



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>19 September 2017</b>
<b>Part:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	Amendments to Staff Terms and Conditions
Contact:	<p>Cllr Andrew Williams, Leader of the Council Cllr Neil Harden, Portfolio Holder for Resident and Corporate Services</p> <p>Author/Responsible Officers;</p> <ul style="list-style-type: none"> <li>• Sally Marshall, Chief Executive</li> <li>• Robert Smyth, Assistant Director (Performance, People &amp; Innovation)</li> <li>• Matt Rawdon, Group Manager (People and Performance)</li> </ul>
Purpose of report:	For Cabinet to approve the changes to staff terms and conditions and recommend to Council that these are implemented.
Recommendations	That Cabinet recommends Council approves the changes to staff terms and conditions detailed in section 3 of the report and these changes be implemented subject to 30 days' written notice.
Corporate Objectives:	Delivering a modern and efficient Council – To ensure our existing terms and conditions are modern and attractive for staff whilst also offering value for residents.
Implications:	<p><u>Financial</u></p> <p>These changes are not being implemented to make significant savings. There will be some small savings in relation to the reduction in mileage rates, not offering the car lease scheme and future liability costs in redundancies.</p>

<p>Value For Money Implications'</p>	<p>The proposed changes have been assessed by the scheme actuary Hymans Robertson. They have calculated that the additional liability as a result of the proposed changes is £0.9m or a decrease in the funding position of 0.5%.</p> <p>To recover the deficit position an additional payment of £50k per annum would need to be made for the next 20 years taking into account assumed discount rates.</p> <p><u>Operational</u></p> <p>The changes to staff terms and conditions will remove inconsistencies within allowances and simplify car mileage process.</p> <p><u>Value for Money</u></p> <p>The amendments have been suggested in line with providing residents with value for money but also ensuring that we remain attractive as an employer. Within the review, consideration was given to what other organisations (all sectors) offer as part of the employment package, to ensure we remain competitive.</p>
<p>Risk Implications</p>	<p><u>Impact on Staff</u></p> <p>Our current position relating to recruitment and retention remains positive. There are only a small number of job roles that are difficult to fill and our staff retention rate is consistently around 10% which is considered appropriate for an employer our size and nature of our business.</p> <p>There is a risk that some staff maybe demotivated or consider leaving the organisation. However, this is unlikely given the limited nature of the changes.</p> <p>It is also possible that some roles become less attractive, but this is not a major risk given that the organisation still provides benefits and remuneration that is comparable with other local authorities. Further work is also being undertaken to streamline the recruitment process.</p> <p>There is a concern that staff do not accept the changes, but due to the extensive consultation process and the initial feedback received, this is also considered as low risk.</p> <p><u>Trade Union (TU)</u></p> <p>We have reached agreement on the majority of the proposals. However, the TU does not support the proposal on reducing the redundancy rate and they would like this removed. Therefore, if this policy is implemented, there is a risk that the TU could decide to ballot their members to consider industrial action.</p>

Community Impact	<p>A Community Impact Assessment has been carried out and it identifies no adverse impact on the community and staff.</p> <p>The full Community Impact Assessment can be made available upon request.</p>
Health And Safety Implications	No Health and Safety implications have been identified.
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>Appropriate consultation has been carried out on the proposed changes and responses have been considered before finalising this report.</p> <p>As noted in the report the trade union do not support the proposed change to redundancy rates and therefore there is a risk, which members will note, relating to possible industrial action in relation to this change.</p> <p><b>Deputy S.151 Officer</b></p> <p>The increased deficit contribution of £50k per annum would need to be built into the Medium Term Financial Strategy to ensure that the deficit can be recovered.</p>
Consultees:	<p>Chief Executive and Chief Officers  Portfolio Holders  Corporate Management Team  All staff  Unison &amp; Unite</p>
Background papers:	Nil
Glossary of acronyms and any other abbreviations.	None.

## **1. Introduction**

- 1.1 Having high quality and committed staff is vital if we are going to have the modern, flexible and skilled workforce that we need to meet the challenges facing local government.
- 1.2 The Terms and Conditions (T&C's) that we offer to staff are one of the most important drivers of recruitment and retention. However, we also have to ensure that our approach offers value for money.
- 1.3 The following paper therefore sets out proposals to reform our T&C's and in doing so, ensure that our offer to staff is modern, attractive and fair to the taxpayer.

## **2. Consultation and Evidence**

- 2.1 In April, we undertook a review of our existing terms and conditions as well as considering what other organisations provide (including the Local Government Association (LGA), CIPD research and surveys neighbouring Hertfordshire local authorities). This identified a number of areas for improvement as well as highlighting benefits that should be protected and new benefits for adoption.
- 2.2 These ideas were discussed with Portfolio Holders and the Chief Officer Group and approval was given to consult with workforce and Trade Unions (TU's) on a set of proposed changes.
- 2.3 To ensure the consultation process was meaningful, the Council undertook the following approach:
  - Staff Briefing Sessions: There were two staff briefing sessions open to the entire workforce. COG presented the proposed changes and answered questions from staff.
  - Notice to All Staff: Staff were notified of the changes over email and via the intranet. The notification included a detailed briefing paper on the changes, an FAQ document and the presentation slides from the staff briefing sessions
  - Email Address: Staff were encouraged to send their comments to a bespoke email address.
  - Drop-in Sessions: Four drop-in sessions have been held giving staff the chance to discuss the proposals with the Corporate Director (Finance & Resources), Assistant Director (Performance & People) and Group Manager (People & Performance). This session also included modelling of the financial impact for staff.

## 2.4 Summary of key issues from Staff and TUs -

- **Removal of lease car scheme** – The lease car scheme was viewed as a significant benefit because it provided a low cost and hassle free option for running a car. Staff were concerned that the car salary sacrifice scheme may not provide comparable benefits and that costs may escalate.

### **Management Response**

Research of existing salary sacrifice schemes indicates that they are broadly comparable to the car lease scheme. They offer a similar 'hassle free' package and we will ensure that we achieve a contract that offers staff good value for money as well as putting in controls to ensure there are no 'price hikes' during the contract.

- **Redundancy rate** – The trade unions raised this is a change that they could not support, because they felt that it affected the entire workforce and weakened the employment protection of existing staff.

### **Management Response**

A Local Government Association (LGA) survey in 2016 showed that the proposal of 1.5 weeks per year was comparable with most other local authorities in the region. A Unison survey also showed that the average redundancy payment in the public sector was 1.16 weeks per year in the private sector and 1.12 weeks per year in the private sector.

The Council must ensure it strikes a fair balance between recognition for staff who are leaving and ensuring that resources are focused on current and future employees. Therefore, given the data above we are not proposing to amend the existing proposal of 1.5 weeks.

The TUs have confirmed that they do not support this proposal and therefore it could result in a decision to ballot their members for industrial action. It is difficult to assess the likelihood of staff taking industrial action, but considerations will include the likely impact and how the rate compared with other public sector bodies.

- **Lack of flexibility in roles attracting the consolidated essential car user lump sum allowance** – Concerns were raised that some staff will get the allowance while others who have the same job title will not. They also questioned the fairness given that housing officer patches can change and customer demands change, which will mean that staff will have to drive more.

### **Management Response**

We have considered the feedback and we are proposing to introduce additional flexibility. This will involve devising a robust process that allows senior managers to make a case for a new post to receive the consolidated lump sum (£846 per annum). This will have to be approved by Chief Officer Group and will be reviewed annually to ensure that the benefit is only available to those who need it.

### **Staff Terms and Conditions**

This section sets out the T&C that have been protected, those that are to be changed and new benefits that will be adopted.

#### **Protected T&C...**

We currently provide a wide range of benefits for staff. The review was clear that these are important for staff and that they should be protected:

- Excellent pension scheme with employer contributions of 18%
- Generous annual leave entitlement,
- Flexible working schemes
- Option to work from home
- Free tea and coffee at the Forum
- Incremental salary bands
- Investment in training and development
- Discounts on local retail and leisure activities
- A dedicated confidential support programme – financial, legal counselling etc.
- Generous maternity and paternity leave
- Tax relief schemes – Childcare and Bicycles

## **T&C that will be changed...**

### Change 1: Lease Car Allowance and Car Lease Scheme

Under the current policy, the lease car allowance is automatically paid to staff at Band 11 or above, irrespective of whether they need to drive for their role or even hold a driving license.

This change will remove this inconsistency, while also recognising developments in our working environment including the increase in remote and flexible working.

#### *Proposal*

1. Abolish the lease car allowance. All posts that currently receive an allowance will receive a consolidated payment. This would include adjustments to the current annual amount to offset the additional pension contributions. The change would be effective from **October 2020**. The delayed period of implementation will ensure all existing car lease agreements have expired. **Financial implications** – Nil, however there may be pension implications due to the consolidation of the allowances but more research is being undertaken to identify the scale of the impact.
2. The Council's lease car scheme will no longer exist. **Financial Implications** – This will provide the savings of approximately £20,000 per annum in Insurance and officer time.
3. A car salary sacrifice scheme is adopted. This will be open to all staff and will provide a comparable experience to the existing car lease scheme. **Financial implications** - Nil

## Change 2: Car Mileage & Essential User Allowance

This change will simplify the mileage payment rate, reducing costs and complexity and bringing us into line with other public sector organisations. It will also remove a mileage threshold that can encourage staff to drive more miles.

### *Proposal*

1. Consolidate the three essential car user allowances into basic pay of the **posts** that currently receive it and change their mileage rate to 45p per mile (HMRC rate). **Financial implications** – The projected impact of introducing two mileage rates would be an annual reduction in the total cost of claims of £8,428 (16/17). There is also likely to be a reduction in miles driven which could save £7,200 (based on a 10% reduction in 16/17 mileage).
2. To devise a robust process that allows senior managers to make a case for a new post to receive the consolidated lump sum (£846 per annum). This will have to be approved by COG and this will be reviewed annually to ensure that the benefit is only available to those who need it. **Financial Implications** – There may be a revenue cost if new staff receive the allowance, but this is expected to be limited in scope.
3. New staff taking up roles eligible for the essential car user allowance will only be able to receive the allowance rate for smaller cars (£846 per annum). **Financial Implications** - The projected impact of limiting the essential car user allowance to £846 for new staff would be an annual saving of £2,531 (based on 10% turnover) followed by continued savings each year until there are no staff remaining who receive the allowance
4. Reduce the casual car user rate from 65p per mile to 45p per mile (HMRC rate). **Financial Implication** - The projected impact of introducing two mileage rates would be an annual reduction in the total cost of claims of £8,428 (16/17). There is also likely to be a reduction in miles driven which could save £7,200 (based on a 10% reduction in 16/17 mileage).
5. The Lease Car Mileage Rate (paid to anyone at Band 11 or above who receives the Lease Car Allowance or Car Lease Scheme) will become the Senior Officer Mileage Rate. This will remain at 21p per mile.  
**Financial implication** - Nil
6. Staff who receive a lease car and are below Band 11 will continue to claim the 21p per mile rate until their existing lease car contract expires. At this point, they would be able to claim 45p per mile.  
**Financial implication** - Depending on mileage rates, this could result in an additional cost of £3,000 in year 1, £6,000 in year 2 and £9,000 in year 3.



### Change 3: Car Loan Scheme (For all staff)

This amendment to the scheme will help to address staff concerns from changes to the other allowances. It also aligns with the car salary sacrifice scheme, which is being opened to the entire workforce.

#### *Proposal*

1. The car loan scheme should be opened to all staff. **Financial implication – Nil**

### Change 4: Redundancy Payments

This change will ensure that our approach to redundancy payments is in line with other local authorities. It also strikes a fair balance between payments to staff that are leaving and ensuring that money is spent on current employees.

#### *Proposal*

1. Reduce our redundancy rate to 1.5 weeks' x years worked (previously 2.2 weeks' x years worked). **Financial implication –** There would be savings in redundancy liabilities in the future. The scale of this would depend upon the nature and scale of any change.

### Change 5: Staff Training – Continuous professional development (CPD)

This change will strengthen our approach to training and ensure that all staff can access continuous professional development.

#### *Proposal*

1. It is clear from research that staff perceive training and development as one of the most important benefits (if not the most). Therefore, the Council must make sure that the corporate training budget supports mandatory training; but also that the money is being equally spent on staff development needs.
2. This approach will ensure that each team is allocated a ring-fenced service training budget to use for the year (excluding the corporate training budget). This will be based on staff numbers and expectations around training needs. **Financial implication - Nil**

## **New Benefits...**

### New Benefit 1: Buying Annual Leave

This change will provide staff with the opportunity to purchase additional annual leave, helping to improve people's work life balance.

#### *Proposal*

1. Pilot a scheme (one year) that allows staff to purchase additional annual leave of 5 days a year. This could be purchased in one of two holiday windows.
2. The rate for buying the leave would be equivalent to the staff members salary level (and pensions liability costs) for that period. **Financial implication - Nil**

### New Benefit 2: Staff Recognition Scheme

This will help to recognise and celebrate the excellent work and efforts of staff, so that individuals feel valued and supported.

#### *Proposal*

1. To develop a corporate recognition scheme (with staff engagement). In principle, this will recognise staff (a presented letter/certificate) who demonstrates a range of behaviours including "excellent performance", "modelling of the core behaviours", "innovation" and "long service/retirement". **Financial implication - Nil**

### New Benefit 3: Additional Schemes

These proposals will provide support for staff and the community more widely.

#### *Proposal*

1. The introduction of public transport season tickets (interest free loans) which will provide discounted bus and train travel for all staff. **Financial implication - Nil**
2. To allow staff paid time off to participate in pre-arranged community projects - This scheme will give you a chance to help the community, get involved in worthwhile projects and support our local voluntary sector. There will be 3 - 4 projects arranged throughout the year by the volunteer centre, in which staff can participate. **Financial implication - A small number officer days lost due to supporting the community projects.**

#### New Benefit 4: Staff wellbeing initiatives

This proposal will support staff with their own health and wellbeing, improve efficiency, and reduce the burden of sickness on staff and the organisation.

##### *Proposal*

1. The introduction of a free staff bicycle pool scheme (already implemented) **Financial implication** – Nil. Grant supported the purchase of the bicycles.
2. To implement a series of initiatives that would help promote health and wellbeing. **Financial implication** – Existing budgets to cover any costs.

#### **3. Recommendations**

1. That Cabinet recommends Council approves the changes to staff terms and conditions detailed in section 3 of the report and these changes be implemented subject to 30 days' written notice.