the request set out in paragraph 2.3.

<b>Implications:</b>					
<b>Corporate Outcomes or Other Policy/Priority/Strategy</b>					
Good Quality of Life		<input type="checkbox"/>	Good Reputation		<input type="checkbox"/>
Good Value for Money		<input checked="" type="checkbox"/>	High Quality Service Delivery		<input type="checkbox"/>
Effective Partnership Working		<input type="checkbox"/>	Strong Community Leadership		<input type="checkbox"/>
Effective Management		<input type="checkbox"/>	Knowledge of our Customers and Communities		<input type="checkbox"/>
Employees and Members with the Right Knowledge, Skills and Behaviours					<input checked="" type="checkbox"/>
<b>Other:</b>					
Decision(s) would be outside the budget or policy framework and require full Council approval					<input type="checkbox"/>
<b>Financial</b>	There are no financial implications at this stage				<input type="checkbox"/>
	There will be financial implications – see paragraph 1.2				<input checked="" type="checkbox"/>
	There is provision within existing budget				<input type="checkbox"/>
	Decisions may give rise to additional expenditure at a later date				<input type="checkbox"/>
	Decisions may have potential for income generation				<input type="checkbox"/>
<b>Risk Management</b>	An assessment has been carried out and there are no material risks				<input checked="" type="checkbox"/>
	Material risks exist and these are recorded at Risk Register Reference - inherent risk score - residual risk score -				<input type="checkbox"/>
<b>Staff</b>	There are no additional staffing implications				<input checked="" type="checkbox"/>
	Additional staff will be required – see paragraph				<input type="checkbox"/>
<b>Equalities and Human Rights</b>	There will be no impact on equality (race, age, gender, disability, religion/belief, sexual orientation) or human rights implications				<input checked="" type="checkbox"/>
	There will be an impact on equality (see categories above) or human rights implications – see paragraph				<input type="checkbox"/>
<b>Legal</b>	Power: Local Government Act 1972 - section 111				
	Other considerations:				
<b>Background Papers:</b> None					
<b>Person Originating Report:</b> David Oliver, Chief Executive					
<b>Date:</b> 4 February 2010					
<b>CFO</b>		<b>MO</b>		<b>CX</b>	

(Committee Report Normal Rev. 19)

## APPENDIX A

Dear Colleague,

### **Outcome of employee workshops to review employee pay and benefits**

#### **What we did**

As you know, to achieve financial savings from staffing costs the Council is currently reviewing its employee pay and benefits.

In December a number of employee workshops were held where you were asked to work in facilitated groups to consider questions about:

- Where savings can be made from the staffing budget.
- Ideas you might have about benefits you would like to receive in the future which will not cost the Council money to provide.

#### **The results**

We received a fantastic response from you and in total 152 employees attended the workshops. Thank you.

You can access detailed information about the output from the workshops by clicking on the following link:

<http://eunicesrv/ppimageupload/Image37899.doc>

#### **What happens now?**

SMT considered the results of the workshops very carefully, and discussed them with the Budget Review Group. A few clear themes emerged:

- A cut in hours and a corresponding cut in pay was the least favoured option.
- A pay freeze was broadly seen as acceptable.
- Suspending automatic progression up the pay scales was seen as unacceptable.
- A reduction in mileage rates to the HMRC rate was also seen as reasonable.
- Removing BUPA was seen by most as acceptable, although for some it is a much-valued benefit.
- Any changes to Essential User allowances and benefits, including access to a car scheme, were popular with those who are not Essential Users and extremely unpopular with those who are.

We are very conscious of the need to balance cost savings with making sure that ENC remains a good place to work, with attractive pay and benefits compared to the market. We are also keen to ensure that any changes are fair and don't impact unduly on any one group of employees.

We have therefore decided, with the Budget Review Group's agreement, to take forward the package set out below to negotiate with UNISON. It is important to note that the total savings from this package are less than the Budget Review Group was originally looking for. They agree with SMT that it is as far as we should go to deliver savings while protecting our ability to attract and retain good staff.

	<b>Saving (£000)</b>
No cost of living rise for 2010/11.	110
Remove BUPA.	70
Move to HMRC fuel rates (maximum 40p per mile).	15
Interest charge for new car loans (not those already taken out).	5
<b>Total saving</b>	<b>200</b>

Should these changes be implemented we will work with interested staff to see whether some form of private healthcare scheme can be implemented that does not give rise to a cost to the Council.

We will also be looking at some of the ideas you came up with for new benefits. The top two suggestions were:

- More flexible flexitime; and
- Buying additional annual leave.

We will be looking at these in more detail over the next few weeks and hope to have new arrangements in place ready for 1 April 2010.

### **Process**

Formal consultation on the review of pay and benefits will continue until Wednesday 24 February 2010. If you want to comment on the proposals above please contact either:

- Your Trade Union representative.

- Tricia Orr in Organisational Development.
- Your Xchange representative.

Between now and 24 February we hope to reach a collective agreement with UNISON on the items listed above.

We will write to you individually as soon as possible after 24 February to let you know what changes we intend to make and how they will impact on your pay and benefits. Through this process we hope to gain your acceptance of the proposed changes.

If you do not accept the proposed changes, we will meet with you individually to discuss your reasons why. If agreement cannot be reached it could result in the Council having to dismiss you and re-engage you on a new contract of employment. This would be necessary for technical legal reasons and, while we do not want this to happen, we think it is important for you to be aware of the process that we will follow should it be necessary.

### **Other information**

In addition to the local discussions we are having about your pay and benefits, discussions are also taking place about the cost of living rise nationally. The employers have decided to respond to Unison's national pay claim by not offering a pay rise this year; further information about what is happening nationally can be obtained by clicking on the following link:

<http://eunicesrv/ppimageupload/Image37900.doc>

David Oliver  
Chief Executive

Sharn Matthews  
Executive Director

Mark Lovell  
Executive Director