

Changes to staff terms and conditions

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1. Purpose of Report

- 1.1 This report seeks Member approval for proposed changes to staff terms and conditions relating to financial compensation for severance of employment and reimbursement for business travel by staff, which have been developed in order to make about £1 million savings in 2011-12, and in future years.
- 1.2 Many other councils are also in the process of, or have already completed, making similar changes and we have ensured that the particular needs of our workforce have been considered as part of the proposed approach.
- 1.3 Full consultation and formal negotiation has been undertaken with the trade unions, and the staff affected have been consulted. Details of the outcomes of these discussions are provided within the report.

2. Recommendations

It is recommended that Members approve the proposed changes to the Council's staff UK Foreign and Travel Policy, and to our Redundancy and Compensation policy, together with the process and timetable for implementation, in order to ensure the realisation of the financial benefits arising from these changes, as quickly as possible.

Report

3. Background

- 3.1 At its meeting on the 21 July 2010, the Cabinet were presented with initial findings from a review of the present terms and conditions of employment for staff. As a result, proposals were agreed (subject to consultation) to reduce the terms set out in the Council's Staff UK & Foreign Travel Policy, which includes the payment of car mileage allowances. At the same time,

consideration was given to reducing the compensatory payments made to staff for loss of employment, in order to bring the Council more into line with the current norm for local authorities.

- 3.2 These proposals have now been revised and finalised, in the light of the outcomes of a period of consultation and formal negotiation with Trade Unions and staff, and they are presented here for agreement by Members, for immediate implementation (following due notice to staff).

4. Consultation

- 4.1 A period of four weeks' consultation was undertaken with all employees who are potentially affected by these proposals. 141 individual responses were received, of which 18 were specific questions of clarification. Of the 123 remaining responses, 17 (14%) were regarding the redundancy proposals, 75 (62%) were regarding the travel proposals and 31 (24%) covered both. 64 employees raised a number of alternative options in terms of the changes proposed, as well as additional options for saving the council money, all of which have been captured and considered.
- 4.2 The Council's three recognised trade unions – GMB, UNISON and UNITE – were also fully consulted, with an additional four week formal negotiation period observed from mid-September to mid-October, in line with the Council's agreed Partnership for Change framework. A number of meetings were held with them and correspondence has been exchanged to clarify several issues. Changes have been made to the original proposals, in some areas, in response to the representations made by the Trade Unions. These protect the interests of our lower paid staff, and are consistent with our carbon reduction targets, but it was not felt possible to meet all the Trade Unions' requirements without significantly reducing the projected savings involved.
- 4.3 Notification has been provided to the Regional Officer of each trade union informing them of our final position and plans for implementation, and asking them to confirm (by 10 November) whether or not they are in a position to agree to our proposals. An update will be provided for Members at the Council meeting, but it is expected that full agreement on the proposals is unlikely. (See 6 and 7 below).

5. Proposed Changes

- 5.1 The revised proposals being recommended now for Member approval are as follows:-

UK and Foreign Travel Policy:

- Withdrawal of the Essential Car User Allowance (including the lump sum payments) for all current recipients. Those who are required by the needs of their job to use a car for business travel will remain obliged to do so, and will be reimbursed by the new flat rate – see below.
- Introduction of a protected allowance (equivalent to the Essential Car User Allowance) for those staff currently in receipt of the allowance, who do 3,000 miles a year or more and who are on Spinal Column Point 28 (currently £23,708) or lower, or on an equivalent salary. This allowance will be subject to annual review. (All Essential Car Users will be written to and informed whether they meet these criteria along with details of an appeal process which will allow them to challenge the decision).
- Introduction of a new flat rate for business travel for all car users of a maximum of 40p per mile unless the usual rate claimed is lower.
- Removal of the facility for Essential Users to have Car Hire costs paid.
- Increasing the Motor Cycle allowance to 26p per mile in accordance with HMRC guidance.
- No change to the mileage rate for the cycle allowance.
- Removal of the enhancement paid to staff who tow a trailer.
- Removal of the Disturbance and Travelling Allowances for those whose place of work is changed. (Those who are currently in receipt of these payments will not be affected and will have them paid until the end of the period already confirmed to them. In addition we will seek to implement a revised scheme which will replace this, and will work with the Trade Unions to develop the scheme ready for 1 March 2011).

These changes will affect about 1,000 Council staff. The introduction of the protected allowance removes a (further) 200 staff from the effects of this, and reduces the projected saving by about £100,000 a year. The overall approach is more tax efficient and less administratively burdensome.

Redundancy and Compensation policy:

- All employees who are made redundant, whether that be following a call for volunteers in a particular area of service or who are facing compulsory redundancy, and have a minimum of two years continuous service with the Council and related employers, will be entitled to receive an additional compensatory payment if their employment with the Council is terminated on the grounds of redundancy. This additional payment is currently calculated by multiplying the statutory redundancy payment by 2.5. It is proposed to reduce this to 1.5, thereby reducing the associated costs for the Council by about one third, to bring us into line with other local authorities.
- Change to the years counted for redundancy calculations, removing pensionable service and replacing with continuous service (in compliance with the Redundancy Payments Modifications Order). We will also include any other Local Government service for which a redundancy payment has not been made.

6. Implementation Process and Timetable

Once agreed by Members, we can move to implement the proposals by:

- a. Providing 30 days notice to staff of the change to the Redundancy policy (which will take effect from 1 January 2011).
- b. Writing to all essential car users to notify them of the withdrawal of the allowance and providing them with three months notice of the contractual change (which will take effect from 1 March 2011).
- c. Providing three months notice to staff of all other changes to the UK and Foreign Travel Policy.

7. Risk Assessment

- 7.1 There is some risk of industrial dispute in implementing the changes to business travel, because of a failure to reach an agreed approach with the Trade Unions. In essence, as an Employer, the Council is then imposing a contractual change on some of its staff. There is also the possibility that some of those affected will refuse to use their own vehicle for business travel and will use public transport instead, (as a less efficient alternative). Other local authorities who have implemented such changes already have not found these to be insurmountable obstacles.

7.2 There is little risk in the changes in severance compensation, but it is not possible to calculate precisely the financial gain in advance, as the benefits only come as and when staff are made redundant. However, these proposals will reduce such costs by a third, and so reduce the financial pressures arising from any future downsizing of our workforce.

8. Conclusion

8.1 These proposals offer savings in staffing costs of around £1million a year for Shropshire Council, at a time of need for significant reductions in our spending, in the light of Government funding cuts. This, in turn, reduces the need to find such savings through staff redundancies.

8.2 Whilst it is accepted that the changes will affect the earnings of a number of our staff, we have attempted to limit their impact, particularly through the protected travel allowance for lower paid staff, whilst still making savings which will help to protect services and avoid compulsory redundancies wherever possible.

List of background papers (This MUST be completed for all reports but does not include items containing exempt or confidential information) – N/A
Human Rights Act Appraisal The contents and proposals within this report are compatible with the Human Rights Act 1998.
Environmental Appraisal
Risk Management Appraisal
Community/Consultations Appraisal
Cabinet Member
Local Member-
Appendices-