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EXECUTIVE – 15 FEBRUARY 2011

SAVINGS AND TRANSFORMATION PAY & CONDITIONS WORKSTREAM

Report by: John Kitching Head of HR and OD

Summary

This report provides options for savings proposals arising from the Pay and Conditions Workstream of the Savings and Transformation programme for the 2011/12 budget. The Executive is asked to decide on which proposals should be submitted to Borough Council on 1 March 2011 for approval as part of the 2011/12 budget and which should be withdrawn at this time. The report considers each proposal in some detail with supporting appendices on costs, consultation and the equality impacts.

Council staff have been surveyed on the range of proposals and the report details the results of this survey. It also provides an update on the discussions with the Trade Unions.

1.0 RECOMMENDATIONS

(i) That the Executive recommends to Borough Council that the following proposals are implemented as part of the 2011/12 budget to deliver a minimum saving of £400k (recognising that the Council must consult with the Trade Unions):

Additional Duties/Hours

a) Acting Up allowances - That the application of acting up allowances is revised to include an evaluation of the additional duties to ensure that they are being appropriately paid. (section 5.1)
b) Honoraria payments. - The termination of honoraria payments. (section 5.2)
c) Call Out Allowances - The basis of the calculations for callout payments to be reviewed with fixed callout allowances incorporated into an Allowances Policy which clearly identifies any differential payments. (section 6.1)

Allowances

d) Enhanced Pay (Weekend Working) - A review of all staff receiving temporary Enhanced Pay to ensure that these weekend overtime payments are controlled with appropriate staffing levels provided to minimise additional payments. (section 6.6)
e) Extra Duty Allowance - Negotiate the removal of the allowance with payments allocated to the appropriate allowance with the high payment rates reviewed. (section 6.7)

f) Vehicle Allowances - The introduction of HMRC rates for car, motorcycle and bicycle allowances to replace the existing scheme of essential and casual user rates. (section 8.6)

Leave

g) The Authorised Leave Policy - To add a category where staff can receive up to 3 days paid leave in event of the serious illness of a relative and the removal of management discretion to offer up to 10 days paid special leave with pay for exceptional circumstances not otherwise covered by the policy. (section 10.1)
h) Leave - The introduction of the facility to buy additional leave up to a maximum of 5 days per annum. (section 10.2)

Policy Changes

i) Incremental Progression - To amend the appraisal process to withhold annual increments for all staff performing below requirements where clearly evidenced through performance management. (section 11.2)
j) Chief Officer and HMG bonuses - The removal of Chief Officer and HMG bonuses. (section 11.3)
k) Allowances Policy - To ensure that there is a consistent a transparent approach to the payment of all allowances. (section 8.7)
l) Revision of the Appointments Following Reorganisation Policy - To removed identified anomalies. (section 13.0)

Recruitment

m) Recruitment - To restrict the use of Executive search agencies for the full recruitment process to CLT posts only. (section12.1)

(ii) That the Executive recommends to Borough Council that the following proposals are withdrawn for consideration as part of the 2011/12 budget:

Part 2 Green Book proposals.

a) Sick Leave - The withdrawal of pay for the first 3 days of sickness absence. (section 9.1)
b) Sick leave - The reduction of long term sickness pay from the current 6 months full pay followed by 6 months half pay to 4 months full pay followed by 4 months half pay. (section 9.2)
c) Pay reduction for a defined period – The reduction in pay of 3% for all grades offset by a reduction in contractual hours of 1 hour to 35 hours for APT&C grades and an additional 2 days unpaid leave for HMG and Chief Officer grades. (section 15)

Proposals which have a high impact on the lower paid or where the allowance forms a major proportion of salary.

d) Negotiation relating to a change in the payment of night duty allowance.

e) Examination of working patterns to determine if savings can be achieved from the payment of shift allowances.
f) The review of payment rates for Sleeping-in duty.

Where no business case has been established.

g) The review of Winter Maintenance payments

(iii) That the Executive recommends to Borough Council that it seeks to save a minimum of £600k in 2011/12 and further savings into 2012/13/14 from implementing one or more of the following proposals following negotiation with the Trade Unions:

Allowances

a) Coach Guides Additional Hours- Negotiate the removal of the Coach Guides additional hours allowance with additional hours paid at the normal pay rate. (section 6.2)

b) Cleaning Maintenance Allowance - Negotiation to secure the removal of this allowance. (section 6.3)

c) Market supplements - Terminate payments at the next reviews where there is no longer a business case to maintain the supplements. Review the grades of posts receiving market supplements. (section 7.1)

d) Social Worker supplements - Review the business case for payments across the 11 teams. Where there is no business case, the payments to be either withdrawn for new starters or removed for all staff. (section 7.2)

Overtime

e) Overtime - For staff above SCP 28 seek to negotiate a flat rate for all overtime, paying all staff above SCP 28 and review of flexible working arrangements. (section 6.4)

f) Standby and Duty Driver Standby - Renegotiate payment levels with clear set rates incorporated into an Allowances Policy. Establish whether some staff should remain on standby rotas. (section 6.5)

Pay protection

g) Pay Protection - To reduce pay protection to a period of 1 year with protection for up to 2 grades. (section 11.1)

Closure Options

h) Closure Option - The closure of the Council services for a week for 2 years or 7 days additional unpaid leave for 2 years. (section 14)

(iv) That the Executive notes the current position of the Trade Unions who are currently refusing to have any discussion about any of the proposals.

(v) That the Executive notes the outcome of the survey of staff on the range of proposals laid out in detail in Appendix B to this report.

(vi) That the Head of Human Resources and Organisational Development be authorised to amend any HR policies, subject to the approval of the Chief Executive, arising from the adoption of any of these savings proposals without resubmission to the Executive.

2.0 BACKGROUND

2.1 Initial Saving Proposals

At the Executive meeting on 7 December 2010 approval was given to enter into a formal consultation with the Trade Unions in relation to the following proposals.

(i) Honoraria - To remove honoraria payments and agree the conversion to acting up arrangements where appropriate.
(ii) Allowances - To introduce a single allowances policy to establish clear qualifying criteria, to move away from the 'special exceptions' approach that has lead to anomalies and additional bureaucracy.
(iii) Overtime - Seek to negotiate a flat rate for staff employed above spinal column point (SCP) 28, review flexible working arrangements and introduce a ban on overtime other than for exemptions as agreed by Directors based on robust operational grounds.
(iv) Car allowances - A review of all car allowances to consider the reduction of the number of essential users, payment of all car users at a single rate, and a review of other vehicle allowances.
(v) Leave - To amend the Authorised Leave Policy concerning special leave.
(vi) Leave - To consider the facility for staff to buy additional leave.
(vii) Pay protection - To commence formal staff consultation on the removal of or limitation of pay protection to 1 year.
(viii) To revise the Appointments Following Reorganisation Policy.
(ix) Incremental progression - To amend the current appraisal scheme to add the provision that increments will be withheld for poor performance where clearly evidenced.
(x) Chief Officer and HMG bonuses - To discontinue the payment of these bonuses and amend the appraisal schemes accordingly.
(xi) Recruitment savings - To limit the use of Executive Search agencies to CLT posts only.
(xii) Sickness - Consultation on the options to reduce payment for staff on sick leave for the first three days of each sickness absence and to reduce the periods of full and half pay sickness from 6 months to 4 months.
(xiii) Closure options - To determine whether any of the closure options (9 day fortnight, furlough days, August closure or individual days throughout the year) should be taken forward for a period of up to 2 years.
(xiv) Pay reduction for a defined period - To consider the proposal to reduce pay by 3% for one year for all grades offset by a reduction in contractual hours of 1 hour to 35 hours

for APT&C grades and an additional 2 days unpaid leave for HMG and Chief Officer grades.

It was also agreed that the Priority 2 and 3 proposals listed below would be progressed and re-submitted to the Executive following further analysis to determine which, if any, should be progressed.

Priority 2 proposals

(i) Review of Acting Up allowances
(ii) Review of Call Out allowances
(iii) Review of Coach Guides additional hours
(iv) Negotiation relating to the removal of the Cleaning Maintenance Allowance
(v) Review of Duty Standby payments
(vi) Review of Enhanced Pay (weekend working) payments
(vii) Regularisation of the extra duty allowance
(viii) Negotiation relating to a change in the payment of night duty allowance
(ix) Renegotiation of standby payment rates

Priority 3 proposals

(i) Examination of working patterns to determine if savings can be achieved from the payment of shift allowances
(ii) Review of payment rates for Sleeping-in duty
(iii) Review of Winter Maintenance payments

2.2 London Councils Survey

A survey conducted by London Councils has now provided more detail on what the 32 councils are proposing on pay and conditions for 2011/12. From the responses received, it appears that several councils intend to implement changes part year, whilst others have not finalised proposals as at 21 January 2011. Other than the closure options, all of the proposals being considered by Hounslow are under consideration by other London Councils.

Table 1 below highlights the most common identified proposals, however it should be recognised that some councils at the time of the survey had not finalised their options.

Saving option	Number of Councils planning changes or considering changes
Car allowances – reducing the number of essential users or changing mileage rates or introducing a single mileage rate.	24
Rationalisation of overtime payments. This includes restrictions or bans on overtime and a flat rate for payments above SCP 28.	18
Review and reduction of enhanced payments for weekend working	9
Review of allowances	19
Changes to sick pay periods. (some Councils have now withdrawn proposals)	5
Review and/or removal of market supplements	6
Removal of honorarium payments	6
Removal of pay protection or a reduction in the period of	5

protection	
Reduction in annual leave entitlements	5

All of the above issues are under consideration by Hounslow except reductions in annual leave entitlements. This report includes options to increase annual leave, albeit unpaid. and proposals that impact on special leave and reductions in other allowances.

2.3 Consultation with the Trade Unions

Since the Executive report on 7 December 2010, attempts have been made to open dialogue with a view to negotiation with the Trade Unions. There have been 3 meetings and numerous telephone discussions on the issues. The consistent management position has been to divide the proposals into 3 parts as the basis of negotiations, namely to identify;

i. Proposals where there is scope for agreement subject to negotiation.
ii. Proposals where there is scope to negotiate, however agreement may not be reached.
iii. Proposals which the Trade Unions will not accept under any circumstances.

The union position has consistently been that;

- There will be no formal response until union members have been consulted. A series of consultation meetings have now taken place.
- There will be no negotiations with management until proposals relating to terms covered by Part 2 of the Green Book have been removed The Trade Union understanding of what proposals are covered by Part 2 was not specified and clarification was requested.

On 17 January 2011, the Trade Unions responded on the proposals they considered to be covered by Part 2. They want the Council to remove these proposals to enable negotiations to proceed. Although the Trade Unions have identified a Part 2 list of items they wish to be withdrawn, it was made clear that by doing so they would not necessarily agree to any proposals that fall under Part 3 of the Green Book.

If and when the Council withdraws the Part 2 proposals from the table, the Trade Unions will make known the remaining proposals that they have been mandated to negotiate with the Council.

The Trade Unions added that should the Council decide not to withdraw the Part 2 proposals, the Trade Unions will withdraw every proposal that they would have been willing to negotiate prior to that decision being made.

The proposals that the Trade Unions have requested be withdrawn are:

(i) Overtime - The proposal to pay a flat rate for paid at above spinal column point 28.

(ii) Incremental progression -The proposal to amend the scheme and withhold increments for poor performance.

(iii) Sickness - The proposal to cease payment for the first 3 days of absence and the proposed reduction to 4 months full pay and 4 months half pay for long term sickness.

(iv) Closure options - The proposal to close for 1 week without pay and the 9 day fortnight proposal. (Confirmed that this includes all 4 closure options)

(v) Pay Reduction - The proposal to reduce pay by 3% for a defined period.

(vi) Weekend Enhancements - The proposal to withdraw enhanced payments for weekend working.

A response to these proposals is included in the relevant sections of the report. Weekend Enhancement is a Part 3 term. The proposal submitted to the Executive was concerned with consistent payments for weekend working, not removing weekend enhancements but addressing overtime payments at weekends.

On 27 January 2011, management met with the Trade Unions to present a paper outlining proposals that would be withdrawn from consideration as part of the 2011/12 budget. The Trade Unions refused to accept the paper or discuss the contents without the removal of all the proposals listed at (i) to (vi) and refused to listen to management's assessment of Part 2 terms or discuss terms and conditions further. They also added that even if all the proposals at (i) to (vi) were removed there were other proposals that they would not negotiate on. They did not advise management of these proposals.

2.4 Contractual Issues - Green Book Terms

Part 2 of the Green Book contains key national provisions. Any changes to Part 2 will require Hounslow to leave the national terms on an issue by issue basis. Changes to the sickness scheme are clearly covered by Part 2.

Part 3 contains "other national provisions which may be modified by local negotiation normally conducted locally. Branch secretaries have, however been instructed to refer negotiations to Regional Officers.

Any changes in terms and conditions, where contractual, require a collective agreement with the Trade Unions, otherwise staff would have to be dismissed and re-engaged. This process would take at least 3 months from issue of notice to achieve and could result in industrial action or legal challenge by individuals.

Whilst dismissal and re-engagement may have to be undertaken if agreement cannot be reached, it would only be considered when imperative to achieve significant budget savings. There is also the potential for claims to be made to an Employment Tribunal. This does not preclude action on allowances that are not contractual and should not be paid, if the duties associated with the allowance are no longer undertaken.

Any agreed changes to contractual terms would require approval by the Executive by the endorsement of local agreements reached with the Trade Unions.

2.5 Consultation with staff

A survey on the proposals set out in the Executive report of 7 December was sent to staff on 30 November 2010 with a closing date of 19 December. 695 employees completed the survey either on line or in hard copy. The survey did not ask for responses to all the saving options, however responses received are referred to in the commentary for the relevant saving option. The results of the survey are attached at Appendix B.

3.0 SAVING THEMES

The potential savings if the proposals presented in this report are agreed are listed at Appendix A. The potential savings figures quoted for each proposal is based on expenditure in 2009/10. The expenditure on each type of allowance will vary year on year.

i. Allowances - Additional duties

ii. Allowances - Additional hours/enhanced hours

iii. Allowances - Recruitment and Retention

iv. Vehicle allowances

v. Sickness

vi. Leave

vii. Pay

viii. Recruitment

ix. Working hours - Closure periods without pay

x. Pay reduction for a defined period

The savings have been classified in terms of the challenge to the organisation to deliver them, the confidence of delivery in 2011/12 and the time required to deliver. Care must be taken to ensure that the removal of any allowances does not have a disproportionate impact on certain staff groups.

The complexity of unravelling the payment and application of allowances should not however, preclude removal as continuation would stifle the realisation of significant budget savings.

The composite equalities impact assessment for the saving proposals can be found at Appendix C.

4.0 SPEND REDUCTIONS/BUDGET SAVINGS

Although the project aims to produce budget savings, many of the proposals identified in Appendix A are reductions in spend, not actual budget savings. To achieve real budget savings for any accepted proposals, detailed budget consolidation for each staffing budget is required to ensure that reductions are correctly apportioned and accurately accounted for.

Further analysis of the allowances has identified that in some cases the estimated budget savings identified in the December report will not be achieved and that full year effect will not apply to all proposals.

Staffing reductions will have an impact on any savings that could be achieved from the sickness, closure or reduction in pay options. The confidence factors in the figures in Appendix A have been adjusted to account for proposed staffing reductions.

5.0 ALLOWANCES - ADDITIONAL DUTIES

5.1 Acting Up Allowances

Undertaking Full Duties
These are currently paid when an employee is acting up into a vacant post at a higher grade undertaking the full duties for a period of over 4 weeks paid at the bottom of the grade. Acting up positions should be time limited (up to a maximum of 12 months) and be documented summarising the nature of the arrangement and the basis for the acting allowance.

Undertaking a proportion of the duties
When an employee undertakes some but not all of the higher grade duties, honoraria have been traditionally paid. There is not however, an objective assessment of the value of these additional duties. An evaluation of the additional duties only (not a re-evaluation of all duties) should be undertaken to determine the duties attract an additional payment. The increase in salary should therefore be based on an objective evaluation rather than a subjective assessment.

It is not anticipated that savings will be achieved by this proposal as honoraria should be converted to acting up allowances, a more accurate reflection of the basis of the additional payments. This proposal however, enables the changes to the payment of honoraria proposed at 5.2 to be implemented.

Recommendation: The application of acting up allowances is revised to include an evaluation of the additional duties to ensure that they are being appropriately paid. **(Priority 2)**

5.2 Honoraria

Honoraria payments are used to reward employees for taking on higher level, additional responsibilities for a temporary period of time. Removal of the Honoraria allowance based on latest full year figures would save £252,000 per annum. The intention is to replace honoraria by acting up allowances with a trigger period for application of not less than three months. Honoraria payments were identified as a fast track saving in July 2010. Honoraria have been reviewed in departments, some have been stopped; others reclassified as acting up allowances. Some staff receiving honoraria are effectively undertaking acting up duties thus reducing the potential for savings with honoraria costs transferring to acting up costs.

51.1% of respondents to the staff survey supported the conversion of honoraria to acting up allowances.

Recommendation: The termination of honoraria payments. (**Priority 1)**

6.0 ALLOWANCES - ADDITIONAL HOURS & ENHANCED HOURS

6.1 Callout

Callout allowances are paid to staff in Environment and the Home Care teams. Callout is paid at a fixed rate determined locally. Callout is covered by Part 3 of the Green Book (as return to duty) and should be negotiated council wide. There are significant differences in the value of payments between service areas, e.g. Home Care payments are £20 with the rate for the Noise Team within Emergency Planning Team set at £350. These differences require further analysis.

54.3% of staff supported a re-calculation and rationalisation of call out allowances, however less than 3% of respondents currently receive this allowance.

Recommendation: The basis of the calculations for callout payments to be reviewed with fixed callout allowances incorporated into an Allowances Policy which clearly identifies any differential payments. **(Priority 2)**

6.2 Coach Guides- additional hours enhanced

This allowance is paid to coach guides employed at Bridge Road Depot. Staff are employed 12 hours per week on term time only contracts. Hours above the 12 hours are paid at a higher rate (lower than overtime) which is pensionable. Part time staff should be paid at normal pay for additional hours in line with Part 3 of the Green Book.

Recommendation: Negotiate the removal of the Coach Guides additional hours allowance with additional hours paid at the normal pay rate. This will require negotiation with staff and the unions and may need to be phased in with gradual reductions in the enhancement. Working arrangements must also be reviewed to assess whether some staff should be employed on contracts of more than 12 hours. **(Priority 2)**

6.3 Cleaning Maintenance Allowance

This “allowance” was created as a compromise to bridge the gap between pay for staff at the depot to enable the Single Status Agreement to be implemented. There is no audit trail for this local agreement. There is no cap in terms of the limit of this protection which has continued to be paid to all new staff. The staff do not routinely undertake the duties for which the allowance is paid and there is no justification for the continuation of this allowance. This allowance has now been stopped for new entrants. It will be difficult to negotiate its removal and may take some time to achieve. Ideally a buy out would be undertaken, however the costs could be prohibitive.

Recommendation: Negotiation to secure the removal of the Cleaning Maintenance Allowance. (**Priority 2)**.

6.4 Overtime

Nine different categories of overtime are paid. There are 3 differing overtime rates for officers who are on grades above SCP28 (Scale 6) and 6 for those who are on grades below SCP 28. Overtime is covered by Part 3 of the Green Book.

Staff paid at grades above SCP 28 are paid one of three fixed hourly overtime rates for overtime worked between Monday and Saturday. The rates are currently;

- £19.18 for SCP 29 to 34
- £20.54 for SCP 35 to 41
- £22.29 for SCP 42 to 53

Staff based at Bridge Road Depot and the Home Carers have their own locally agreed overtime rates. The unions have recently requested a rise in the overtime rate for staff at Bridge Road Depot.

Spend by Department for 2009/10 was;

Department	**Spend**
Corporate Services, Finance and CED	£49,674
CSLL	£454,050
Environment	£444,692
Community Services	£71,704
DS Catering	£53,658
Total	**£1,073,778**

A major spend in CSLL is under a category of Overtime Basic which is payment for additional hours for part time staff paid at normally hourly pay rates (see section 7.2 Coach Guides- additional hours enhanced). This totalled £467,940 for 2009/10 and is not included in the above table.

Overtime Basic is not a 'true' overtime rate, however the level of payments for these additional hours needs to be considered along with overtime payments as savings could be achieved by management focusing on the management of additional hours and ensuring robust monitoring and effective cost control.

HMG and CO grades are not paid overtime and are contracted to work as many hours as may be needed to undertake their duties.

The complexity of the overtime rates paid, the combinations of circumstances in which they are paid and cost trade off between using overtime and agency staff make the quantification of savings from changes to overtime arrangements difficult to quantify.

Requirements for additional working are best managed locally to assess the business case for using overtime, agency staff or flexi time to cover additional short term staffing requirements, depending on the nature of the job and the skills requirements. An example of where savings could be made is to offer time off in lieu for committee clerks rather than paying overtime for committee attendance. Guidance on the use of overtime needs to be revisited. There is also the potential for overtime costs to increase as the Council reduces staff numbers.

Management need to take greater ownership and responsibility for monitoring overtime expenditure and the allocation of additional hours.

From the staff survey, the majority of staff favoured converting overtime to time off in lieu and reducing the amount of overtime worked through greater use of flexible working (57.3% and 71.1% respectively). The proposal to have a flat rate of overtime for staff paid at above scp 28 was rejected by 27.4% of respondents.

Recommendations:

- For staff above SCP 28 seek to negotiate a flat rate for all overtime, paying all staff above SCP 28 at the lowest rate of £19.18 per hour. A single rate for staff above SCP 28 is permissible under Part 3.
- Review of the Council's operation of flexible working arrangements to determine whether they can be used to enable greater use of flexible working and flexi time to mitigate overtime expenditure.**(Priority 1)**

There are no proposals at this point to change the current provisions for staff below SCP28 which are covered by Part 3 of the Green Book.

The Trade Unions have confirmed that they will not negotiate on a flat rate of overtime for staff above SCP28 claiming that this is a Part 2 Green Book term. Overtime is not included in Part 2 other than the comments that 'Employees who are required to work non-standard patterns of work shall be compensated in accordance with the provisions of Section 2 of Part 3'. Overtime is covered by Part 3 which allows variation for staff paid above SCP28.

6.5 Standby and Duty Driver Standby

In the earlier report these two issues were dealt with separately, however after further analysis the two allowances need to be addressed in the same manner.

Standby allowance is paid to 151 employees in 18 teams across the Council with a variety of rates some of which are fixed, whilst others are variable. Standby allowances are a Part 3 Green Book term. Emergency planning and Homecare staff receive temporary standby payments (not every month). Emergency planning standby is £350 per month. There are numerous variants and after analysis the most effective approach would be to review all these payments to clearly establish the reasons for the numerous variants in terms of the monthly rates paid.

Duty Driver Standby is paid to 20 staff in 3 different teams in Environment. Any hours worked following a call out are paid at overtime rates.

Recommendations:

- Renegotiate standby payments with clear set rates incorporated into an Allowances Policy with a clear basis for payments based on the number of days required each month linked to the hourly rate for the duties. Temporary standby to be paid as and when but using the same principles.
- Revised rates to be fixed and incorporated into an Allowances Policy with a clear basis for justifying payments.

- Establish whether some staff should remain on standby rotas. **(Priority 2)**

6.6 Enhanced Pay (weekend working)

There are 2 categories, permanent and temporary.

Enhanced Pay Permanent is calculated automatically as a higher rate payment for those staff contracted to work at weekends as part of their 36 hour working week. e.g. parking attendants. From data analysis of the data it has been established that there are no issues with Permanent Enhanced Pay.

Temporary Enhanced Pay is paid where staff work at the weekend when weekends are not part of their normal working pattern. If staff work weekends in addition to their normal working hours then this is paid as overtime. In 2009/10, 929 payments were made to staff in 16 teams for Temporary Enhanced Pay totalling £126K.

538 of these payments were for staff at 3 Resource Centres totalling £95K of spend on what is weekend overtime. For 2010/11 at the end of October 2010, £122K had been spent on Temporary Enhanced Pay. With 602 out of 773 payments made to staff at the same 3 Resource Centres

Recommendation: A review of all staff receiving Temporary Enhanced Pay to ensure that these weekend overtime payments are controlled with appropriate staffing levels provided to minimise additional payments. **(Priority 2)**

6.7 Extra duty allowance

This allowance is paid to 10 officers and is person specific, for example;

- Two payments are for support to Area Committees
- Two staff receive £416.67 per month for 'emergency planning duties'
- One officer gets £225.36 per month as a 'flexibility allowance'

There could be potential for challenge on fairness for some payments as they appear out of line with other allowances for duties that from analysis of personal files appear to be similar or the same duties.

Recommendation: Negotiate the removal of the allowance with payments allocated to the appropriate allowance with the high payment rates reviewed. **(Priority 2)**

7.0 ALLOWANCES - RECRUITMENT AND RETENTION

7.1 Market supplements

These are paid to some staff in 6 teams in Legal and Planning. The supplements for Planning are paid from Planning Delivery Grant. This is not a recurring funding source.

A review of some posts in Legal suggest there may be a case for re-grading of some posts as Hounslow pays less than neighbouring boroughs. It is anticipated that spend in 2010/11 will be £7k higher than 2009/10.

The average payment is £250 per month gross, however there are 4 different payment levels. The payment of market supplements must be reviewed annually in relation to recruitment and retention.

In the staff survey staff were asked their views on all recruitment and retention supplements. 70.6% agreed that there should be a review of the grades of posts that received supplements.

Recommendations:

- Terminate payments at the next reviews where there is no longer a business case to maintain the supplements, however some have a 2 protection period.
- Review the grades of posts receiving market supplements. **(Priority 1)**

7.2 Social worker supplements

This is paid either as a £2,000, £1,500 annual lump sum or as a £125 monthly amount. The higher rate of £2,000 is for senior grades. Staff can choose which payment option they prefer. The supplement is paid in 11 teams in Children's Service and Lifelong Learning. There has been no recent review to determine whether supplements still need to be paid for all the 11 teams. Whilst the difficulty in recruiting 'front line' social workers is a national issue, the continuation for some of the teams must be challenged and whether the payments need to continue for new starters across all 11 teams. If these supplements are discontinued for new starters in some teams, savings should be accrued in year due to turnover rates. To ensure that costs can be contained consideration should be given to cash limiting the amount set aside for social worker supplements. In addition, the differential payments and frequency of payments should be addressed.

Recommendations:

- Review the business case for payments across the 11 teams. Where there is no business case, the payments to be either withdrawn for new starters or removed for all staff.
- Set a standard rate of payment of £125 per month for all posts and harmonise payment periods to monthly pay **(Priority 1)**

7.3 Golden hellos

These were paid to some new starters in Legal and newly qualified teachers. Payments to newly qualified teachers are grant funded. The payments in Legal have now expired so there is no longer a budget saving. These payments will no longer be paid for non teaching staff.

8.0 VEHICLE ALLOWANCES

8.1 Background

Car mileage rates vary depending on the number of miles that that staff drive on Council business in a tax year and whether they are an essential or casual user.

Staff should only be paid essential user mileage rates if they require the use of a car to fulfil their duties. The Travel Policy states that a post will normally attract essential car user status only if it is essential for the post holder to use his or her car to carry out the duties of the post, as no alternative means of transport is available or appropriate; and, the post holder is required to use his or her car a significant amount, on a regular basis, exceeding a mileage of approximately 125 miles per month or 1500 miles per year.

Analysis of essential car mileage paid for the tax year ending 5 April 2010 indicates that of the 429 officers that were paid mileage at essential user rates, 295 did not meet the criterion of 1500 miles a year. 206 claimants did not meet 50% of the qualifying criteria. This clearly indicates that many staff designated as essential users should not be. In addition 6 out of the top 10 mileage claimants for 2009/10 casual users, with 10 of the top 30 claimants being designated as casual users.

Hounslow has varied the Part 3 Green Book terms and offers less generous arrangements for essential and casual users. National Employers have notified the Trade Unions that the rates will not be increased this financial year.

Currently essential users should be reviewed by management each year.

8.2 Essential Users

The Travel Policy states that staff holding certain posts are specifically designated as essential users. This designation may be reviewed at any time by the council with 3 months notice given. The rates are;

Mileage per year	Rate per mile
First 1500 miles	79.3p
1501 to 5496 miles	53.9p
5497 miles and above	40.2p

2 staff claimed above 5497 miles in the tax year ending 5 April 2010.

8.3 Casual users

Staff that use their cars at work for authorised journeys in connection with their duties may claim a casual user allowance. The rates are;

Mileage per year	Rate per mile
First 8,500 miles	39.9p
8,501 miles and above	14.4p

As casual mileage rates are lower than essential user rates there would be a cost saving to the Council from removing inappropriate essential usage status.

8.4 Motor cycle and bicycle allowances

The current rates for all miles claimed are;

Rate per mile

Motor Cycle	26.9p
Bicycle	20.0p

8.5 Considerations

Following further analysis the proposals put forward in the first report to the Executive have been revised following further analysis. Rather than reduce the number of essential users, a straightforward and equitable approach would be to have a single car allowance based on mileage claimed without mileage thresholds. If all essential user mileage paid for the 2009/10 tax year had been paid at casual user rates this would have generated a saving of £155K. A single allowance would also remove the requirement to assess whether a post was designated essential or casual and thus remove the current inconsistency In addition, the mileage rates for motorcycle and bicycle travel should be included to produce a simple transparent set of travel allowances.

It is recommended that the Council implements the mileage rates for car, motorcycle and bicycle travel set by HM Revenues and Customs (HMRC) to replace the existing scheme of essential and casual users rates historically agreed by the national Joint Negotiating Committee for APT&C staff and applied within other negotiating groups.

In 2008 a survey conducted by UNISON indicated that 6% of councils who responded applied the HMRC rates, however a report produced in 2010 noted that the numbers were rising. An internet search has identified 7 councils that have moved to HMRC rates in the last 12 months. Research by the Savings and Transformation Team has identified a further 2 councils that plan to introduce HMRC mileage rates. From the recent London Councils survey another London council is looking to move to the HMRC rate, with 22 others considering changes to car allowances. The HMRC rates are set out in paragraph 8.6.

47.0% of staff survey respondents supported the payment of all car mileage at casual user rates with 26.0% unsure.

8.6 HMRC rates

Type of vehicle	Rate per business mile 2010-11
Car	For tax purposes: 40p for the first 10,000 business miles in a tax year, then 25p for each subsequent mile For National Insurance calculations (NICs) purposes: 40p for all business miles
Motorcycle	24p for both tax and NICs purposes and for all business miles
Bicycle	20p for both tax and NICs purposes and for all business miles

The advantages of moving to the HMRC rates are;

- A straightforward method of payment based on mileage incurred rather than the subjective assessment of car user status which from claims made is not equitable

- No impact on casual users other than a 0.1p increase per mile
- No impact for bicycle users
- Shared Services would not be required to report on essential users allowances each year to complete the annual tax return. Payments at or below 40p per mile do not incur tax or NIC
- Departments would not be required to confirm whether staff were essential or casual users each year. Users would be classified by their vehicle type.
- Travel allowances could be paid through self service without the need for configuration based on mileage and car user status, allowing managers to monitor mileage claims

The impact on staff claiming travel allowances would be;

- A significant reduction in mileage rates for essential users, albeit with some of this recouped through the removal of tax and NIC for mileage claims.
- A small reduction of 2.9p per mile for motorcycle users (3), again partially offset by the removal of tax and NIC. Based on previous claims, made the reduction would have a minimal annual impact over.

Recommendations:

- The introduction of HMRC rates for car, motorcycle and bicycle allowances to replace the existing scheme of essential and casual user rates
- Departmental management teams to review expenditure to determine if alternatives to vehicle use can be considered e.g. greater use of teleconferencing, purchasing Oyster cards for team use, car sharing etc.

8.7 Allowances Policy

To ensure that there is a consistent a transparent approach to the payment of all allowances it is proposed that an Allowances Policy be developed based on the principles of equality to;

- ensure that the allowances paid reflect the current market and the Council's business needs
- ensure that allowances are consistently applied
- provide clear guidance which details each allowance, the eligibility criteria and the arrangements for reimbursement

Recommendation: The introduction of an Allowances Policy. **(Priority 1)**

9.0 SICKNESS

Several councils are reviewing sickness terms covered by Part 2 of the Green Book. To vary any Part 2 provision would require the Council to withdraw from this part of the national terms. Negotiations with the trade unions would be at a regional or possibly national level. Two options are being considered by other councils and merit consideration by Hounslow.

From the staff survey, 51.0% of respondents did not want either of the options to be considered. 44.2% replied that reducing the full pay and half pay periods for long term sickness should be considered with 15.5% replying that no pay for the first 3 days of sickness should be considered.

9.1 Pay to be withdrawn for the first 3 days of each sickness absence (to be applied for each absence).

In 2009/10, the cost of paying staff for the first three days of each sickness absence over £1.18million. The amount that could be saved through implementing this proposal will depend on actual levels of sickness absence in future years and on behavioural change in some cases.

Changes would need to be made to the Oracle system to enable appropriate deductions from pay with additional administration would be created on HR self service system. Special arrangements would also need to be considered for disabled and pregnant staff and staff with recurrent medical conditions and exemptions would need to be applied for example industrial injuries.

As noted in section 2.4, the Trade Unions want this proposal and the other sickness proposal below withdrawn before entering into negotiations on all of the terms and conditions saving proposals. Other councils have withdrawn this proposal in the face of trade union opposition, however 5 unitary councils at this point intend to implement this change. Whilst significant spend reductions could be achieved there are disadvantages, namely;

- There is a risk that managers may feel pressurised not to record short term sickness
- Short term sickness may increase with some staff feeling that if they will lose 3 days pay they will remain off work for extra days or until requiring a doctor's certificate after 7 days
- Apportioning actual savings to individual staffing budgets will be difficult to achieve as the incidence of sickness absence is variable.

Recommendation: It is proposed that this saving option not be pursued as part of the 2011/12 budget due to the operational difficulties in implementing the proposal. The Trade Unions will not negotiate on this proposal.

9.2 Reducing long term sickness pay from the current 6 months full pay followed by 6 months half pay to 4 months full pay followed by 4 months half pay.

The proposal would affect staff with over 3 year's continuous service. Staff with than 3 year's less service receive full pay and half pay for shorter periods. Due to opposition from the Trade Unions employees would probably have to be dismissed and re-engaged on revised contractual terms to achieve savings.

Key issues to consider are;

- Most staff that are absent for a period of over 6 months, never return to work (5% return from an LGE survey,). Those that return are typically employees who have had treatment for cancer or have recuperated after a major operation
- Some staff remain absent until just before half pay or nil pay is triggered. Reducing the time periods for which full and half pay are paid may encourage some staff to return earlier
- Posts of those staff on long term sickness absence with no definite return are usually covered by agency workers
- Discretion in relation to certain illnesses such as cancer, recuperating from operations etc should be considered to reduce the impact on staff when they most need our support
- It should be noted that this proposal could provide savings of over £100k, however this would be difficult to apportion to individual budgets

Recommendation: It is proposed that this saving option should not be pursued as part of the 2011/12 budget.

10.0 LEAVE

The Council has recently revised the Authorised Leave Policy, however there is scope to further tighten the circumstances where special leave with pay is approved. Special leave is mentioned in Part 2 of the Green Book, payment however, is at the discretion of the employing authority.

10.1 Bereavement Leave

In the previous report the removal of paid special leave to be replaced by unpaid leave was considered for the following category

- up to 3 working days' paid leave in connection with the death of a spouse's, civil partner's or partner's immediate relative, for example, parent, brother or sister or where the employee is the sole next of kin of the deceased.

Following further consideration and analysis of data it has been determined that this approach would only realise minimal savings and would impact on staff goodwill. It is not recommended that this proposed change is implemented.

A change that should be considered, however, is the removal of the discretion for managers to approve up to 10 days special leave with pay in the event of the serious illness of a relative or for exceptional reasons not otherwise covered in the Authorised Leave Policy.

Analysis of special leave with pay indicates an unequal distribution of granted special leave with pay and it is suspected that the exceptional reasons category is not being applied consistently across the Council. In 7 teams, special leave with pay was approved on more than 10 occasions in 2009/10, the highest being 26 occasions for one team.

A more equitable approach would be to allow up to 3 days paid leave in event of the serious illness of a relative with any additional time off granted by using flexi leave or unpaid special leave. The current discretion to provide up to 10 days is the same leave awarded for the death of a spouse, civil, partner, partner, parent or child.

Recommendations: The Authorised leave policy to be amended to;

- add a category where staff can receive up to 3 days paid leave in event of the serious illness of a relative
- remove management discretion to offer up to 10 days paid special leave with pay for exceptional circumstances not otherwise covered by the policy. Staff to be offered, flexi leave or unpaid special leave in circumstances not covered by the policy. **(Priority 1)**

10.2 Buying of Additional Annual Leave

Although it is not clear whether any significant savings could be achieved, an option could be to allow staff to buy additional leave, for example up to 5 days per year with no pension implications. The level of take up of this option is difficult to predict. Where this has been introduced it has been usually developed as part of wellbeing or work life balance strategy.

From the staff survey 63.7% of respondents indicated that this option should be considered, with 17.0% unsure.

Clear rules on the maximum number of days that full and part time workers could take would need to be devised and included in the Authorise Leave Policy, for example.

- A cap on the number of days that can be bought to ensure that staff do not get into financial difficulties. The standard approach is a maximum of 5 days per annum.
- Purchase of extra days leave is agreed before the start of each leave year.
- Cost deducted over the whole year.

This option and is not included in Appendix A as the savings cannot be projected as take up is uncertain .

<u>Illustrative Example</u>

Additional leave purchased at the rate of 1/5th of the weekly salary.

Annual Salary / 52.143 = Weekly salary
Weekly Salary / 5 = A day's pay

A full time employee receives 29 days annual leave per year and wishes to buy 5 days. They earn £23,000 per annum.

£23,000 / 52.143 = £441.09 per week
£441.09 / 36 = £12.253 per hour
£12.253 X 7.2 = £88.22 per day
£88.22 x 5 = £441.00 deduction from pay per annum for buying 5 days.

Recommendation: The introduction of the facility to buy additional leave up to a maximum of 5 days per annum.(**Priority 1)**

11.0 PAY

11.1 Pay Protection

Protected pay is currently time limited for 2 years based on a reduction of one grade where an employee is redeployed to a post at a lower grade following a reorganisation. Discretion may however, be granted to offer protection when an employee is redeployed to a grade lower than one grade below their former post. There is no legal requirement to protect pay following redeployment.

The ending of pay protection will not, however, create savings that can be removed from base budgets easily as the saving is not recurring. An important advantage of removing pay protection is that staffing savings from restructures will be achieved immediately. A disadvantage is that the removal of pay protection may lead to additional redundancies should staff reject redeployment if pay protection is not offered, however, the current economic climate mitigates this minor risk.

To continue with the current arrangements for pay protection will mean that restructures may not achieve savings targets for 2 years. There is no common approach across London with 6 councils not offering pay protection and others offering periods of 6 months to 2 years. The most common approach at present is to offer 1 year pay protection to recognise that employees need to adjust their financial commitments. This position may change however, with several councils seeking to remove pay protection. From the staff survey limiting pay protection to 1 year was favoured above maintaining existing arrangements of 2 years (45.3% compared to 43.1% of respondents).

Any change needs to be introduced after current restructures have been completed as they are been taken forward in accordance with current council policies. It is therefore proposed that any change is introduced from 1 August 2011, therefore a full year effect will not be achieved.

Recommendation: To reduce pay protection to a period of 1 year but to offer protection up to 2 grades, removing the current discretionary approach to take effect from 1 August 2011. **(Priority 1)**

11.2 Incremental progression

It is proposed to withhold increments for staff assessed as performing poorly through performance management, (one supervision records, annual objectives etc) and confirmed at the annual appraisal. The HMG and Chief Officer appraisal processes include the provision to withhold annual increments but this provision does not currently apply for other staff.

66.9% of the responses from the staff survey favoured this approach with 15.5% opposed and 17.6% unsure.

The Trade Unions have confirmed that they will oppose the withholding of increments for poor performance. Discussions with London Councils have confirmed that this is not a Part 2 Green Book issue. It would be considered a Part 2 issue if increments were withheld for all staff. There will be no budget savings for 2011/12, however included in the proposals to present as comprehensive a package of changes to terms and conditions.

Recommendation: To amend the appraisal process to withhold annual increments for all staff performing below requirements where clearly evidenced. **(Priority 1)**

11.3 Chief Officer and HMG bonuses

These are all paid as temporary honorariums and the removal was identified in the fast track savings proposals considered by Executive in July 2010. Savings are included in the honoraria figures so care must be taken not to double count savings. Bonus payments are not made through the appraisal scheme for employees paid from Scale 1 to PO7.

Recommendation: Consideration of whether to remove Chief Officer and HMG bonuses from the respective appraisal processes with effect from 1 April 2011. **(Priority 1)**

12.0 RECRUITMENT

12.1 Chief Officer recruitment

It is proposed to limit the use of Executive Search Agencies to CLT posts only, with specialist assistance being bought in as required, e.g. psychometric testing, in tray assessments etc to support recruitment to other key posts. This proposal could be varied to include some CO3 and CO4 posts which are known to be hard to fill. Figures in Appendix A are based on the last 2 financial years. Potential savings have been adjusted from actual spend to account for additional work and costs incurred by HR.

Recommendation: To restrict the use of Executive Search Agencies for the full recruitment process to CLT posts only, with specialist assistance brought in when required for other senior posts. **(Priority 1).**

13.0 APPOINTMENTS FOLLOWING REORGANISATION POLICY

Following the report to Executive on 7 December, a review of HR policies concerning reorganisations has commenced to ensure that the application is equitable across all grades. It is proposed that two amendments be made to the Appointments Following Reorganisation Policy which addresses slotting in and assimilation arrangements.
This is a key policy in organisational change and is used where staffing reductions arise.

Paragraph 1.6 of the policy states that 'Separate arrangements will apply to Chief Officers and Assistant Chief Officers based on the principles of the procedure'. Whilst there is no separate procedure, there is no reason why senior grades should have or could argue for separate arrangements which could result in more favourable outcomes. The policy should therefore cover all staff with this paragraph being deleted.

In section 3 of the policy, slotting–in arrangements are explained. The policy whilst noting that staff should slot in where a post is 'substantially unchanged' is silent when considering whether the post should be at the same grade. This issue has been challenged in the past with staff claiming that they should slot-in to higher graded posts. Whilst this could be possible where posts have not been evaluated for some years and the duties are substantially similar, the policy should state that slotting-in to a higher graded post would only be in exceptional circumstances following job evaluation of the current post and the

post considered for slotting-in. Without this addition there is the risk that opportunities for staff to compete for higher graded posts during restructures could be limited.

Recommendation: To amend the Appointments Following Reorganisation policy to remove the identified anomalies. **(Priority 1)**

14.0 WORKING HOURS - CLOSURE PERIODS WITHOUT PAY

Four options are put forward to achieve significant savings through closing down the operations of the Council. In summary the options are;

i. Close the Council down for a week in August (although the closure week could be at another time of the year).
ii. Staff to work a 9 day fortnight without pay for the tenth day. This would be for a limited period over 7 weeks with deductions from 7 monthly salary payments spread across the year.
iii. Furlough days where the Council would close for a set number of individual days spread throughout the year. This would have the same effect as a 9 day fortnight.
iv. Additional unpaid leave

The proposals would have the impact of a pay reduction for staff (pro rata for part time staff). Agency staff would not be required to work during a closure period and would not be paid thus there would be savings on agency expenditure. No deductions would be made for staff on statutory maternity leave.

These options are highly contentious all based on 7 days unpaid leave equating to a pay reduction of 1.92%, however with reference to Appendix A, all 3 closure options presented could achieve savings of over £2 million if savings were maximum savings were achieved.

The narrative below outlines some of the issues presented by these options.

14.1 Closure for a week

A week's closure would operate similarly to the Christmas closure with the public notified that the Council would not be open for business, for example in a week in August to coincide with school holidays. It is recognised that there would be operational problems for some teams that would have to work during the closure, period taking the unpaid leave at other times in the year. There would also need to be restrictions on the amount of leave granted before and after the closure period to ensure that service delivery was not affected.

Some 'advantages' of this proposal are;

- Administratively the pay reduction for a week's closure could be input into payroll each April, with the reduction in pay spread across monthly salary payments.
- Additional unpaid leave could be added to entitlements for all staff so that the days could be deducted from entitlements for staff required to work during the closure and automatically deducted for staff not required to work.
- A week's closure would be easier to apportion unpaid leave for part time staff
- Management of the closedown would be easier to plan than for single day closures

- Some staff would see childcare costs reduced if the closure was during a school holiday period.
- Staff with children or who care for young relatives would not have to take as large a proportion of annual leave during the summer school holidays.
- Savings associated with closure or reduced usage of Council buildings for a week. For the Civic Centre estimated at 1k per day for gas and electricity.

Disadvantages

- Workload pressures following the return from a week's closure.
- Negative publicity for the Council.
- Cover arrangements would need to be robust to address the needs of residents who require urgent access to Council services.
- Detailed negotiations and risk assessments would need to be undertaken to ensure that effective cover arrangements were in place as demand would be higher than during the Christmas period. To replicate the arrangements at Christmas would be too simplistic an approach.
- This proposal could not be applied to term time workers.

14.2 9 day fortnight and Furlough days

To effect a 9 day fortnight over a period of more than a few weeks would lead to substantial pay reductions and it is therefore recommended that this option if approved would only operate for a limited period to achieve specific savings targets.

The most persuasive 'advantage' of this proposal is that the closure days could operate over a limited period to achieve fast savings to remove the need for other proposals to be taken forward with pay deductions spread out across the year.

Disadvantages

- For operational reasons not all staff would be able to take the same day each fortnight, therefore management of this option would be challenging
- Detailed communication would be needed for staff, residents and partners to ensure that they were aware of which days services would not operate or would operate at a reduced level
- Negative publicity which could be sustained. The public would continue to expect a service and even if publicised widely, it would be difficult to meet the needs of Hounslow residents
- The management of part time workers would be difficult during this period in terms of pay and annual leave adjustments
- This proposal could not be applied to term time workers
- Overtime payments could rise before and after one day shutdowns to ensure that essential programmed work was carried out
- Exemptions would need to be carefully considered and probably adjusted on a frequent basis, e.g. Finance staff may need to be exempted to close the Council accounts

Furlough days are where for specific days services would close down with staff not paid for these days. This option has the same effect as the 9 day fortnight but the closure days

could be spread out or grouped. In Appendix A this option has been costed at 7 days and provides the same level of savings as the August closure.

14.3 Additional unpaid leave

An option which could be easier to manage would be to for staff to be given an additional 7 days unpaid leave. The advantage of this proposal it that leave would be spread across the year and should not have the operational risks associated with a week or day's closure. Annual leave entitlements could be adjusted through the addition of a set number of unpaid days. Calculations for annual leave owing for staff leaving the Council during the year would need to be robust to identified what proportion of leave balances were paid or unpaid.

14.4 Pension implications

Pension scheme members are obliged to pay the pension contributions based on their notional pay and for the closure options there will not be a break in service or any affect on their final pensionable pay. Whether these unpaid leave dates are taken in one block or over 7 individual months will make no difference.

The proposals do not affect pensionable pay if they are applied for a limited period and are implemented in a manner that does not need to a reduction in notional pay. In terms of the Local Government Pension Scheme Regulations, the closure days need to be treated as an authorised unpaid leave of absence to avoid a reduction in notional pay.

As the absence period is less than 31 days, contributions must be paid in full by both the member at their assessed standard rate and the employer in line with the rates and adjustment certificate. Therefore, there are no pension savings to the employer (or employee) as contributions remain payable on the notional pensionable pay. However as notional pay is not being reduced no members of staff will suffer a reduction in their pension entitlement as a result of these proposals.

14.5 Considerations

Unsurprisingly none of the options were favoured by respondents to the staff survey, however, the combined response to the questions whether closure options should be considered or possibly considered almost matched those who responded that the options should not be considered.

The trade unions are opposed to what they determine to be a Green Book Part 2 issue which they will not negotiate on. This means that if an option was chosen it would have to be effected through dismissal and re-engagement of staff on revised contractual terms to produce revised contracts of employment. To ensure that a full year effect of any saving could be achieved planning needs to commence as soon as possible.

If none of these options are taken forward the estimated level of savings from the pay and conditions workstream included in Appendix A cannot be achieved.

In terms of the operational issues concerned with the closure options, the August closure is considered the preferred option for the reasons outlined in section 14.1 with additional unpaid leave as an alternative. The furlough option and 9 day fortnight are not recommended.

Recommendation: The closure of the Council services for a week in August for 2011 and 2012 or additional unpaid leave be allocated to staff to take throughout the year. **(Priority 1)**

15.0 PAY REDUCTION FOR A DEFINED PERIOD

As an alternative to the closure options research from other councils has indicated that proposals are being considered to reduce basic pay for a year or a number of years for all non schools based staff. This proposal like the closure options would operate for a maximum of 2 years.

A 3% pay reduction pro rata for one year combined with a reduction the working week from 36 to 35 hours for APT&C grades. Tiering could also be considered to offset the effect on lower paid staff.

For HMG and Chief Officer grades, the working week would not be reduced but an additional 2 days unpaid leave would be granted.

From the staff survey 59.9% of staff were opposed to this proposal.

It is recognised that this is the most contentious proposal with a salary reduction for all. As notional pay would be reduced, there would be an impact on pensions. Agreement will not be reached with the Trade Unions and dismissal and re-engagement would have to be implemented.

It would, however realise achievable savings of over £3 million per annum.

Recommendation: It is not recommended that this proposal should form part of the 2011/12 budget savings as an alternative to the closure options. **(Priority 1)**

16.0 COMMENTS OF THE DIRECTOR OF FINANCE

This report seeks approval for a range of measures intended to provide the Council with opportunities to reduce staff costs across all Council services with the exception of school based staff.

The proposals outlined in this paper will, if implemented, lead to a reduction in the Council's expenditure on remuneration.

In order for budgets to be reduced to reflect those proposals Members wish to take forward for 2011/12, a methodology for the reduction in budgets across the Council will need to be developed for each proposal.

The Council's ability to implement these proposals is subject to discussion with the Trade Unions to regarding changes in pay and conditions.

The closure period proposals in section 14 of the report are presented as temporary measures. The resources available to the Council will remain restricted for some years to come. Any of these temporary measures that are approved for 2011/12 would therefore need to be replaced by alternative permanent savings in 2012/13 and subsequent years.

The figures in the report are estimates at this stage. Assuming elements of this package are approved by Members, firmer estimates will have to be prepared for the budget report to be considered by Council on 1 March.

Members will be well aware of the financial situation facing the Council over the next four years resulting from Government cuts. It is essential to ensure that the Council has in place robustly evaluated and cost effective staffing policies as a component of the solution to this financial problem.

17.0 COMMENTS OF THE BOROUGH SOLICITOR

The Borough Solicitor has been consulted in the drafting of this report and his comments have been incorporated within it.

18.0 EQUALITIES IMPACT ASSESSMENT

The purpose of the EIA attached at Appendix C is to provide an assessment of the likely impact on equalities groups and therefore on equalities duties of the Council's proposed changes to Pay and conditions of employment.

The EIA concludes that there is no evidence to suggest a disproportionate impact on equalities groups for 21 out of 24 proposed changes to pay and conditions. Therefore, there is unlikely to be a breach of any equalities duties for those 21 payments if approved. However, the changes proposed for the following payments appear to disproportionately impact staff below principal officer grades based on current available data;

- Coach Guides Enhanced Pay
- Standby payments,
- Enhanced payments

This however is not predictive of future impact but any review must be thoroughly considered to ensure that there is no detrimental effect.

Methodological Challenges

Detailed spreadsheets have been produced from Oracle and Aggresso listing the staff affected by the allowances proposals. These have been cross referenced to determine whether the effect of removal or other amendments to the pay and conditions will create a disproportionate impact on equalities groups.

However, it is not possible to provide a robust assessment due to a number of methodological challenges to recording data. Finance and HR systems are not combined or aligned and this required more investment of effort and time to gather relevant equalities data to allow for analysis of impact. In some cases the data remained incomplete because of poor recording of equalities data and due to lack of data on leavers. Despite the challenges to data analysis, this assessment aims to give due regard to equalities duties as required by law.

The EIA has been assessed by comparing the demographic breakdown of the group of employees receiving the payment against the demographic breakdown of the total workforce. The total workforce number was based on those listed on the current employee records dated December 2010. It is assumed that when a significantly greater proportion of a demographic group is receiving the payment (than the total employee record) then this group would be adversely impacted should the payment be removed unless there are other factors that explain the differences.

Please note that the data presented only calculates the percentages where the information has been provided.

See Appendix C for a summary of the EIA conclusions on each proposal.

Background Papers: CLT report of 11 November 2010 Budget Strategy Group report of 18 November 2010 Executive Report of 7 December 2010 Initial Equality Impact Assessment (EIA) Data analysis from Oracle and Agresso. Survey of staff on the terms and conditions proposals - December 2010. EIA Composite Overview
This report is due to be considered by: The Executive
This report is relevant to the following wards/areas: Not applicable