

Appendices:
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NORTHAMPTON
BOROUGH COUNCIL

GENERAL PURPOSES COMMITTEE REPORT

Report Title	Revised Employment Policies of Council Employees
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AGENDA STATUS: PUBLIC

Committee Meeting Date: 29th January 2013

Directorate: Resources

1. Purpose

This report seeks approval for the proposals to make changes to Employment Policies affecting payments and benefits for employees within the authority in order to achieve the savings target on the salaries budget.

2. Recommendations

The Committee is recommended to:

- 2.1 Approve the removal of the Essential Car User allowance payment for all employees. Employees who receive this allowance would receive 3 months' notice of its withdrawal as stated in their statement of particulars. Notice being given on the 1st February 2013.
- 2.2 Approve the removal of the payment of Professional Fees for all employees, to be introduced from 1st April 2014.
- 2.3 Note that further work will be undertaken with regard to the introduction of a car parking rate for all staff during 2013/14 with the aim of introducing this from 1st April 2014.

3. Issues and Choices

3.1 Report Background

- 3.1.1 Employees and Trade Unions were consulted on suggestions for savings. The Trade Unions requested that voluntary redundancy/early retirement options be explored to firstly identify those savings that could be achieved by greater efficiencies or reorganisations.
- 3.1.2 Negotiations with recognised trade unions were undertaken through November, December 2012 and January 2013. These meetings followed a process of understanding the saving requirements and discussion about allowances that could be potentially removed at this stage. Any changes that were proposed and the ramifications of the proposed changes were explored. Those options being proposed today were consulted on specifically and received a range of response from employee groups.
- Employees were offered the option of requesting their VR/ER figures in December 2012 before making a formal request for VR/ER in January 2013. These requests were then sent to service managers and Heads of Service to formally approve or reject. All agreed formal requests were taken to a VR/ER Panel held in mid-January to consider the application and make final decisions. Of the 22 approved requests only 3 could be counted towards the target the others were already counted as part of planned service cuts. The savings amount to £88,862 per annum once redundancy costs and pension strain were deducted.
- 3.1.3 The outcome of these decisions was factored into the saving requirement. Those who submitted formal applications will be made aware of the outcome towards the end of January.
- 3.1.4 The final proposals for changes to Terms and Conditions were taken to a meeting with the Trade Unions on Tuesday 22 January.

3.2 Issues

- 3.2.1 The council is required to make the savings/income target of £300,000 in the year 2013/14 and a further £250,000 for each of the two subsequent years. Requirements for formal consultations and notice periods mean that full year savings from each of the proposed changes would not be achieved in 2013/14.
- 3.2.2 The proposed changes to Terms & Conditions need to be introduced before the LGSS transfer date of 1st April 2013 for all savings/income to be realised.
- 3.2.3 It is the case that if all three proposed changes are implemented then there are a number of employees who would be affected by all three resulting in benefit losses of between £1188.30 and £2207.61.

3.3 Choices (Options)

- 3.3.1 Making savings from contractual terms and conditions of service can only be achieved through a collective agreement with Trade Unions or through changes to individual contracts. The proposals put forward in this report are those which require a change to current employment policies and benefits, non-contractual terms and conditions, which can be more easily achieved and do not require a collective agreement with the Trade Unions.
- 3.3.2 Essential Car User allowance is currently paid to employees who are required to use their cars because of a service criteria, defined locally. This lump sum allowance is paid in addition to the mileage allowance. The mileage allowance is based on the Her Majesty's Revenues and Customers (HMRC) Mileage Rates. Mileage allowance only is paid to employees required to use their car but are designated as casual users. It is for the Local Authority to determine which jobs are essential or casual users. Written in to statements of particulars is a clause which states that the Council may remove the payment of the essential user allowance with three months notice. The proposal is to remove the payment of the essential user allowance during 2013/14, this will be reviewed in February 2014. This proposal raises £211,311 towards target. This figure would be adjusted for 2014/15 if it was found necessary to re-introduce the essential user designation with tighter criteria.
- 3.3.3 Payment of professional fees was introduced as part of recruitment and retention issues some years ago. These payments also encourage staff to qualify by examination through the professional bodies. It proposed that the Council give one year's notice of the removal of this benefit.

This allowance is non-contractual and would be removed as of the 31st March 2014. Staff who would have to pay this allowance may be able to mitigate all or some of this through the personal taxation system.

- 3.3.4 It is proposed that a car parking charge be introduced for all employees who use the Council's car parks. Given that targets are being achieved by one of the measures proposed there may be little advantage in pursuing this option this year as income targets may not be achieved and there are significant challenges around the option this year. This decision would find favour with most employees. It is proposed that the Council give one year's notice that the free parking benefit will be removed and undertake a further consultation on options around parking charges such as a flat rate or a lower or phased percentage fee.

4 Implications

4.1 Financial Implications

- 4.1.1 In order to meet the shortfall in the 2013/14 budget a staffing saving of £300,000 will be needed. This amount has been factored into the budget setting process. Savings of £88,862 per annum will be found by the VR/ER requests that have been approved.

- 4.1.2 The proposed savings/income that will be made through the changes are as follows:
- Essential Car User removal: £211,311 per annum reduced in 2013/14 because of 3 month notice period.
 - Professional fees payment removal: £29,008 introduce from 1st April 2014.
 - Introduction of concessionary car parking charge in April 2014: Charges and Income targets to be established following further review.

4.2 Human Resources Implications

- 4.2.1 The removal of the essential car user allowance will result in a loss of a substantial benefit for 227 employees amounting to between £846 and £1239 per year for an employee.
- 4.2.2 Removal of professional fees payment may have some impact on recruitment and retention and possibly limit willingness for employees to progress to full qualified status.
- 4.2.3 The Travel and Subsistence scheme will be amended or end as a result of this action. There is no impact on policy for the charging of discretionary car parking passes or the removal of the professional fees payment.
- 4.2.4 Any changes that are proposed will have to have been conducted in parallel with the potential restructures that are scheduled and the proposed LGSS transfer.
- 4.2.5 The Trade Union where consulted on, with regard to these options and their views taken into consideration. It is not necessary to obtain a collective agreement for these changes however the Trade Unions have indicated their intention to undertake a non-statutory ballot of their members affected by the changes.

4.3 Legal Implications

- 4.3.1 The removal of the essential car user allowance will be made after the contracted notice period of 3 months has been issued to employees who receive the allowance.
- 4.3.2 The proposed changes to essential user allowance will be part of conditions which transfer with employees moving to the LGSS.

4.4 Equality

- 4.4.1 A full EIA is attached. In summary the results of the EIA for the removal of the essential car user allowance do not suggest that there is any significant detrimental impact on a specific group. However an equality audit will be conducted as part of the casual user car mileage monitoring exercise to avoid any other equality issues being raised.

Catherine Wilson – Head of Business Change