

**BUDGET PROPOSALS
TERMS AND CONDITIONS REVIEW
FORMAL PROPOSALS FOR CONSULTATION**



Staff Information Booklet

October 2013

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Introduction

Councils across England are facing significant financial challenges and over the next 3 years, Trafford Council will need to make savings in the region of £71m. The Council seeks to achieve some of these savings through service re-design. However, in addition to this it is also seeking to make changes to staff terms and conditions. The aim is to try and achieve further savings whilst minimising the impact on jobs.

At the end of 2012, a set of ideas for changes to terms and conditions were put forward. These ideas were initial suggestions and were not subject to a full consultation process. The ideas were communicated out to employees in several ways, including Information Sessions being held and feedback was sought. A large amount of feedback was received from staff which was collated and analysed and then used to create a package of formal proposals. A period of informal consultation was then held from 11th June 2013 to 12th July 2013 on these proposals. Again this included a series of Information Sessions being held. Employees were invited to give feedback on the proposals via different mechanisms and significant feedback was received. Taking into account feedback from both staff and trade unions and the strength of feeling in relation to some of the proposals, as well as information received from other local authorities, some changes have been made to the package of changes to terms and conditions.

This booklet is intended to provide you with information about the formal proposals and the process for formal consultation on these proposals.

Who will the changes apply to?

The changes to terms and conditions will affect all Council staff.

This will include:

- Senior managers on NJC terms and conditions, supplemented by local terms and conditions
- Local Authority staff on NJC terms and conditions
- Staff on Soulbury terms and conditions
- Staff on Youth terms and conditions
- Staff on Craft terms and conditions
- Staff who have previously been transferred into the local authority under the provisions of TUPE

The changes to terms and conditions will not affect:

- Staff on Teachers terms and conditions

- School based staff whose terms and conditions are determined by the school governing body under the Local Management provisions
- Apprentices

Summary of key facts about the formal proposals

- By making changes to terms and conditions, we will achieve significant savings which will mitigate the number of redundancies that we might have to make in the future.
- We want to achieve in the region of £2m savings by changing terms and conditions which will contribute to the overall budget savings target.
- We want to protect employment and, in particular, basic pay and pension benefits.
- We want to take an approach which minimises the impact on the lowest paid staff.
- Further to the two stages of feedback gathering on the ideas/proposals which has already been undertaken, the changes to employee terms and conditions are now subject to a 45 day formal consultation period, so that we have meaningful consultation with a view to reaching agreement on the changes.
- We are proposing that a revised package of terms and conditions will be implemented with effect from 1st April 2014.

The Formal Proposals

Changes relating to Car Users (Essential Car User Scheme, Car User Allowance and Car Mileage Rates)

Current arrangements:

The Essential Car User Scheme is based on the National Joint Council (NJC) scheme. There are currently 694 employees designated as Essential Car Users. Eligible employees receive an annual lump sum at one of two rates, based on car engine size. The lower rate is currently £846, and the higher rate is currently £963 per annum. Essential car users are also eligible to claim for business mileage at the lower Essential Car User rate, based on the engine size of their car. This rate is currently set at 40.9p or 36.9p per mile. Casual Car Users currently claim mileage at 52.2p or 46.9p per mile.

Proposal that went out to Informal Consultation:

The original proposal was to end the Essential Car User scheme. This would mean that those 694 staff classed as Essential Car Users would be re-designated as Casual Car Users and would no longer receive a lump sum payment. They would, however, continue to be eligible to claim payment for business mileage, which would be at the higher Casual Car User rate of 52.2p per mile.

Staff feedback:

During both the early discussions with staff about ideas for changes and also during the informal consultation there was a strong opposition to completely withdrawing the Essential Car User Scheme. The key concerns related to a perceived risk to certain services and service users and a concern that staff on lower salaries would be unable to cope with the loss of the allowance. A number of staff and the Trade Unions suggested that an alternative to withdrawing the Essential Car User Scheme might be to tighten up the scheme with the aim of reducing numbers and having a core of "critical" car users. During the discussions with staff, there was also a suggestion that we should move to adopting the standard HMRC mileage rate of 45p per mile for all car users.

The Proposal:

Taking into account the feedback received, it is proposed that a Critical Car User Scheme is adopted, which sets out strict assessment criteria. A draft scheme has been developed to reflect this. As part of the revised scheme, it is proposed that only staff at SCP28 and below should continue to receive such an allowance and that the allowance itself is reduced by 50% (where staff meet the Critical User criteria). This would mean that the allowance payable would essentially reduce from £846 per annum to £423 per annum. In addition, it is proposed that the pool of Critical Users is frozen and that any new recruits are employed on contracts that specifically require them to have access to a vehicle in order to fulfil their contractual duties, without the lump sum recompense.

It is estimated that this revised approach will significantly reduce the number of staff eligible to receive the allowance.

It is also proposed that all car users adopt the standard HMRC mileage rate which is currently 45p per mile. This would mean that the current Essential Car User rate would increase from 40.9p per mile to 45p per mile but that the Casual Car User rate would reduce from 52.2p per mile to 45p per mile. The introduction of a uniform mileage rate which is based upon a national rate set by HMRC, will not only realise savings but would also simplify financial systems with respect to annual tax returns.

In addition to the proposed changes to the Essential Car User Scheme and the proposed introduction of a uniform car mileage claim rate per mile, it is also proposed to undertake a general review of car journeys across all service areas, with a view to reducing these by an estimated 10% over the next 12 months. This review will specifically focus on challenging the requirement to travel to external meetings and will promote the use of the Council's investment in technology, making practices such as conference calls and video conferencing the norm, rather than the exception.

Estimated savings:

It is estimated that proposals relating to car allowance and mileage rates would equate to approximately £500k per annum.

Reducing the Sick Pay Scheme

Current arrangements:

The sick pay scheme is based on the National Joint Council (NJC) scheme and gives an entitlement to sick pay on a sliding scale, based on length of service. The maximum entitlement once an employee has completed 5 years of Local Authority service is 6 months full pay, and then 6 months half pay. The entitlements are detailed in the table below.

During 1 st year of service	1 month's full pay and (after completing 4 months service) 2 months half pay
During 2nd year of service	2 months full pay and 2 months half pay
During 3rd year of service	4 months full pay and 4 months half pay
During 4th and 5th year of service	5 months full pay and 5 months half pay
After 5 years of service	6 months full pay and 6 months half pay

For the year ending June 2013, the Council paid out in the region of £1.4m in sick pay. In addition to the spend on actual sick pay, there is also a cost to cover absent staff in terms of overtime and agency spend as well as the indirect cost of low staff morale for those colleagues who have to sustain service delivery.

Proposal that went out to Informal Consultation:

The original proposal was that the scheme is reduced so that staff receive a maximum of 3 months full pay, followed by 3 months half pay. Entitlement to sick pay would be on a sliding scale based on length of service as set out in the table below:

During 1 st year of service	1 month's full pay and (after completing 4 months of service) 2 month's half pay
During 2nd year of service	2 month's full pay and 2 month's half pay
After 2 years of service	3 month's full pay and 3 month's half pay

There will be provision to extend the payment of sick pay beyond the contractual entitlement in exceptional circumstances. Requests would be submitted to the Director of HR for consideration and sign-off, so that there is consistency of application across the organisation.

The Council will continue to ensure that all employees have access to support services such as Occupational Health, Counselling, Physiotherapy etc. In addition, the Council has introduced preferential rates for Private Health Insurance via General and Medical which will support those staff who may require extra support during periods of long-term absence.

Staff Feedback:

This idea did not generate a significant amount of feedback from staff. In terms of the feedback which was received, staff mainly raised concerns that if sick pay were to be extended in exceptional circumstances at management discretion, then measures would have to be put in place to ensure consistency in approach.

The Proposal:

The proposal has remained the same.

Estimated savings:

If implemented, it is estimated that this proposal could achieve in the region of £250k savings. This figure is based upon taking the total amount of occupational sick pay that was paid out in the year ending June 2013 (calculated in line with the current entitlement of up to 6 months full pay/6 months half pay) and recalculating this, using the proposed entitlement (of up to 3 months full pay/3 months half pay). The figure does not include any costs or savings in respect of cover for absent staff (e.g. overtime pay, agency costs, acting up payments, etc.).

The level of savings can only be estimated as levels of sickness absence fluctuate from year to year, however, it is clear that this proposal would achieve significant savings and could also have an impact on the use of overtime and agency staff to cover periods of long-term sickness absence as staff may seek support for an earlier return to work.

Unpaid Leave

Current arrangements:

Currently employees receive a contractual annual leave entitlement based upon their length of service. Staff are only granted unpaid leave following an individual request, with agreement from the individual's manager, in line with the Special Leave Scheme.

Proposal that went out to Informal Consultation:

The original proposal was to introduce a mandatory 3 days' unpaid leave per annum for all staff (pro-rata for part-time employees), with the option of applying for a further 7 days' unpaid leave, on a voluntary basis, subject to management approval. Pay deduction for these days would be spread over 12 months, so a proportionate amount of salary is deducted each month.

Further to some feedback that had been received about a risk to critical services and unnecessary cover costs, it was proposed that some services will be considered for

exemption from the period of mandatory unpaid leave. This would minimise the risk on vulnerable service users and Council contracts.

Staff Feedback:

Whilst there was a high level of feedback on this proposal, not all the feedback was negative and some staff welcomed the idea of being able to take additional time off, even if this was unpaid. This proposal also reflects action taken by a number of other local authorities who have imposed periods of mandatory unpaid leave ranging from 3 to 4 days.

The Proposal:

The proposal has remained the same. Consideration may be given to approving exemptions to the mandatory nature of the unpaid leave in exceptional circumstances. Any exemptions would be proposed by the relevant manager in the form of a business case and subject to approval by the Chief Executive, in conjunction with the Directors of Finance and HR.

This is not proposed as a permanent contractual change; it is proposed as a temporary arrangement for a period of 2 years, after which it will be reviewed.

Estimated savings:

This proposal will achieve an estimated £574k of savings per annum.

Introduction of a ‘Living Wage’

Current arrangements:

The National Minimum Wage is currently £6.31 per hour. No Trafford employees earn less than this amount.

Proposal that went out to Informal Consultation:

The original proposal was to bring the pay of all Trafford employees up to a “Trafford Living Wage” of £7.20 per hour. This would mean that around 310 of the lowest earners within the Council would receive a salary increase.

Staff feedback:

Whilst there was limited opposition to this idea, staff generally supported this idea as part of an overall package of changes to terms and conditions.

The Proposal:

This proposal will remain the same.

Estimated costs:

It is estimated that if this proposal is introduced, it will cost in the region of £74k.

Reduce Overtime Rate

Current arrangements:

Currently employees receive overtime at different rates, including plain time, time and a half and double time. In 2012/13, the Council paid out almost £1.5m in non-contractual overtime.

Proposal that went out to Informal Consultation:

The original proposal was to cease enhanced rates of pay for non-contractual overtime with payment at a flat plain time rate.

Whilst it was recognised that the introduction of a flat rate for overtime may result in a risk that some staff may not agree to work overtime, or may not wish to work as much overtime if they received a lower rate of pay, it was noted that managers should not rely upon overtime to deliver services and where there is high usage; services should commit to redesign their delivery models in order to address this.

It was also noted that if backfill is required due to the implementation of mandatory unpaid leave, then if this is paid at plain time rather than a higher rate, it would make the unpaid leave more operationally manageable, which would mitigate the cost of mandatory unpaid leave on traded services.

Staff feedback:

There was limited negative feedback on this option from staff and trade unions and the main concern related to a perception that staff will not agree to work overtime, or to work as much overtime, if they receive a lower rate of pay, which will affect service delivery.

The Proposal:

This proposal will remain the same.

Estimated savings:

It is estimated that this will achieve savings in the region of £160k.

Remove Relocation Allowance (Appendix E Payments)

Current arrangements:

A relocation allowance is payable for a period of 4 years when an employee has an enforced change to their place of work. This is a national term, under Part 3 of the Green Book and most local authorities reviewed this term as part of their review of Part 3 terms and conditions, a number of years ago. The allowance remains in Trafford, however.

In 2012, 146 employees claimed the allowance, totalling £68k for the year. The average claim was £50 per month.

Proposal that went out to Informal Consultation:

The original proposal was to cease the payment of this allowance on the basis that staff who work for Trafford should reasonably be expected to work from any base within the borough, without compensation.

Staff feedback:

There was limited feedback on this proposal and staff generally felt that employees working for Trafford Borough Council should be expected to work at any location in the borough, without being paid an additional allowance. The only real concern raised was in relation to apprentices who may have to move location.

The proposal:

This proposal will remain the same.

Estimated savings:

It is estimated that this proposal will achieve in the region of £43k.

Summary of Estimated Savings

The Council had previously aimed to achieve savings of approximately £2.7m through the package of changes to terms and conditions. This has now reduced to an estimated £2m for several reasons; as a result of the 2013/14 budget proposals, a number of services have either ceased or reduced, which has meant that staffing numbers have reduced; sickness absence levels have significantly improved, meaning that less money is paid out in respect of sick pay, cover pay, etc.; the updated benefits realisation estimate now specifically exempts services which, for example, are trading on a recovery basis (DSO or other), where reduction in costs would reduce average charge; or are recharged to capital or grants, including DSG, etc.

The table below therefore details the updated potential savings that could be achieved by implementing the proposals.

ESTIMATED BENEFITS REALISATION	
Proposal	Total (£000's)
Direct savings:	
- 3 Days leave	(574)
- Essential User Allowance	(467)
- HMRC Mileage Rate	(33)
- Living Wage	74
Sub-Total	(1,000)
Indirect savings:	
- Overtime at plain time only	(160)
- Cease Appendix E payments	(46)
- Maximum 3 month sick pay	(251)
- Overtime control/reduction	(153)
- Agency control/reduction	(347)
Sub-Total	(957)
Total	(1,960)

Process and Timescales

The Council's aim is that following a period of formal consultation, agreement will be reached to vary terms and conditions, introducing the revised package with effect from 1st April 2014.

In the first instance, the Council will aim to reach a collective agreement with the recognised trade unions. If this is not possible, then the Council will aim to reach agreement with individual employees. If employees do not sign up to the package of terms and conditions, then the Council will need to achieve the change via a process of termination and re-engagement of employee contracts. This is the same process that the Council followed to move employees on to the new pay and grading system under the PARIS project.

The timeline for achieving the change is set out below:

DATE	ACTION
23 rd September 2013	Approval from Executive to proceed with formal consultation on package of proposals
2 nd October 2013	Trade Union Briefing
3 rd October 2013	Issue S.188 notice to mark commencement of 45 day formal consultation
October 2013	Staff and TU consultation (letters, intranet, road shows, etc.)
17 th November 2013	End of 45 day formal consultation
End of November 2013	Employment Committee
Beginning of December 2013	Executive Committee approval (key decision)
December/January 2013/14	Seek to reach agreement on changes; commence termination and reengagement process (if necessary)
1 st April 2014	Implement revised terms and conditions

How can I give feedback on the proposals?

We want your feedback on these proposals. There are a number of ways you can do this

- **Through your line manager who will forward the information to the HR Service.**
- **At the information sessions being held during October.**
- **Via e-mail to the Workforce Strategy in-box: workforcestrategy@trafford.gov.uk.**
- **Via post, send for the attention of Kate Sturman in the Workforce & Core Strategy Team, HR Service, 2nd Floor, Trafford Town Hall.**

The deadline for giving feedback is **17th November 2013**

Further information, help and support

There are many ways for you to find out more about the formal proposals, what they mean for you and to get support if you have concerns.

- **See the dedicated intranet pages or ask your manager for access to the information on these pages**
- **Attend one of the information sessions being held during October**
- **Speak to your line manager.**
- **You can also speak in confidence to a counsellor using the free BDMA service on 0800 919 765.**
- **If you are a member of a Trade Union, you can speak to your union representative.**

Union contact details:

Unison

Telephone: 0161 877 9840

e-mail: paul.mcdermott@trafford.gov.uk or gaynor.harrison@trafford.gov.uk

GMB

Telephone: 01204 523011

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