

# AGENDA

## Employment Panel

Date: **Thursday 13 June 2013**

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Time: **4.00 pm**

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Place: **Council Chamber - Brockington**

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Notes: Please note the **time, date** and **venue** of the meeting.

For any further information please contact:

**Sally Cole, Governance Services**

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If you would like help to understand this document, or would like it in another format or language, please call Sally Cole, Governance Services on 01432 260249 or e-mail [scole@herefordshire.gov.uk](mailto:scole@herefordshire.gov.uk) in advance of the meeting.

# **Agenda for the Meeting of the Employment Panel**

## **Membership**

**Councillor WLS Bowen  
Councillor KS Guthrie  
Councillor MAF Hubbard  
Councillor AW Johnson  
Councillor PD Price**

**AGENDA**

	<b>Pages</b>
<b>1. CHAIRMAN</b> To elect a Chairman.	
<b>2. APOLOGIES FOR ABSENCE</b> To receive any apologies for absence.	
<b>3. NAMED SUBSTITUTES (IF ANY)</b> To receive details of any Member nominated to attend the meeting in place of a Member of the Panel.	
<b>4. DECLARATIONS OF INTEREST</b> To receive any declarations of interest by Members in respect of items on this agenda.	
<b>5. CHIEF OFFICER TERMS AND CONDITIONS</b> To update members on the reducing the pay bill consultation that commenced on 29 April 2013 and to approve changes to Chief Officer terms and conditions of employment.	5 - 16



<b>MEETING:</b>	<b>EMPLOYMENT PANEL</b>
<b>DATE:</b>	<b>13 JUNE 2013</b>
<b>TITLE OF REPORT:</b>	<b>CHIEF OFFICER TERMS AND CONDITIONS</b>
<b>REPORT BY:</b>	<b>ASSISTANT DIRECTOR PEOPLE, POLICY &amp; PARTNERSHIPS</b>

### 1. Classification

Open

### 2. Key Decision

This is not a key decision

### 3. Wards Affected

County-wide.

### 4. Purpose

To update members on the reducing the pay bill consultation that commenced on 29 April 2013 and to approve changes to Chief Officer terms and conditions of employment.

### 5. Recommendation(s)

THAT:

- (a) the changes to Chief Officer terms and conditions of employment be approved.

### 6. Key Points Summary

- The Employment Panel is responsible for agreeing the terms and conditions of employment for the Head of Paid Service, statutory Chief Officers and Directors, collectively termed as “Chief Officers”.
- The council is in an unprecedented financially challenged position and must therefore explore significant opportunities to consider reducing costs and have been consulting with staff on ways to reduce the pay bill since December 2012.
- The levels of anticipated reductions over the next two years are significant. Changing the exit payment policy will reduce the need to make further savings (post reductions) as this would reduce the budget pressures associated with the costs relating to the proposed reductions.

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Further information on the subject of this report is available from TJ Postles  
Head of Workforce and OD on Tel: (01432) 383715

- The basis of a collective agreement with trade unions for staff in scope has changed the proposals from 3 days unpaid leave to 2 days unpaid leave; exit payment policy from statutory terms, to statutory plus 1.5 multiplier. This process is underway and a verbal update will be provided at the meeting accordingly.
- Whilst the exit payment policy would not normally form part of terms and conditions of employment, as the terms have been applied consistently for a number of years, for clarity these terms are being formalised through the collective agreement process. Therefore, the approval of both these changes (unpaid leave and exit payments) would effect a change to terms and conditions of employment and will be reflected accordingly in the next version of the Pay Policy Statement.
- The proposed implementation date is 10 June 2013.

## **7. Alternative Options**

- 7.1 Alternative options in relation to the terms and conditions of employment have been considered and discussed through consultation and negotiation with employees and the trade unions. Alternative options were described in the reward poll and following analysis of the feedback, the current proposals are considered to be the most appropriate options at this time. Some of the considerations are outlined in the consultation document at Appendix A.

## **8. Reasons for Recommendations**

- 8.1 The recommendations are aligned to the changes proposed for the whole organisation and should therefore be consistent to ensure equal treatment and that the same terms and conditions are being applied at all levels.

## **9. Introduction and Background**

- 9.1 The reducing the pay bill consultation (Appendix A) sets out two proposed changes (a) a policy change to the exit payment terms; and (b) three days unpaid leave. The Employment Panel is responsible for approving terms and conditions changes for Chief Officers and to this end is asked to consider these proposals and associated recommendations.
- 9.2 The proposals have been negotiated with trade unions and the basis of a collective agreement has been outlined and the process to gain agreement is underway.

## **10. Key Considerations**

- 10.1 The proposals are outlined in the consultation document at Appendix A and are in the context of the current financial situation as well as considering a fair approach.
- 10.2 Exit Payment Policy change – this policy change reduces exit payments for those leaving the council to the statutory level which includes the statutory weekly pay maximum currently set at £450 plus a local 1.5 multiplier and a maximum number of weeks. This change is proposed to be effective 10 June 2013.
- 10.3 The Mutual Early Resignation Scheme (MERS) is still available with no proposed changes to the current scheme, for employees to consider leaving voluntarily should the business

case be favourable.

- 10.4 The exit support arrangements for employees are being developed as part of this proposition with the objective being to enable employees to move out of the council to other opportunities in a supported way.
- 10.5 Two days unpaid leave – the proposal is for these days to be taken during Christmas. The consultation process has enabled various discussions about how best to implement this. The two days' pay will be deducted via the payroll as monthly payments spread over the remainder of the financial year. A delay to the implementation of this would result in the deductions being spread over fewer months. This would continue each year. Critical services will need to agree local arrangements to cover the Christmas period.

## **11. Community Impact**

- 11.1 The proposed changes to terms and conditions of employment have little impact on the community. Whilst the exit payment policy is reducing, the exit support arrangements will be in place to help employees to secure future opportunities outside of the council and to connect with local businesses. This has the potential to have a positive effect on the community.

## **12. Equality and Human Rights**

- 12.1 These proposals are the same for all employees across the organisation and consideration given to the impact on some staff for example part-time employees will have a pro-rated deduction.

## **13. Financial Implications**

- 13.1 The council will save approximately £220,000 through the implementation of two days unpaid leave to all employees. There are additional benefits for these days to be taken at Christmas so that savings can be made across the various locations that could close for this period too.
- 13.2 The change in exit payment policy reduces the cost of redundancies by capping the weekly pay calculation at the statutory level. This means that there is no change to the cost of redundancy for employees on salaries below £23,400. For employees on salaries over this level, the redundancy cost is reduced.
- 13.3 A change in the proposal may impact on budget pressures elsewhere e.g. the reduction in savings from £360,000 to £220,000 due to the reduction in 1 day unpaid annual leave. The additional 1.5 multiplier associated with redundancy payments increases the cost of redundancies.

## **14. Legal Implications**

- 14.1 The proposals as agreed will change the terms and conditions of employment for Chief Officers.

## **15. Risk Management**

- 15.1 If the proposals in the report are approved, the risk will be to a small number of services who are required to operate during the holiday periods. This will be mitigated through local

arrangements appropriate to service provision.

- 15.2 If the proposals in the report are declined, there will be a risk to differentiating terms and conditions of employment across the organisation.

## **16. Consultees**

- 16.1 Consultation on reducing the paybill across the organisation commenced in December 2012 through various means including written communications, face to face sessions and a reward poll to all employees. Key stakeholders identified for consultation include Leadership Team, Employees, Trade Union, legal, human resources and equality colleagues, directorate improving working lives group members, change champions and Members.

## **17. Appendices**

- 17.1 Reducing the paybill consultation document

## **18. Background Papers**

- 18.1 None identified.



**Herefordshire Council**

**Reducing the pay bill  
consultation**

**May 2013**

## Introduction

Over the past two years, we have been working towards structuring our organisation appropriately to respond to the requirements of the Comprehensive Spending Review and as a result, we have already reduced the number of posts by 280.

We are now, however in even more challenging times and have to consider a range of difficult actions to ensure we operate within our significantly reducing budget. The council's 2013/14 agreed budget is already based upon delivering £21million savings, in addition to delivering performance improvement in critical service areas.

However, after assessing our plans for delivering the budget, we have highlighted a further risk of £8.4million for this financial year. We are also conscious that on top of this, we need to find further savings in the region of £28million over the next three years.

Therefore, it is vital that we explain to staff and residents the changes necessary to operate within our budget and put a plan in place to achieve this. This will mean going even further with regards generating more income, working more effectively, stopping a range of services / activities and reducing our pay bill by making changes to policies, terms and conditions and reducing posts.

Our current projections estimate that in addition to the reduction of 130 posts this financial year, which we announced in January, a further 210 full time equivalent posts will also be required during 2013/14. The full time equivalent posts is a smaller number than the actual number of jobs, because two or more part time jobs may be added up to make a single full time equivalent.

We appreciate that this will be unwelcome news, but we will need to implement these reductions as quickly as possible in order to make the necessary savings. Planning for these changes and consultation with residents and staff will need to commence in May 2013, if the necessary changes are to be effectively managed. We will provide further details about these proposed role reductions, as soon as we can.

Meanwhile, this document focuses on our proposal to make changes to our exit payments policy and terms and conditions (three days unpaid leave) in order to reduce our pay bill with effect from 1 June 2013.

### **Reward review and negotiation**

Earlier this year, we conducted a staff survey around the reward aspects staff do and don't value, while also informally discussing the options available for reducing staff costs with our recognised trade union representatives. We have been negotiating on a range of options and have listened to strong staff and trade union feedback and guidance with regards to:

- Not cutting the base pay by 5%. We can confirm that this is not part of this proposal, although we cannot totally rule this out longer term if the situation worsens further and dictates that we need to reconsider this option
- Linking pay to achievement. We will look to consider this further in 2014/15 and in the meantime we will focus our efforts this year on embedding an improved appraisal process and enhancing management capability for effectively managing performance

## The proposals

In addition to the anticipated staff reductions, we are proposing to make cost reductions in relation to staff costs in the following two areas:

- 1) **Change the exit payments policy and develop an employee transition package for leavers**
- 2) **Three days unpaid leave**

We will however apply the national inflationary pay uplift for 2013/14, once this has been agreed. This is currently predicted to be 1%. We have incorporated a 1% salary increase into our 2013/14 budget.

This document explains the two proposals which we have put forward for consultation with staff and trade union representatives, following the review of our pay and total reward policies and needs to be considered in the context outlined above.

### Scope

It is proposed that all employees, at all levels who are directly employed by the council will be included in this consultation. This includes seconded staff and the school improvement team within the children's commissioning team, but excludes schools.

For NHS staff who have TUPED into the council, it is proposed to run a parallel process with NHS trade unions to discuss potential options, but this staff group will not currently be included in the scope of these proposals.

### Timescale

We aim to implement the two proposals on 1 June 2013.

### Proposal details

- 1) **Change the exit payments policy and develop an employee transition package for leavers**

**The following proposed changes to our policy do not require the council to formally consult with staff. We are however, keen to hear your feedback on how best to implement the changes and what would be most valued by staff to be included in the supported exit / outplacement support arrangements.**

**Exit payment 'policy' change:** For redundancy calculation purposes, we will use the statutory redundancy calculation including the limit on weeks pay, which is currently £450 (with effect from 1 April 2013) and we will remove the enhanced multiplier of 1.5 x statutory weeks. This calculation would be used when staff are at risk of redundancy and will apply to voluntary or compulsory redundancies.

**Mutual Early Resignation Scheme (MERS):** There is no change to the current policy. This scheme exists to enable staff not at risk of redundancy to volunteer to leave the council. This would be agreed by the staff member and the organisation. Please note that requests from difficult to recruit roles, such as qualified social workers, would be unlikely to be accepted.

**Pay In Lieu Of Notice (PILON):** There may be some circumstances where it is appropriate that staff are not expected to work their contractual notice period and therefore staff will receive a payment in lieu of notice. This will be assessed on each occasion on an individual basis.

**Outplacement support:** Organised opportunities to support colleagues who are leaving the organisation, to be successful in pursuing their next career choices and goals. A few examples of what this could include are: CV and introductory letter writing support, help with job searches and interview skills, networking opportunities, connecting people to opportunities associated with the Enterprise Zone and Hereford city centre development, help to set up a new business, access to training and development and career workshops.

We will of course continue to do all that we can to reduce costs by encouraging staff to reduce their hours and take unpaid leave, capitalise on staff turnover and encourage voluntary leavers. These measures will help to reduce the number of staff at risk of compulsory redundancy. However, these measures alone will not be enough to reduce and address our budget challenge, which is why we need to reduce the costs associated with leaving the council, otherwise we have to find the savings elsewhere, which may lead to even further reductions in posts.

## 2) Three days unpaid leave

**This is a change to staff terms and conditions and therefore we are seeking agreement to these changes with the recognised trade unions at the negotiating forum (Joint Partnership Forum) on 23 May 2013, so the financial impact for staff can be spread over as many months as possible commencing 1 June 2013.**

The council currently offers 25 days leave with a further five days being awarded after five years' service, including extra statutory and concessionary days. This proposal would see all employees taking three additional days unpaid leave, pro rata for part time staff. It is proposed that these days would be taken over the Christmas and Easter holidays, as an 'organisational shutdown', although business critical services which are required to operate during these periods would need to make alternative leave arrangements.

**How it works:** A salary reduction equivalent to three days unpaid leave, which is equivalent to approximately 1% of your pay, would be spread across the remainder of this financial year from the implementation date, so it's not taken from your salary all at once. The fixed leave days would apply to Christmas 2013 and Easter 2014 and would be repeated in subsequent years.

**An example:** If this is agreed and implemented from 1 June, the three days unpaid leave would be taken from your salary each month from June 2013 until the end of the financial year in March 2014, which is a total of 10 months. However, from April 2014, the reduction would be spread over 12 months, so slightly less money would be deducted each month.

## Review

At the request of the trade unions, we would welcome the opportunity to review these arrangements on a yearly basis, in order to establish any opportunity to positively make changes should a better financial situation be reached. It is however, unlikely that this will happen in the next few years, but we would also welcome a joint review of the changes to ensure they are effective and well managed.

## Financial impact

Proposal	Financial impact
Change the exit payments policy	The modelling for this option is complex, depending upon the profile of staff who are leaving the council under the scheme. This proposal does however, mean that the costs associated with each member of staff leaving under the new policy, would be reduced compared with our existing policy.
Pay In Lieu Of Notice (PILON)	There would be quicker in year and on cost savings realised. There would be a resourcing impact for a quick handover. This payment could potentially be a non-taxable payment for employees subject to HMRC rules.
Transition support	The cost of this service is still to be fully determined, but it is likely to be a maximum of £500 per employee or £50k for 100 staff.
Unpaid leave	The potential saving for this option is £380,000. This is potentially cost neutral for employees in 2013/14, as the nationally negotiated pay inflation increase would be available, although negotiations are still to be concluded. There would be further savings to be made through reduced property management, but these will also be offset by the cost of running core services, such as meeting the needs of vulnerable children and adults.

## The consultation

The council is working with trade union representatives to ensure effective planning and implementation of the two proposals and as such we need to reach a joint decision on the unpaid leave proposal by Thursday 23 May, if we are to proceed on 1 June 2013.

The consultation on the unpaid leave proposal and seeking staff views on how best to implement the change to the exit payments policy will run from Tuesday 30 April 2013 to Tuesday 21 May 2013 and we have set out a variety of ways for staff to get involved and have their say. We need to reach a swift conclusion to these proposals, in order to protect as many staff as possible and achieve the required savings. We aim to reach an agreement on the change to terms and conditions (unpaid leave) on 23 May 2013 at the Joint

Partnership Forum (JPF) meeting. The really challenging issue to consider is that the longer it takes to implement these changes, the more we will need to save to reduce our costs.

In considering the proposals, there are a number of specific areas we would welcome your views on:

- 1) How can we best implement these proposals on 1 June 2013?
- 2) On implementing the change to the exit payments policy, what help and support would employees' value being in place to support leaving the organisation? What are your thoughts on how we achieve this?
- 3) What would the operational impact of a Christmas and Easter shutdown be on your service and customers? What solutions could be put in place to minimise any potential negative impact on some service areas?

When making our final decisions, we will consider all relevant written and verbal responses to the consultation.

### **Have your say**

To have your say on the proposals, you can:

- Send an e-mail to [savingsteam@herefordshire.gov.uk](mailto:savingsteam@herefordshire.gov.uk)
- Post a comment on the [reducing the pay bill bulletin board](#)
- Attend a face to face session with senior managers
- Discuss your comments with your trade union representative
- Have an informal chat with your line manager or change champion

Please note that due to our limited staff resources, we will not be able to respond directly to individual feedback, but it will be considered in our deliberations.

To see the full consultation and proposed implementation timetable, please refer to pages seven and eight.

### **Additional information**

If you'd like to know more or for advice and support, please contact the Hoople HR department on 01432 260020 or [hrbusinesspartnering@hoopleltd.co.uk](mailto:hrbusinesspartnering@hoopleltd.co.uk).

## Consultation and proposed implementation timetable

What	When	Where	How
The consultation documentation will be circulated to all staff	Monday 29 April 2013	Core brief Intranet	Circulated via e-mail
The consultation will commence for three weeks	Tuesday 30 April 2013 – Tuesday 21 May 2013	Intranet	Feedback can be via e-mail or during the face to face sessions
Staff face to face consultation sessions with the leadership team, trade union representatives and change champions (where possible)	Wednesday 1 May 2013 10:00am – 11:30am  Thursday 9 May 2013 11:30am – 1:00pm  Monday 13 May 2013 11:30am – 1:00pm	Shirehall  Plough Lane (Leominster Room)  Blackfriars (Room 3)	Face to face sessions
Face to face meeting for trade union members	Thursday 2 May 2013 12:30pm – 1:30pm	Town Hall (Assembly Room)	Face to face meeting
The consultation closes	Tuesday 21 May 2013	N/A	N/A
Consider the consultation feedback	Tuesday 21 May 2013 – Thursday 23 May 2013	N/A	Leadership team

What	When	Where	How
Present the consultation results and make a final decision at the Joint Partnership Forum (JPF)	Thursday 23 May 2013 10:30am – 12:30pm	Brockington	A meeting between senior council management and trade union representatives
Staff will be advised of the findings from the JPF meeting via Core Brief	Thursday 23 May	Core brief Intranet	Circulated via e-mail
This is the proposed implementation date for the two proposals, with the exit payment policy coming into immediate effect	Saturday 1 June 2013	N/A	N/A
If implemented, the unpaid leave proposal would come into effect at the end of June, when a small deduction would be taken from each employees' monthly salary	Tuesday 25 June 2013	N/A	N/A