

<b>EMPLOYMENT COMMITTEE</b>	<b>AGENDA ITEM No. 5</b>
<b>23 FEBRUARY 2016</b>	<b>PUBLIC REPORT</b>

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**CHANGES TO EMPLOYEE TERMS AND CONDITIONS OF SERVICE**

R E C O M M E N D A T I O N S	
<b>FROM : Director of Governance</b>	
That Employment Committee:	
<ol style="list-style-type: none"> <li>1. Note the detail of the changes that are being proposed to terms and conditions of employment subject to the approval of the 2016/17 budget by full council on 9 March 2016; and</li> <li>2. Agree, subject to a Collective Agreement being reached with the Unions, that the honorarium policy be withdrawn from 31 March 2016 and no further honorariums will be paid during 2016/17.</li> </ol>	

**1. ORIGIN OF REPORT**

- 1.1 As part of the phase 2 budget proposals for 2016/17 and beyond, there is a requirement to make savings from employee terms and conditions of service. The savings required are £440k in 2016/17 rising to £800k in subsequent years. These proposals address the savings required in 2016/17. A further report will be brought forward once proposals for subsequent year's savings have been formulated.

**2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is to propose that Employment Committee agree to the removal of the honorarium scheme, and also note the details of other items that are being proposed in the budget, i.e:
- Increment Freeze
  - Reduction in care mileage rates
  - Office Closure between Christmas and New Year
- 2.2 This report is for the Committee to consider under its Terms of Reference No 2.3.1.4 to determine local terms and conditions of employment for employees

**3. TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	<b>N/A</b>
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**4. BACKGROUND**

- 4.1 Councils across England are facing significant financial challenges which are predicted to last until at least 2020. The City Council has an excellent track record of managing its

budget fairly and effectively and has achieved savings whilst still maintaining quality services.

- 4.2 The Council will have to achieve savings in order to fund a gap of £24 million next year, rising to over £34m. This places tremendous pressure on the Council and its services.
- 4.3 As it becomes increasingly challenging to achieve savings without significantly impacting on front line services and jobs, the Council is having to consider alternative ways of reducing financial pressures; this includes considering changes to staff terms and conditions. Many other councils, including our neighbours, have already implemented changes to terms and conditions.
- 4.4 Whilst it is not an easy option to consider, the Council's priority has to be to maintain services to Peterborough's residents. Therefore, in times of significant austerity, changes to staff terms and conditions have to be considered.

## **5. ACTION TAKEN TO DATE**

- 5.1 As part of the budget savings considerations, a number of proposals were put to the joint trades unions for consideration. Following discussions with trades unions an outline agreement was reached on 21 January 2016. Trades unions subsequently balloted their members; the outcome will be provided verbally at the Employment Committee meeting as it is ongoing at the point of writing this report. A positive outcome of the ballot and agreement of the budget proposals, would allow officers the opportunity to put in place the necessary measures to effectively manage the proposals ahead of 1 April implementation. This will particularly apply to the office closure proposed to ensure that essential services are delivered efficiently and effectively. Any alternative outcome of the ballot would mean that a further paper would be presented to Employment Committee to consider alternative proposals to meet the budget gap.
- 5.2 The outline proposals were also discussed with Cabinet Policy Forum and Budget Working Group during December 2015 and January 2016.
- 5.3 Consequently, a package of proposals are now put forward for the information of members of this Committee; as noted, these are subject to the overall approval of the budget by the Full Council at its meeting on 9 March 2016.

## **6. INFORMATION TO NOTE**

- 6.1 Employment Committee are asked to note for information, that subject to the approval of the 2016/17 budget by the Full Council, the following changes to terms and conditions of employment are included in the phase two budget proposals. Further detail of which can be found from 6.4 through to 6.14:
- a) Increment Freeze - That staff paid at NJC spinal column point 42 or equivalent do not receive an annual increment during the 2016/17 financial year as set out in section 6.5 of this report,
  - b) That staff paid on senior manager scales receive no increment during the 2016/17 financial year as set out in section 6.6 of this report,
  - c) Reduction in Car Mileage Rate - That the rate for employee car mileage payments be reduced to 25p per mile with effect from 1 April 2016 and remain at this level until 31<sup>st</sup> March 2019 as set out in section 6.9 of this report,
  - d) Office Christmas Closure - That staff paid at NJC spinal column point 42 or equivalent be required to take 3 days unpaid leave to enable the Council to close offices on the 3 working days between Christmas and New Year public holidays as set out in section 6.12 of this report, and
  - e) That staff paid below NJC spinal column 42 be required to set aside 3 days of their annual leave entitlement or, if they so wish to take 3 days unpaid leave to enable the Council to close offices on the 3 working days between Christmas and New Year public holidays as set out in section 6.12 of this report.

These proposed changes would come into effect from 1st April 2016 and it is proposed that the revised terms and conditions will apply to all staff employed by the Local Authority employed on the following terms and conditions:

- NJC for Local Government Services,
- Soulbury,
- JNC and Senior Managers,
- Youth & Community,
- Staff who have previously been transferred into the local authority under the provisions of TUPE including staff on Agenda for Change terms and conditions,
- School based staff who are employed under the purview of a governing body, including community, voluntary controlled and special school staff, and
- Staff employed by Peterborough City College who are engaged under the purview of the governing body.

6.2 The proposals will not apply to staff on teacher's terms and conditions which are set at a national level by statutory instrument.

6.3 Where possible, proposals have been made to have the least impact upon lower paid staff and as a result of these and other budget changes no redundancies are proposed in the budget proposals to Council on 9<sup>th</sup> March.

#### **Incremental Freeze**

6.4 Staff on NJC, Soulbury, Youth & Community and Agenda for Change terms and conditions of service receive annual increments until such time as they reach the maximum of the pay scale.

6.5 Under this proposal staff who are paid at NJC spinal column point 42 (£36,571), Agenda for Change spinal column point 31 (£37,032) Youth Workers spinal column point 29 (£36,639), Soulbury Educational Psychologists Scale A spinal column point 2 (£36,805) and Soulbury Advisers & Inspectors spinal column point 4 (£36,864) will not receive an increment during the next financial year.

6.6 Staff on senior manager terms and conditions of service do not receive automatic increments but, from time to time staff do progress to another point on the scale. Under this proposal there will be no movement within the salary scale for these employees.

6.7 It is proposed that these provisions are in place until 1 April 2017 during which time it is intended that a performance related incremental progression scheme be drawn up. This will be submitted to this committee in due course.

#### **Car Mileage Payments**

6.8 Currently the City Council pays the following business mileage rates to staff:

<b>Staff on Agenda for Change rates</b>			
<b>Regular Car Users</b>	<b>Lump sum per annum</b>	<b>Annual mileage up to 9000</b>	<b>Annual mileage over 9000</b>
Up to 1000cc car	£508	29.7p	17.8p
1001-1500cc car	£626	36.9p	20.1p
Over 1500cc car	£760	44.0p	22.6p
<b>Standard Car Users</b>	<b>Lump sum per annum</b>	<b>Annual mileage up to 3500</b>	<b>Annual mileage over 3500</b>
Up to 1000cc car	Nil	37.4p	17.8p
1001-1500cc car	Nil	47.3p	20.1p
Over 1500cc car	Nil	58.3p	22.6p
<b>Public transport</b>		24p all cars	24p all cars

rate			
All other staff			
		Annual mileage up to 10,000	Annual mileage over 10,000
All cars	No further payments	45p per mile	25p per mile

- 6.9 It is proposed that all car mileage rates are reduced to a flat rate of 25p per mile for all groups of staff. These rates would be frozen for 3 years.
- 6.10 As these rates will be below the maximum prescribed HMRC rates, employees will be able to claim tax relief on each claim. Guidance on how to do this will be issued to employees.

### Closure of Offices between Christmas and New Year

- 6.11 Currently Council offices are open for the three working days between the Christmas and New Year public holidays. It is traditionally a quiet time of year for non-essential council business. A number of Councils nationally have introduced a scheme whereby Council offices are closed for these days without difficulty. Emergency and essential services would still be in place as they are on public holidays in any case.
- 6.12 It is therefore proposed that, to facilitate a closure of council offices between Christmas and new year bank holidays, staff who are paid at NJC spinal column point 42 (£36,571), Agenda for Change spinal column point 31 (£37,032) Youth Workers spinal column point 29 (£36,639) and Soulbury spinal column point 4 (£36,864) and above would be required to take 3 days unpaid leave to be deducted from pay over a 12 month period. Staff paid below this would be required to use annual leave but could, if they so choose, take unpaid leave.
- 6.13 This would mean that in effect Council buildings would be closed from the last working day before Christmas until the first working day of the New Year.

## 7. PROPOSAL

- 7.1 It is proposed that Employment Committee agree that the honorarium policy being withdrawn from the council's employment policies and no further honorariums are paid during 2016/17. Previously honoraria had been used as a form of a one off payment to staff either in respect of undertaking higher graded duties or for exceptional performance. The former is dealt with through the acting up procedure. With regards to exceptional performance, this will be addressed via the proposals to link pay progression to performance. In view of this, it is proposed that the honoraria policy be discontinued with effect from 1 April 2016.

## 8. IMPLICATIONS

- 8.1 **Legal** – Staff employed by Peterborough City Council are contractually bound by collective agreements reached between the City Council and recognised trades unions (regardless of whether or not they are a trades union member). Subject to the approval of the budget proposals by Council and a positive result of the Unions ballot, a collective agreement will be reached between the Council and these trades unions. Therefore, all employees will be bound by this agreement.
- 8.2 **Financial** – The estimated savings to note from the proposals are £440k.

The savings do not take into account any nationally agreed pay increases. Further discussions will be taking place with trades unions with a view to reaching agreement on the further savings required to achieve the full £800k savings required in 2017/18.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 As part of the consultation process with trades unions, a number of alternative changes were considered. Although, the proposals put forward represent those that are most acceptable and achieve the savings targets. Alternatively the Council could maintain existing terms and conditions of service. However, these savings would have needed to be found via service reductions and redundancies. As things stand, the phase 1 and phase 2 budget proposals have no redundancy implications.

## **10. CONSULTATION**

- 10.1 Trades Unions have been consulted on the proposals. The outcome of the ballot is awaited at the point of writing this report. Employees have been given full details of the proposals, via internal communication channels.
- 10.2 Cabinet Policy Forum and Budget Working Group have also been consulted.

## **11. REASONS FOR RECOMMENDATIONS**

- 11.1 The proposed changes to employee terms and conditions of service are necessary in order for the Council to meet its savings targets over the next 3 years.

## **12. BACKGROUND DOCUMENTS**

None.

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