

TRAFFORD COUNCIL

Report to: Employment Committee
Date: 11th September 2017
Report for: Information and Decision
Report of: Deborah Lucas, Acting Director of HR

Report Title

Staff Terms & Conditions – Mandatory Unpaid Leave Update

Recommendation(s)

It is recommended that Employment Committee notes the content of this report and offers a view on the options that are being considered.

Contact person for access to background papers and further information:

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Relationship to Policy Framework/Corporate Priorities	This proposal aligns with the council's Corporate Priorities in respect to 'Low Council Tax and Value for Money' and 'Reshaping Trafford Council'.
Financial	The unpaid leave provision is required to contribute to annual savings in the region of £0.5m to support the 2018/19 budget savings.
Legal Implications:	The implementation process will be fully compliant with employment legislation.
Equality/Diversity Implications	An Equality Impact Assessment will be undertaken in line with the Equality Framework at the appropriate time.
Sustainability Implications	None
Staffing/E-Government/Asset Management Implications	The implementation process may impact upon staff morale and employee engagement.
Risk Management Implications	The risks associated with these proposals are low to medium. They relate to potential industrial action and a possibility that staff may not accept the extension to unpaid leave if this is proposed. This may impact on service delivery and may also lead to litigation in relation to claims for unfair dismissal and breach of contract. Some of the risk may be reduced by proposing to only apply mandatory unpaid leave to those employees on a higher basic salary.
Health & Wellbeing Implications	As above, the proposals may impact on staff health and wellbeing; support is available via existing health management procedures.

1.0 BACKGROUND

- 1.1 Further to the extensive consultation which took place back in 2013, the Council implemented a package of changes to employee terms and conditions, effective from 1st April 2014. This review included the introduction of 3 days mandatory unpaid leave for a temporary period of two years (1st April 2014 to 31st March 2016). At the time, the proposal was that this provision would be reviewed towards the end of the two year period i.e. at the end of 2015. For the period 2014 – 2016, the total savings associated with the 3 days unpaid leave was £1.05m.
- 1.2 At the end of 2015, the mandatory unpaid leave arrangement was reviewed and a proposal was presented to the Employment Committee to extend this arrangement for a further 12 months. This proposal was agreed by Employment Committee in January 2016, with a commitment that during this 12 month period, the Council would promote a voluntary unpaid leave scheme to try and mitigate the requirement for a mandatory scheme.
- 1.3 During the summer of 2016, the Council formally promoted a voluntary leave scheme and an analysis of take-up of the scheme highlighted that savings were in the region of £290,000 (including on-costs). As target savings per annum for unpaid leave is £0.5m there was a shortfall for 2017/18 projected as being £210,000.
- 1.4 In order to achieve this shortfall, a proposal was then developed, consulted on and implemented to reduce the existing mandatory unpaid leave scheme from 3 days' to 1.5 days', for an extended period of 12 months, until 31st March 2018.

2.0 VOLUNTARY AND MANDATORY UNPAID LEAVE SCHEME 2018/19

- 2.1 The target savings from unpaid leave remain at £0.5m for 2018/19 and as with the previous year, the aim is to negate the need to have a mandatory scheme by achieving the full amount through a voluntary scheme.
- 2.2 On 12th July 2017 we launched the voluntary unpaid leave scheme which remains open until 15th September 2017. Employees have the opportunity to 'buy-back' up to 10 additional leave days for the leave year 2018/2019. As at 9th August, 138 employees had requested additional leave which equates to estimated savings of £96,695, which is similar to last year at the same point in time. As the scheme is still open, the savings will increase however it appears unlikely that we will achieve the full savings required via this means. It is difficult to estimate what level of savings will be achieved, so for planning purposes, an assumption has been made that we will achieve similar savings to last year. If this is the case we will have a shortfall of approximately £210,000.
- 2.3 As the workforce has been subject to mandatory unpaid leave for a 4 year period (3 years at 3 days and 1 year at 1.5 days) and with a backdrop of a sustained lower than inflationary annual pay award, we would like to try and ease the financial pressure on our lower paid employees. Thus we have

considered other options to achieve the savings such as only applying mandatory unpaid leave to our higher earners.

- 2.4 Some costings have been undertaken, which give very indicative levels of unpaid leave. As we still don't know the exact savings that will be achieved from the voluntary scheme and we don't know if the proportion of employees still to request leave will be higher or lower earners, at this stage it is very difficult to quantify.
- 2.5 Option 1 – applying 1.5 days to all employees in scope.
Option 2 – applying 2 days to employees on Band 4 and above (£20,661).
Option 3 – applying 2 days to employees on Band 6 and above (£25,951).
Option 4 – applying 3 days to employees on Band 8 and above (£31,601).
Option 5 – having a sliding scale, so 1 day for lower earners, 2 days for middle bands and 3 days for higher earners.
- 2.6 When considering which option might be most favourable we need to give thought as to the expectations of our employees, i.e. issues such as: that after 4 years of mandatory leave there may be a certain acceptance around the scheme, so the lower earners may not be resistant to a continued lower deduction; after the reduction from 3 days to 1.5 days it may be unpalatable to higher earners to have an increased deduction again. Having a banded approach might be a way of resolving these issues, however will be slightly more difficult to administer.

3.0 FORUMLATION OF FORMAL PROPOSALS AND CONSULTATION

- 3.1 After the voluntary leave scheme has closed on 15th September 2017, and the savings from this scheme have been established, based on the views of Employment Committee as to the options above we will put together a proposal.
- 3.2 In order to amend and extend the mandatory unpaid leave scheme, the Council has a legal obligation to undertake a period of statutory consultation with recognised trade unions and the workforce. The aim of the consultation is to try and reach agreement on the contractual variation, either on a collective or an individual basis. In the event that this is not achievable, the Council would need to issue notices of termination and re-engagement to those staff affected by the proposed change.
- 3.3 As we did last year we will plan to consult on the proposals at the same time as we consult on the budget proposals, which is likely to be early November. We will issue a S.188 notice to the recognised trade unions and consultation will run for 45 days.

4.0 RECOMMENDATION

- 4.1 Employment Committee is recommended to support the approach to the voluntary and mandatory unpaid leave schemes for 2018/19 and to note and give a view on the possible options being considered.