

NORTH LINCOLNSHIRE COUNCIL

POLICY AND FINANCE CABINET MEMBER

PROPOSED CHANGES TO EMPLOYEE TERMS AND CONDITIONS

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To outline proposals for changing terms and conditions of employment in support of the additional budget shortfall identified from April 2016 onwards.

2. BACKGROUND INFORMATION

- 2.1 The council's approved budget contains a proposal for terms and conditions savings amongst others, which aim to address financial pressures from 2016 onwards. In trying to achieve savings, services have already delivered on a number of restructures and reviews. As employment costs account for 70% of the council's revenue spend, changes to terms and conditions have to be considered.
- 2.2 The range of proposed changes to terms and conditions achieve a £1.3 million saving and are based on actual spend during the last full financial year 2014/2015, so are an estimate of potential savings.
- 2.3 Direct consultation with employees has taken place via a series of roadshows held in April and July 2015. As part of this consultation a suite of possible changes were put forward and the following options are as a result of direct employee feedback.

3. OPTIONS FOR CONSIDERATION AND ANALYSIS OF OPTIONS

Pay

- 3.1 Reducing basic pay was one proposal that employees specifically asked us not to take forward and the council will implement the national living wage uplift in April 2016 onwards which replaces the National Minimum Wage, protecting the lowest paid.
- 3.2 The proposal therefore is to implement a 1% pay freeze across all employees effective from 1 April 2016. This means that if the predicted 1% is awarded nationally there will be no award applied locally. However, if anything greater than 1% is awarded nationally then locally this would be reduced by 1% and the balance paid in full.

- 3.3 While the 1% reduction in pay is permanent, it will only apply to this one year and therefore will not remove us from future national pay negotiations.
- 3.4 The pay freeze will not affect incremental progression and will generate a saving of £813,000.

Weekend enhancements/ 5 out of 7 day working

- 3.5 Employees currently required to work on Saturday and/or Sunday as part of their normal working week are entitled to the following enhancements:
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| Saturday | Time and a half |
| Sunday | Time and a half (employees above salary point 11)
Double time (employees at or below salary point 11) |
- 3.6 It is proposed that the current enhanced payments for weekend working remains unchanged but that it is paid as an average across a 7 day working week.
- 3.7 Whilst there will be no financial detriment to employees' normal contractual weekly pay as a result of this change, there will be a significant reduction in the cost of cover for vacancies, annual leave and sickness saving approximately £200,000 per annum.

Excess travel

- 3.8 The council's existing policy on the provision of excess travel provides for the payment of an allowance for a period of 4 years, when an employee's work base is changed.
- 3.9 Most council contracts of employment contain a mobility clause to the extent that 'Under your contract of employment you may be required to work at or from any of the council's establishments in North Lincolnshire'.
- 3.10 This clause has not traditionally been relied upon without the payment of an excess travel allowance and this practice remains common across local government.
- 3.11 It is proposed that the excess travel allowance be withdrawn altogether which would save approximately £40,000 per annum.

Lease Car Scheme

- 3.12 The council currently operate a vehicle leasing scheme under which the council will pay the contract hire costs and insurance up to 7% of the maximum salary point of the respective grade (the substantive grade) for staff on Chief Officer Conditions of Service and NJC officers on Grade 11 and above.

- 3.13 It is proposed that the vehicle leasing scheme will cease on 1 April 2016 and no new lease cars will be entered into nor will any existing leases be renewed. Existing leases will continue for their original term agreed at the outset.
- 3.14 Alternatively managers on Grade 11 and above will be in receipt of a 6% supplement in lieu of a vehicle which represents a 1% reduction in this allowance and generates a saving of £18,000.

Voluntary Unpaid Leave

- 3.15 It is proposed to introduce a scheme whereby employees can 'purchase' additional unpaid leave. This could be linked to a salary sacrifice scheme enabling employees to voluntarily request additional unpaid leave and spread the cost over a 12 month period. The benefit of this is that the net monthly deduction for the employee is reduced by virtue of tax and National Insurance (NI) savings. The saving to the council also includes NI contributions in addition to the reduction in salary.
- 3.16 Similar schemes have proved popular elsewhere in the country and so an indicative amount of £50,000 could be applied for budgetary purposes.

Sick pay

- 3.17 There will be no reduction in employees' current sick pay entitlement. Instead there will be an overhaul of sickness absence management to look at alternative ways of reducing sickness absence levels. This proposal will implement the actions outlined in the paper agreed by Cabinet on 17 September 2015. These actions would generate an indicative saving of £580,000. This translates into monetary savings of approximately £200,000.

4. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 4.1 Potential savings are as outlined above and equate to an overall saving of approximately £1.321m.
- 4.2 There are no direct staffing implications associated with these proposals.

5. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 5.1 A full equality impact assessment has been undertaken on the outlined proposals.

6. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 6.1 The unions have been fully consulted on the budget shortfall and the associated proposals contained within this report. They have stated that they

are willing to reach a local agreement on these changes subject to a ballot of their members.

- 6.2 Direct consultation with employees has taken place via a series of roadshows held in April and July 2015.
- 6.3 The HR service remains committed to providing nil cost benefits for employees particularly those that provide NI savings for the council by virtue of HMRC's approved salary sacrifice arrangements.

7. RECOMMENDATIONS

- 7.1 That the proposals outlined in this report are approved.

CHIEF EXECUTIVE

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Background Papers used in the preparation of this report:

Proposed actions to support a reduction in sickness absence levels 17 September 2015.