

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

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.

- 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.