

TRAFFORD COUNCIL

Report to: Employment Committee
Date: 14th December 2015
Report for: Information
Report of: Lisa Hooley, Acting Director of HR

Report Title

Staff Terms & Conditions – Proposed Extension of Mandatory Unpaid Leave and Uplift in the Hourly Rate of Pay for Apprentices

Recommendation(s)

It is recommended that Employment Committee notes the content of this report

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 proposal to extend unpaid leave will achieve annual savings in the region of £0.5m to support the 2016/7 and the 2017/18 budget savings, with the proposal to increase the hourly rate of pay for apprentices costing an estimated £57,500 per annum.
Legal Implications:	The implementation process will be fully compliant with employment legislation.
Equality/Diversity Implications	An Equality Impact Assessment is being undertaken in line with the Equality Framework and it will be available to members of the committee when considering the outcome of consultation report.
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. This may impact on service delivery and may also lead to litigation in relation to claims for unfair dismissal and breach of contract.

Health & Wellbeing Implications	As above, the proposals may impact on staff health and wellbeing; support is available via existing health management procedures.
Health and Safety Implications	None

1.0 BACKGROUND

- 1.1 Further to the extensive consultation which took place during 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.
- 1.2 For the period 2014 – 2016, the total savings associated with the 3 days unpaid leave has been £1.05m. Since implementation, no significant issues have been raised either by staff, management or the trade unions. Indeed, there has even been some positive feedback from staff who are grateful for the ability to take additional time off, in spite of it being unpaid.
- 1.3 The 3 days mandatory unpaid leave arrangements were initially applied to all employees; however, following the submission of a number of business cases, some service areas were granted exemptions; this was on the basis that they were either providing direct services to SEN children or were in a trading position. These services are: Catering Operations; Cleaning Support; Trafford Transport Provision; Sanyu Daycare Centre; Partington & Carrington Children’s Centre and SEN Teaching Assistants. Apprentices were also granted an exemption due to their low hourly rate of pay, which is typically £3.30 an hour.

2.0 PROPOSALS

2.1 Mandatory Unpaid Leave

- 2.1.1 When the original mandatory unpaid leave proposal was implemented, it was introduced for a temporary period of two years, subject to a review. As part of the review process, it was agreed with the trade unions that requests for additional unpaid leave (over and above the 3 days’ mandatory) would be monitored; this was in order to assess take up and establish whether or not in the future, an unpaid leave scheme could be applied on a voluntary basis and still achieve the same level of savings, which would mitigate the need for a mandatory scheme.
- 2.1.2 Since implementation of the unpaid leave provision, take up of additional unpaid leave has been monitored. Unfortunately, it has been relatively low with a total of 79 staff taking between an additional 0.5 and 7 days’ unpaid leave during 2014/15. This voluntary take up is not sufficient to mitigate the savings associated with the mandatory system.
- 2.1.3 For the period 2016/17, the Council must achieve savings in the region of £21m, with a further £12m anticipated for 2017/18. These savings will be achieved primarily through our Reshaping Trafford Programme, with a focus on minimising the staffing impact, wherever possible.

- 2.1.4 Due to the significant savings of £0.5m per annum, which are achieved from the mandatory unpaid leave arrangement, it was decided that consultation should take place with staff and the trade unions about extending the temporary contractual variation for a further two years, until 31st March 2018. This will enable the Council to guarantee a further £1m of savings over the two year period.
- 2.1.5 In terms of the existing exemptions set out in 1.3, the proposal is that they continue.
- 2.1.6 In order to try and encourage an increase in additional unpaid leave so that the Council can achieve further savings, it is also proposed that the option to take additional unpaid leave is simplified. This simplification would allow staff to make an advance request (prior to the beginning of the leave year) to take up to a further 7 days per annum, with pay deductions spread evenly across the year. Employees who wish to make an advance request would follow a simple process via the I-Trent system, seeking approval from their relevant manager, in line with existing arrangements.

2.2 Hourly rate of pay for Apprentices

- 2.2.1 In addition to the proposal to extend the mandatory unpaid leave provision, the Council is also proposing to uplift the hourly rate of pay for apprentices.
- 2.2.2 The Council's apprentices currently receive an hourly rate of £3.30 upon commencement. Dependent upon their age, this rises when they have completed one year's service, with the minimum rate of pay at age 19 being £5.30 an hour.
- 2.2.3 From April 2016, the Government has announced that it will introduce a National Living Wage of £7.20 per hour. In April 2014, Trafford Council voluntarily introduced its own "Trafford Living Wage" of £7.20 per hour; however, this excluded apprentices.
- 2.2.4 Whilst the Government has announced that its National Living Wage of £7.20 will not apply to apprentices, in the interests of supporting apprentices to earn a decent living wage, the Council is proposing to uplift their hourly rate of pay so that it is based upon their age. This will mean that from 1st April 2016, Trafford Council apprentices will earn the following hourly rate of pay:

AGE	Under 18	18 – 20	21 and over
HOURLY RATE	£3.87	£5.30	£6.70

- 2.2.5 Based upon the current cohort of 15 apprentices being paid at the "21 and over" rate of pay, it is estimated that this uplift would cost an additional £57,500 (full year).

3.0 **CONSULTATION PROCESS**

- 3.1 When the terms and conditions review was undertaken in 2013/14, the mandatory unpaid leave element was implemented as a temporary contractual variation, for a period of 2 years. In order to extend this arrangement, there is a

legal requirement to undertake a further period of statutory consultation; this is because staff will need to voluntarily agree to an extension to the contractual variation. If staff do not voluntarily agree to the variation, they will have to be issued with a notice to terminate and re-engage.

- 3.2 This statutory consultation exercise has been aligned to the budget consultation timeline for 2016/17. In this respect, formal collective consultation commenced on 5th November 2015, when a S.188 notice was issued to the recognised trade unions. Consultation will run until 19th December 2015 and during this period, the Council will seek to reach agreement with the trade unions on an extension to the unpaid leave provision; however, should this not be achieved, the Council is also consulting with employees on an individual basis and seeking voluntary sign up to the proposal.
- 3.3 To date, 31% of staff affected by the proposal have voluntarily signed up to agree to the extension. A verbal update on the position will be provided to Employment Committee at the meeting.
- 3.4 At the end of the consultation period, feedback will be collated and an outcome report with a set of recommendations will be presented to the Employment Committee for a final decision. This report will be presented to the Committee in January 2016.
- 3.5 For the avoidance of doubt, there is no requirement to undertake statutory consultation on the uplift in the hourly rate of pay for apprentices as this will not result in any adverse impact on any members of staff.
- 3.6 Subject to approval, the proposal to extend the mandatory unpaid leave arrangement and the proposal to uplift the hourly rate for apprentices will be implemented from 1st April 2016.

4. RECOMMENDATION

- 4.1 Employment Committee is recommended to note and support the above proposals as part of the 2016/17 budget consultation process.