

## **EMPLOYMENT MATTERS COMMITTEE**

**2 NOVEMBER 2010**

### **PROPOSAL TO FREEZE INCREMENTS**

Report from: Tricia Palmer, Assistant Director, Organisational Services

Author: Paula Charker, Head of HR Services

#### **Summary**

This report sets out the details of the proposal to freeze increments and the consultation process with the trade unions and staff.

#### **1. Budget and Policy Framework**

1.1 The staffing implications of budget reductions are a matter for this committee, which can decide on the policies and processes supporting any changes in staffing.

#### **2. Background**

2.1 The council has an established process for setting its budget for the next financial year; one of the first stages in this involves updating the council's medium term financial plan each year. This document looks forward at the key factors that affect the council's budget for the next three years. This was discussed at the Cabinet meeting on 28 September 2010.

2.2 Medway Council has already experienced unprecedented in-year reductions to the funding the council receives from central government. The government announced the results of its Comprehensive Spending Review (CSR) on 20 October 2010. While the detailed impact on central government funding for Medway Council will not be known for some time after this date, the council must continue its budget planning to prepare itself for reduced funding from government.

2.3 Alongside this inevitable reduction in funding from central government, the council also expects additional pressures on its budget in future years. By way of example, these cost pressures include:

- Social care services we provide for children, particularly for looked after children
- Increasing demand for social care services for the elderly and people with disabilities
- Maintaining vital highways infrastructure such as the Medway tunnel

While there is much detailed work to do to develop the council's 2011/12 budget for approval next February, it is important that steps are taken now to help achieve a balanced budget next year.

- 2.4 Cabinet at its meeting on 28 September 2010 agreed to begin consultation with employees and trade unions regarding the proposal to freeze increments.
- 2.5 The Joint Consultative Committee (JCC) of Elected Members and Trade Unions discussed the proposal on 18 October 2010. The minutes of the JCC are attached at appendix 5 to the report.
- 2.6 This report outlines details of the proposal to freeze increments and the consultation process with the trade unions and staff.

### **3. Proposal**

- 3.1 All staff except those on the top spine point in their grade currently progress one spine point within the scale for their job every year, usually in April or September. The annual cost to the council of this pay increase is forecast to be around £1.5m for the next financial year. This equates to around 50 full time equivalent staff and if the proposal were agreed it would avoid the need for that number of redundancies. Given the current financial climate Cabinet has agreed that we consult with staff and unions about freezing incremental progression in the next financial year. This means that staff that are due an incremental pay increase would no longer receive that increase in pay in 2011/12.
- 3.2 The proposal is to freeze increments for a period of one year, whilst a further review is undertaken. Following this review, any proposed changes to future pay will be subject to further consultation with staff and with the trade unions. Of the staff group involved, there are approximately 2,138 posts not on the top of the grade and 1,338 posts on the top of the grade. Therefore, if the proposal is agreed, 61% would be affected and 39% would not be. We are consulting both groups of staff on this proposal.
- 3.3 There are statutory provisions for teachers' increments and teachers are not included in these proposals. It will be for each Governing Body to decide whether or not to apply the proposal to non-teaching staff in their school.
- 3.4 There was early consultation with the trade unions on 20 and 21 September 2010 and early notification to staff on 20 September 2010.

### **4. Consultation**

- 4.1 Formal consultation with staff and the trade unions commenced on 12 October 2010. The letters sent to staff and the trade unions are attached at Appendices 1 and 2. The Consultation Timetable is attached at Appendix 3.
- 4.2 If the proposal is agreed by full Council on 24 February 2011, and if the council has not reached agreement with the trade unions, contractual notice will be given to the affected employees who have not agreed to the proposed variation to contract. Contractual notice will vary from one month to three months depending upon individual contracts.

**For staff whose increment is normally paid on 1 April:**

If the notice period is one month, the increment will be frozen from 1 April 2011.

If the notice period is longer than one month, the increment will be paid and then removed from the start date of the new contract of employment. For example, for staff entitled to a two-month notice period, they would receive the increment on 1 April 2011 but it would be removed two months after they had been given notice and offered the new contract. So, if notice were given on 25 February 2011, the increment would be paid on 1 April 2011 but removed on 25 April 2011.

**For staff whose increment is normally paid on 1 September:**

Notice would be given during late February/early March 2011 that the increment would be frozen from 1 September 2011.

**For staff who would normally have received an increment on the anniversary of their appointment:**

Appropriate notice would be given on a case-by-case basis

**For staff commencing employment or promoted on or after 2 October 2010 who would normally have received an increment on the 6-month anniversary date of the start date or promotion:**

Appropriate notice would be given on a case-by-case basis.

- 4.3 Staff will be asked towards the end of the consultation period to let the council know whether, if the proposal is agreed at the Council meeting on 24 February 2011, they are willing to accept a variation to their individual contract. If that is the case, there will be no need to issue notice to those staff and a variation to contract will be offered. If agreed, the implementation date will be the same as it would have been had they been given notice. This is to ensure that there is no detriment to those staff that may prefer to accept a variation to contract.

**5. Risk management**

- 5.1 The risks in relation to these changes relate to the personal financial implications for employees and how this may affect morale, motivation and performance, particularly in the light of other financial pressures such as no cost of living pay award and the increase of VAT rate in January 2011. There are also some risks in losing highly valued skills of employees who decide to find employment elsewhere.

**6. Financial and legal implications**

- 6.1 The financial implications are outlined in paragraph 3.1 above. If the £1.5 million is not found from freezing increments it will have to be found from elsewhere in the council's budget.
- 6.2 If the above proposal is agreed, this would result in a change to the current contractual terms and conditions of employment for the staff affected. In order to implement these changes, it will be necessary for the council to reach agreement with individual employees by agreeing a variation to their current

contracts of employment. In the event that an agreement cannot be reached with the individual employee, the council can then proceed to unilaterally vary the existing contract by issuing the employee with the contractual notice to terminate their current employment contract and then issue the new contract of employment incorporating the new term which would effectively result in the freezing of entitlement to incremental progression. If the variation is not agreed with the individual employee, a right of appeal would be available and details of the appeal process would be provided at that time. A senior manager would consider any appeals.

- 6.3 The Council must ensure that the process for any changes to contracts of employment complies with the required statutory obligations to inform and consult employees both collectively and individually under Section 188 of The Trade Union and Labour Relations (Consolidation) Act 1992.

## **7. Diversity Impact Assessment**

- 7.1 The Diversity Impact Assessment Screening has been completed and is attached at Appendix 4. A full DIA will be required on this proposal.

## **8. Recommendations**

- 8.1 The Employment Matters Committee is asked to note:
- The details of the proposal.
  - The consultation process for staff and trade unions.
- 8.2 The Employment Matters Committee is asked to decide if there are any particular issues they would wish to be considered as part of the consultation process.

### **Lead officer contact**

Paula Charker, Head of HR Services 01634 334499

[Paula.charker@medway.gov.uk](mailto:Paula.charker@medway.gov.uk)

### **Background papers**

Cabinet Report - Medium Term Financial Plan 28 September 2010

Date: 12 October 2010

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Addressee only**

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Dear

**Proposal to freeze increments – Employee Consultation**

You will be aware that Cabinet at its meeting on 28 September 2010 agreed to begin consultation with employees and trade unions regarding the proposal to freeze increments.

This letter is the beginning of the consultation process and sets out the details of the proposal and how you can comment. The trade unions are being consulted at the same time with a view to reaching agreement on the proposal.

**1. Background**

The council has an established process for setting its budget for the next financial year; one of the first stages in this involves updating the council's medium term financial plan each year. This document looks forward at the key factors that affect the council's budget for the next three years. This was discussed at the Cabinet meeting on 28 September 2010.

As you will be aware public sector spending is under extreme pressure nationally. We have already experienced unprecedented in-year reductions to the funding the council receives from central government. The government will announce the results of its Comprehensive Spending Review (CSR) on 20 October. While the detailed impact on central government funding for Medway Council will not be known for some time after this date, we must continue our budget planning to prepare ourselves for reduced funding from government.

Alongside this inevitable reduction in funding from central government, the council also expects additional pressures on its budget in future years. By way of example, these cost pressures include:

- Social care services we provide for children, particularly for looked after children
- Increasing demand for social care services for the elderly and people with disabilities
- Maintaining vital highways infrastructure such as the Medway tunnel

While there is much detailed work to do to develop the council's 2011/12 budget for approval next February, it is important that steps are taken now to help achieve a balanced budget next year.

It is recognised that this is difficult news for staff to hear. It is one of many measures that the council wishes to consider to address the challenging budget situation that all public sector organisations are currently experiencing. The council considers that this proposal is necessary to mitigate the effects of any potential redundancies as a result of the budget challenges that confront us.

## 2. Proposal

All staff except those on the top spine point in their grade currently progress one spine point within the scale for their job every year, usually in April or September. The annual cost to the council of this pay increase is forecast to be around £1.5m for the next financial year. This equates to around 50 full time equivalent staff and if the proposal were agreed it would avoid the need for that number of redundancies. Given the current financial climate Cabinet has agreed that we consult with staff and unions about freezing incremental progression in the next financial year. This means that staff that are due an incremental pay increase would no longer receive that increase in pay in 2011/12.

The proposal is to freeze increments for a period of one year, whilst a further review is undertaken. Following this review, any proposed changes to future pay will be subject to further consultation with you and with the trade unions.

Of the staff group involved, there are approximately 2,138 posts not on the top of the grade and 1,338 posts on the top of the grade. Therefore, if the proposal is agreed, 61% would be affected and 39% would not be. We are consulting both groups of staff on this proposal.

There are statutory provisions for teachers' increments and teachers are not included in these proposals. It will be for each Governing Body to decide whether or not to apply the proposal to non-teaching staff in their school.

There was early consultation with the trade unions on 20 and 21 September 2010 and early notification to staff on 20 September 2010.

It is recognised that, if the above proposal is agreed, this would result in a change to the current contractual terms and conditions of employment for the staff affected.

In order to implement these changes in the absence of trade union agreement, it will be necessary for the council to reach agreement with individual employees by agreeing a variation to their current contracts of employment. In the event that an agreement cannot be reached with the individual employee, the council can then proceed to unilaterally vary the existing contract by issuing the employee with the contractual notice to terminate their current employment contract and then issue the new contract of employment incorporating the new term which would effectively result in the freezing of entitlement to incremental progression. If the latter is the case, a right of appeal would be available and details of the appeal process would be provided at that time. A senior manager would consider any appeals.

You will note from the timetable on the next page that the Employment Matters Committee in early February 2011 will consider all responses and make recommendations to Cabinet on 15 February 2011 who will make recommendations to Council on 24 February 2011, where the final decision will be made.

If the proposal is agreed by full Council on 24 February 2011, contractual notice will be given to the affected employees who have not agreed to the proposed variation to contract. Contractual notice will vary from one month to three months depending upon individual contracts.

### **For staff whose increment is normally paid on 1 April:**

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Appropriate notice would be given on a case-by-case basis.

Staff will be asked towards the end of the consultation period to let us know whether, if the proposal is agreed at the Council meeting on 24 February 2011, they are willing to accept a variation to their individual contract. If that is the case, there will be no need to issue notice to those staff and a variation to contract will be offered. If agreed, the implementation date will be the same as it would have been had they been given notice. This is to ensure that there is no detriment to those staff that may prefer to accept a variation to contract.

**3. Timetable**

The proposed timetable is:

20 & 21 Sept 2010	<i>Early consultation meetings with Trade Unions (TUs)</i>
20 Sept 2010	<i>E mail from Tricia Palmer to all staff regarding the proposal asking managers who have staff without email access to be informed</i>
28 Sept 2010	<i>Cabinet meeting considered Medium Term Financial Plan, and decided to begin consultation on the proposal to freeze increments</i>
12 Oct 2010	Commence formal 90-day consultation with TUs and employees.
18 October 2010	6.00pm – Joint Consultative Committee between Members of the Council and the TUs to discuss issues
2 Nov 2010	7.00pm - Report to Employment Matters Committee on present situation
13 January 2011	90 day Consultation Period ends
Early February 2011	Employment Matters Committee considers responses and makes recommendations to Cabinet on 15 February 2011 who will consider the draft budget for 2011/12
15 February 2011	Cabinet considers draft budget and makes recommendations to Council
24 February 2011	Council Meeting to take final decision
From 25 February 2011	If proposal agreed, issue notice of termination of contract to affected employees and offer new contracts to those employees who have not accepted a variation to contract
16 March 2011	Update report to Employment Matters Committee
March – May 2011	Any appeals received will be considered and heard

#### **4. What happens now?**

A report is to be presented to Employment Matters Committee in early February 2011. The end of the consultation period is 13 January 2011 and any comments that are received by then will be reported to Members. Please send any e-mail comments that you may have on the proposals to: [employee.consultation@medway.gov.uk](mailto:employee.consultation@medway.gov.uk). If you do not have access to e-mail, you can write to HR Advice at the address at the heading of this letter. All comments will be included as an appendix to the report presented to Members.

Yours sincerely



Tricia Palmer  
Assistant Director, Organisational Services



Please contact: Tricia Palmer

Date: 12 October 2010

**PRIVATE & CONFIDENTIAL**

Letter to Trade Unions

**Assistant Director Organisational Services**

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Chatham

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e-mail: [emma.clark@medway.gov.uk](mailto:emma.clark@medway.gov.uk)

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Dear

**Consultation on the proposed freezing of increments**

In accordance with Section 188 of the Trade Unions and Labour Relations (Consolidation) Act 1992, I am writing to set out the proposals in respect of the above. The reasons for the proposals are set out in the attached Consultation Document, which outlines the consultation process and timetable. Also enclosed are details of the numbers and descriptions of staff that could be affected by this proposal, together with details of the services in which they are based.

The council wishes to reach agreement with you on this proposal and I will be organising a meeting to commence discussions in the near future. Clearly, consultation will continue on an on-going basis and I hope that we can work together to reach an agreement. Should that not prove possible, the council will ask individual employees if they wish to agree to a variation of their contract. Should that not be agreed the council will issue the employees with contractual notice of termination of contract and then issue a new contract incorporating the freezing of increments.

I also enclose a copy of the letter being sent to employees and the DIA screening from which you will note more work on this is inherent in the consultation process. We are also considering the recent guidance from the Equality and Human Rights Commission, which helpfully sets out what is expected of decision-makers and leaders in public authorities in relation to the impact assessment process around financial decision making.

In view of the number of employees affected, it is a 90-day consultation period, ending on 13 January 2011.

Yours sincerely



Tricia Palmer  
Assistant Director Organisational Services



## Timetable for proposal to freeze increments

## Appendix 3

20 & 21 Sept 2010	<i>Early consultation meetings with Trade Unions (TUs)</i>
20 Sept 2010	<i>E mail from Tricia Palmer to all staff regarding the proposal asking managers who have staff without email access to be informed</i>
28 Sept 2010	<i>Cabinet meeting considered Medium Term Financial Plan, and decided to begin consultation on the proposal to freeze increments</i>
12 Oct 2010	<i>Commence formal 90-day consultation with TUs and employees.</i>
18 October 2010	<i>6.00pm – Joint Consultative Committee between Members of the Council and the TUs to discuss issues</i>
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<p><b>Directorate</b></p> <p><b>Business Support</b></p>	<p><b>Name of Function or Policy or Major Service Change</b></p> <p>Proposal to freeze increments – Employee Consultation</p>		
<p>Officer responsible for assessment</p> <p>Tricia Palmer</p>	<p>Date of assessment</p> <p>8<sup>th</sup> October 2010</p>	<p>New or existing?</p> <p>New</p>	
<p><b>Defining what is being assessed</b></p>			
<p><b>1. Briefly describe the purpose and objectives</b></p>	<p>The council has an established process for setting its budget for the next financial year; one of the first stages in this involves updating the council's medium term financial plan each year. This document looks forward at the key factors that affect the council's budget for the next three years. This was discussed at the Cabinet meeting on 28 September 2010.</p> <p>Public sector spending is under extreme pressure nationally. We have already experienced unprecedented in-year reductions to the funding the council receives from central government. The government will announce the results of its Comprehensive Spending Review (CSR) on 20 October. While the detailed impact on central government funding for Medway Council will not be known for some time after this date, we must continue our budget planning to prepare ourselves for reduced funding from government.</p> <p>Given the current financial climate Cabinet has agreed that we consult with staff and unions about freezing incremental progression in the next financial year. This means that staff that are due an incremental pay increase would no longer receive that increase in pay in 2011/12. This would save approximately £1.5m from the 2011/12 council budget. The proposal is to freeze increments for a period of one year, whilst a further review is undertaken.</p> <p>2056 staff are potentially impacted upon as a result of these proposals, which is approximately 61% of the workforce. It should be noted that turnover is approximately 10% a year and this should be taken into account when reviewing figures presented.</p>		
<p><b>2. Who is intended to benefit, and in what way?</b></p>			
<p><b>3. What outcomes are wanted?</b></p>	<p>That the Council continues to deliver vital services to customers whilst at the same time managing</p>		

	<p>reductions to funding and functioning as a sustainable organisation continuing to focus on priorities and providing effective services.</p> <p>Obviously, this proposal will have detrimental impact on the earning capacity of those workers who are due an incremental rise next financial year. This proposal is being considered as a way of delivering savings which goes some way to sharing the impact equally across the organisation.</p>	
<b>4. What factors/forces could contribute/detract from the outcomes?</b>	<p>Contribute</p> <p>Good analysis of the proposals Effective consultation Clear communication of proposals</p>	<p>Detract</p> <p>Decisions made without full analysis and discussion</p>
<b>5. Who are the main stakeholders?</b>	All Staff and Members	
<b>6. Who implements this and who is responsible?</b>	Senior Management Team	
<b>Assessing impact</b>		
<b>7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial/ethnic groups</i>?</b>	YES	
	NO	
<b>What evidence exists for this?</b>	<p>The analysis of staff who could be expecting to receive an increment this year demonstrates that of the 2056 staff who may be impacted upon 90.66% are from a 'white' ethnic group.</p> <p>The last published workforce monitoring information from April 2010 states that 5.36% of staff were from a BME group. The potential figure for BME staff who might be impacted upon by this proposal is higher than 5.36%, at 9.64%, this should be examined as part of the consultation process.</p>	
<b>8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?</b>	YES	
	NO	
<b>What evidence exists for this?</b>	<p>The analysis of staff who could be expecting to receive an increment this year demonstrates that of the 2056 staff who may be impacted upon 2.53% are recorded as disabled.</p> <p>The last published workforce monitoring information (2010) states that 3.76% of staff were declaring themselves as disabled. Although for the</p>	


	reasons stated above the figures are not directly comparable the percentage likely to be impacted upon is slightly lower.	
<b>9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?</b>	<b>YES</b>	
	NO	
<b>What evidence exists for this?</b>	The analysis of staff who could be expecting to receive an increment this year demonstrates that of the 2056 staff who may be impacted upon 72% are women and 28% men. This is slightly higher for men than the last published workforce information shows. In 2010 81.4% of the workforce were women and 18.6% were men. Again issues relating to comparability of figures should be taken into account.	
<b>10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?</b>	YES	Don't know
	NO	
<b>What evidence exists for this?</b>	We do not currently hold sufficient information to be able to do any comparison. It is proposed to start monitoring sexual orientation from this year to be able to undertake analysis in the future.	
<b>11. Are there concerns there <u>could</u> be a have a differential impact due to <i>religion or belief</i>?</b>	YES	Don't know
	NO	
<b>What evidence exists for this?</b>	We do not have information upon which to undertake any analysis.	
<b>12. Are there concerns there <u>could</u> be a differential impact due to people's <i>age</i>?</b>	<b>YES</b>	
	NO	
<b>What evidence exists for this?</b>	Information on age is collected by using various age bands, currently this makes direct comparison difficult. However, there is a possibility that younger staff will be impacted upon as people are more likely to reach the top of their scale as they get older. As part of the consultation further analysis to compare 'like with like' statistics would be helpful.	
<b>13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i>?</b>	YES	Brief statement of main issue
	NO	
<b>What evidence exists for this?</b>	We do not have information upon which to undertake any analysis	
<b>14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. speakers</b>	<b>YES</b>	

of other languages; people with caring responsibilities or dependants; those with an offending past; or people living in rural areas)?	NO	
What evidence exists for this?	Initial comparisons relating to grade shows that for 3 of the 41 grades have a significant percentage of staff impacted. 14.3% of staff are C1, 14.45% of staff are C2 and 20.48% of staff are D2. It might be useful to investigate any possible reasons for this as part of the consultation.	
15. Are there concerns there <u>could</u> be a have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?	YES	
	NO	
What evidence exists for this?	N/A	

<b>Conclusions &amp; recommendation</b>		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	<b>YES</b>	The consultation process is an opportunity to investigate possible disproportionate impact on particular groups.
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	Please explain
	NO	
Recommendation to proceed to a full impact assessment?		
<b>NO</b>	<b>This function/ policy/ service change complies with the requirements of the legislation and there is evidence to show this is the case.</b>	
<b>NO, BUT ...</b>	What is required to ensure this complies with the requirements of the legislation? (see DIA Guidance Notes)?	
<b>YES</b>	Give details of key person responsible and target date for carrying out full impact assessment (see DIA Guidance Notes)	A full impact assessment is envisaged as part of the consultation process. This screening raises areas for further consideration during that period, these are set out in the action plan below.



<b>Action plan to make Minor modifications</b>		
<b>Outcome</b>	<b>Actions (with date of completion)</b>	<b>Officer responsible</b>
Comparative data in relation to age.	More detailed analysis in relation to age.	Paula Charker
Clarity about potential for disproportionate impact on certain 'protected categories'	Consultation with the <ul style="list-style-type: none"> <li>• Black Workers Forum</li> </ul> In addition it would be good practice to consult with the <ul style="list-style-type: none"> <li>• Disabled Workers Forum</li> <li>• LGBT Forum</li> </ul> Consider any differential impact on the lowest paid employees	Paula Charker
Improve monitoring of all protected categories across the council to assist with future exercises	Roll out new monitoring forms from later this year and circulate findings from monitoring regularly	EAG  Senior Managers

<b>Planning ahead: Reminders for the next review</b>		
Date of next review		
Areas to check at next review (e.g. new census information, new legislation due)		
Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?		
Signed (Assistant Director)	Date	
	8 October 2010	



**Medway Council**  
**Meeting of Joint Consultative Committee**  
**Monday, 18 October 2010**  
**6.30pm to 8.00pm**

**Record of the meeting**

**Present:** Councillors: Avey, Kenneth Bamber, Carr, Tony Goulden and Maple

**In Attendance:** Mr M Barton, Voice the Union  
Ms S Calder, NUT  
Ms C Dent, ASPECT  
Ms S Tipping, UNISON  
Tania Earnshaw, UNISON  
Paula Charker, Head of Human Resources, Head of Human Resources  
Ralph Edwards, Head of HR Services (Schools), Head of HR Services (Schools)  
Peter Holland, Committee Co-ordinator  
Tricia Palmer, Assistant Director, Organisational Services

**1 Record of meeting**

The record of the meeting held on 13 July 2010 was agreed and signed by the Chairman as correct.

**2 Apologies for absence**

Apologies for absence were received from Councillor Mackinlay, Councillor Ruparel and Ms J Bell (ASCL).

**3 Declarations of interest**

Councillor Maple declared a personal interest because he is a Trade Union employee (GMB) and retained his right to speak on the item.

Councillor Tony Goulden declared a personal interest as he is Chair of Governors of a local school.

**4 Consultation on the proposed freezing of increments**

The Assistant Director, Organisational Services gave a detailed presentation in relation to the consultation on the proposed freezing of increments. The Committee was informed that the Council was subject to budget pressures and that next year there would be a significant budget gap. The Council had therefore started the consultation at this time in order to meet legal deadlines, as it was required to commence a formal 90-day consultation with Trade

## Joint Consultative Committee, 18 October 2010

Unions and employees. It was reported that a letter had been sent to all staff and that formal consultation letters had also been sent to Trade Unions together with lists of all posts affected and a diversity impact assessment screening form. The Committee were informed that the meeting was part of the consultation process and noted the timetable for consultation as set out in both staff and Trade Union letters.

The Committee was informed that as well as Trade Union consultation, staff had been invited to comment on proposals on the Council's Achieving Better for Less site, via email, letter or by telephone. It was noted that in relation to schools it was for individual governing bodies to decide if they want to freeze increments as they set their own budgets. It was further noted that unless the Council could get a collective agreement with Trade Unions or reach agreement with individual staff to vary their contracts it would have to dismiss individuals and re-engage on new contracts, it was clarified that individuals would be re-engaged on new contracts.

The Assistant Director, Organisational Services stated that certain groups had already expressed concerns involving the proposals, relating to the children's Social Workers competency scheme, which was introduced in April of this year, staff on low pay and those coming up to retirement. She noted that these concerns would have to be addressed as part of the consultation process.

The Committee debated in full the proposals and raised the following issues:

- UNISON stated that changes to increments relate to pay and therefore could not be negotiated locally and needed to go through national NJC machinery.
- Had employees being paid under £21000 been paid the £250 agreed by Central Government yet?
- Members were concerned about the use of the words "dismiss and re-engage" as these word made employees even more nervous about their jobs.
- Members were concerned whether Trade Unions were being provided with enough access to their members and that the Council could be opening itself up to equal pay claims as governors of schools were able to continue with increments as they set their own budgets.
- That Trade Unions had already started consulting their members and stated that they were really upset and scared and felt that the consultation was already "done and dusted". They stated that they were concerned that low paid workers would not be able to cover their bills and would have to stop paying pension contributions. Trade Union representatives were worried that their members would be subject to additional stress from picking up work due to the recruitment freeze and staff redundancies.
- Members were concerned that there was not a specific wider strategy in relation to the budget gap and were unsure at what alternative had been looked at and what measures, other than staff and pay cuts, had been put in place by the organisation to make savings and asked that Members, staff and Trade Unions were provided with this information.

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- That the proposals were penalising the lower paid junior staff and those not on the top of their pay scales and there was a need to ensure that there are fair contributions from 100% of the workforce rather than only 61% who had not yet reached the top of their pay scales.
- Members wanted reassurances that ideas provided by employees proposing reasonable changes to services to make savings would be heard appropriately.
- Members asked that they receive the results of the impact that the recruitment freeze and the reduction in temporary staff and contractors had made on budget savings.
- Members stated that they appreciated the impact that the increment freeze would have on employees but stated that these proposals were better than having to make more staff redundant.

The Assistant Director, Organisational Services, the Head of Human Resources and the Head of Human Resources, (Schools) responded to Members in full and made the following responses:

- That she had received advice from Counsel and South East Employers that the receipt of increments was not an automatic right under the national terms and conditions.
- That the payment of £250 for low paid workers had not been paid this year but may be considered by the Local Government Employers for the following year.
- That the consultation was genuine. The option to dismiss and re-engage was included in the consultation letters in an attempt to be open and clear with Employees and Trade unions. The preference was to reach agreement on the changes to contracts.
- That of the £6M in year cuts, 50 posts were deleted with only 34 people being made redundant with a saving of circa £1.5M and the other £4.5M was found by non-staff cuts. That there is a recruitment freeze at the moment and the use of consultants and temporary staff was being reviewed and that all agency temporary staff had to be approved.
- That the formal consultation process records all comments from staff and Trade Unions and all proposals would be set out before the Employment Matters Committee.
- That staff could place proposals on the “Achieving better for less “ website and these proposals would go before members of the Corporate Management Team and then allocated out to a lead senior officer to look at implementation.
- That any requests for information by staff or Trade Unions would be expedited promptly unless restricted by the Access to Information legislation.

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**Chairman**

**Date:**

**Peter Holland, Committee Co-ordinator**

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