

CHILTERN DISTRICT COUNCIL

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Chiltern District Council and Staff Joint Committee

Friday, 9th July, 2010 at 2.30 pm

Council Chamber, Council Offices, King George V Road, Amersham

A G E N D A

- 1 Apologies for Absence
- 2 Minutes (*Pages 1 - 4*)
To sign the minutes of the meeting held on 23 June 2010
- 3 Evacuation Procedures
- 4 Declarations of Interest
- 5 Performance Related Pay Scheme - Further Information on the Options
(*Pages 5 - 8*)
- 6 Exclusion of the Public
To resolve that under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item(s) of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Act.

Note: All Reports will be updated orally at the meeting if appropriate and may be supplemented by additional reports at the Chairman's discretion.

Membership: Chiltern District Council and Staff Joint Committee

Councillors: Miss P A Appleby
A Dibbo
D W Phillips
N M Rose
J F Warder

Staff: E Darvell
T Pearce
M Shirley
I Snudden
A Whichelow

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CHILTERN DISTRICT COUNCIL

**MINUTES of the Meeting of the
CHILTERN DISTRICT COUNCIL AND JOINT STAFF COMMITTEE**

held on **23 JUNE 2010**

PRESENT:	Councillor	N M Rose	- Chairman
	"	Miss P A Appleby	
	"	A Dibbo	
	"	D W Phillips	
	"	J F Warder	
	Unison	A Whichelow	- Vice Chairman
	"	T Pearce	
	"	M Shirley	
	"	I Snudden	

APOLOGIES FOR ABSENCE were received from E. Darvell (Unison)

7. MINUTES

The minutes of the meeting held on 18 May 2010, copies of which had been circulated previously, were agreed and signed by the Chairman.

In connection with the distribution of papers for future meetings, both sides agreed that every effort should be made to allow these papers, including minutes, to be discussed in the open part of the meeting. There was however a recognition that if there were issues of a sensitive or confidential nature then these would need to be discussed in the closed part of the meeting after the resolution to exclude the public had been agreed.

8. DECLARATIONS OF INTEREST

There were no declarations of interest.

9. EXCLUSION OF THE PUBLIC

RESOLVED –

That under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.

Note: The relevant paragraph number from Part 1 of Schedule 12A is indicated at the end of the Minute heading.

10. PERFORMANCE RELATED PAY SCHEME (Paragraph 3)

The Committee received a report divided into 3 sections as follows:

- Section A summarised the current position of the parties following the discussions at the meetings on 18 May;
- Section B set out the 6 options that had been contained in a report to Personnel Committee on 9 February 2010; and
- Section C developed a range of possible variations of the “hybrid” option 6.

The report explained that the point of the meeting was to discuss the options with a view to narrowing them down so that a small number could be developed further for joint consideration and possible agreement.

The Chairman opened the discussion by referring to the Council’s position and saying that the proposals in the Coalition Government’s budget had made the Council’s financial position even more bleak and that the picture was likely to worsen even further following the Comprehensive Spending Review due in the autumn. Reductions in expenditure were inevitable and with salary costs making up a substantial proportion of the Council’s budget it was also inevitable that reductions would need to be made in staff costs. Whilst understanding the concerns of staff and recognising the contribution they had made it was now time to stop the talking and make the reductions through adoption of one of the options.

Alan Whichelow referred to the Terms of Reference of the Committee and emphasised that the role of the Committee was to negotiate which Unison was prepared to do in order to reach a position which was acceptable for its members. It was not the role of Unison to consult on savings and on this issue Alan Whichelow urged the Council to revisit the paper prepared by Heads of Service identifying savings options, a paper which had not identified the PRP Scheme as a possible saving option. The PRP Scheme offered outstanding value for money and if staff morale and goodwill were to be maintained then it was essential to maintain it.

The Chairman, whilst accepting that the PRP Scheme had benefits, reiterated that the Council could no longer afford the £300,000 to fund it. If the savings required in staff costs were not found by making changes in the PRP scheme then they would have to be found through other ways e.g. staff redundancies or a 5% pay cut across the board.

During the discussion that ensued Councillors Miss Appleby, Dibbo, Phillips and Warder all explained why the challenges facing the Council were requiring it to make changes to the PRP Scheme to reduce staff costs. Alan Whichelow, Ian Snudden, Tina Pearce and Maxine Shirley, whilst understanding the Council’s position, questioned whether members had already reached a decision to scrap the PRP Scheme

and emphasised the importance of entering into meaningful negotiations so that a mutually acceptable agreement could be reached.

At the end of the discussion and in order to advance the negotiations it was agreed that more work should be done to identify the costs and benefits of options 6c (i) – (iv) together with an assessment of the impact of maintaining the scheme as a mechanism for appraising staff etc but with the facility to make payments suspended until the budgetary position improved.

RESOLVED -

That a further meeting to consider in more detail options 6c (i) – (iv) be held on 9 July 2010 at 2.30 pm.

11. WASTE COLLECTION PROJECT

The Committee received a copy of the report which had been submitted to Cabinet on 15 June 2010 detailing the decisions that had been made and work carried out since the Joint Waste Committee for Buckinghamshire (JWC) at its meeting in March 2009 had recommended “that Scenario 4 (Horizontal Integration - Joint Waste Collection Contract Officer Team) be agreed with Scenario 5 having further work including governance, so that we can evaluate Scenario 5 by the end of September this year. The Chief Executive referred to the response from the Joint Bucks Unison Branches in Local Government that had been reported to the Cabinet on 15 June 2010 and said that a joint response was being prepared on behalf of the four Councils.

Alan Whichelow, after acknowledging that the proposals had more implications for Unison members and Staff at Aylesbury Vale District Council, explained that any response from CDC Unison Branch would be made jointly with the AVDC Branch.

RESOLVED -

That the report be noted.

12. SHARED LEGAL SERVICES

The Member/Officer Working Group on Shared Legal Services had met twice since being set up to investigate the opportunity for joint working to replace the current arrangements and the Committee received a copy of a report which had been submitted to Cabinet on 15 June 2010 setting out the Working Group’s deliberations and recommendations, the main one of which was enter into an arrangement for a shared legal service with Aylesbury Vale District Council.

In commenting on the report Alan Whichelow said that Unison’s main concern was the risk of a conflict of interest in the role of a shared Head of Legal Services bearing in mind the different contracts that

might need to be worked on depending on the decisions each Council made with regard to the Joint Waste Collection Project. If there were such a conflict it may be necessary to seek external advice at a cost likely to erode the savings made by the shared service arrangement.

RESOLVED -

That report be noted.

The meeting closed at 12.36 am

PERFORMANCE RELATED PAY: FURTHER INFORMATION ON OPTIONS

Background:

This report is a supplement to that circulated for the meeting held on 23 June 2010. Members and staff representatives are asked to bring that report with them to the meeting. Although the full details are in that report, it may be worth recapping the current position, for ease of reference.

Joint discussions are underway on the future of the Council's PRP scheme. A number of options have been put forward for consideration:

- 1) Use the present scheme to achieve overall savings.
- 2) "Buy out" the scheme for current staff.
- 3) Terminate the scheme, giving 3 months notice and no compensation.
- 4) Terminate the scheme, giving 3 months notice, but with 4 years protection for current staff.
- 5) Negotiate a revised scheme.
- 6) Hybrid options i.e. combinations of (1) - (5).

Hybrid Options: More detail on Option 6 (c)

The meeting on 23rd June considered more detailed proposals on option 6 (c) - a hybrid of options (2) and (5). A number of variations of this hybrid option, in which the scheme would be partially bought out were described and are repeated below (with some amendments to reflect what was said last time), with the estimated savings for each noted in bold. (These figures were requested at the last meeting).

c) *A hybrid of Option 2 "Buy out the scheme" and Option 5, "Renegotiate a revised scheme" offers a range of possible variations. Some are outlined below, and can be developed further. In developing these 'partial buy-outs plus revised scheme' possible options, the approach has been used that the partial buy-out would be by means of an addition to basic salaries. The figure used is 2%, based on the combined existing available budgetary provision for this year's salary award and the deletion of the recruitment advertising budget. The details of bandwidth size, etc. would all be dealt with in detail in a future report.*

c (i) *The PRP scheme then to be retained broadly in its existing form, but with the maximum payment reduced to 6%, the 'average' payment reduced to 3%, and no payment for the "Satisfactory" band (currently 0 - 2%).*

Comment: Would give ongoing reduction in the cost of PRP, but retain its benefits to staff/value to management. **Saving c.£73,250 p.a.**

c (ii) *As for 6c(i), but with the revised scheme having a lower maximum figure, e.g. 5% with an average of 2.5% or 4% with an average of 2%, 3% with an average of 1½%, or 2% with an average of 1%. The current average PRP payment is 4%. Whilst that would be valid for average, or below-average performers - who would*

actually benefit from this approach -, higher level performers would have a reduction in their potential payments.

Comment: Whilst this could be a matter for negotiation, re existing staff and the impact on them, it would produce a reduced potential value maximum salary package, and therefore aid neither recruitment nor retention.

Saving:- **2½% average: c. £109,875**
 2% average: c. £146,500
 1½% average: £183,125
 1% average: £209,750

- c) (iii) *As for (i), but with the PRP scheme only available to staff who have reached the top of their grade. Around two thirds of CDC staff are at the top of their grade. The logic to this approach is that the staff not on the top of the grade receive an annual increment of c. 2 - 2.5% value.*

Comment: This would preserve the overall value, and hence attractiveness of the recruitment package, for recruitment purposes. However existing staff not at the top of their grade would have a salary reduction, and could argue for four years protection, by which time most would be at the top of the grade, and get the full PRP amount anyway which would defer the aimed-for savings.

Saving initially c.£73,250, rising to £164,580 (after 4 years if protection given)

- c) (iv) *As for (iii), but with staff not at the top of their grade kept in the PRP scheme, but with the value of each PRP band halved. That, with the increase on basic, would give them broadly the same payments as they currently average for PRP. In time they would also move to the top of the grade and full PRP.*

Comment: This would provide savings on PRP, which, with normal turnover, would be continued. The overall benefits for staff and managers of the PRP scheme would be retained.

Saving c. £123,500

NB All the above figures are estimates, and inclusive of on-costs.

New: Option 6 (d)

As may be seen from the above extract from the previous briefing paper, the “partial buy-out” element of the hybrid options was based on making an ongoing addition to basic salaries of 2%, to offset the ongoing reduction in the value of the scheme. This approach was taken because there is currently provision in estimates for a pay award which did not materialise in the national pay negotiations. This freeze was a separate issue from the public sector pay freeze announced in the budget. As part of a local collective agreement the proposed addition to base salaries in options 6 (c) (i) - (iv) would not breach the Government’s proposed freeze, however it could be perceived as doing so. Therefore an alternative approach could be to partially buy-out the scheme by means of a lump sum payment to existing staff, then retain the scheme with revised values, bands and potential savings as described in 6 c (i) - (iv) above. One advantage of the lump sum approach is that such a payment would be treated as a consideration for the change of contract, and would not be superannuable, by contrast with an addition to basic pay. If the ‘lump sum’ partial buy-out were to be pursued, detailed discussions on the value of the lump sum

would be required, (e.g. reflecting past performance levels and years of service) within an agreed overall limit. To avoid the potential for staff to secure the payment then leave, there would also need to be an agreed ‘clawback’ mechanism, with staff being required to repay it on a sliding scale if they were to leave within a defined number of years e.g. 4 years.

New: Option 7

At the last meeting it was suggested that a further possibility would be to suspend the “pay” aspects of the PRP scheme, but retain the “performance” appraisal aspects. As with the other possible options, this would only be safely achievable by agreement. If imposed it would face the same potential legal challenges as Option 3. If agreed this would save the whole of the current PRP payment, c. £293,000.

New: Option 1 (b)

Option 1 is to retain the scheme in its present form, and use the target-setting process to achieve savings. In addition, under 1(b), the current year’s lack of a pay award, other than for those earning under £21K, would generate savings in the current year. The above ‘hybrid’ options propose utilising this sum to ease the transition to new arrangements. However it could simply be taken as a saving. We are awaiting details of how the payments for those under £21K p.a. will operate in practice. There is some doubt as to whether the Local Government Employers will accept this, but assuming they do, the effect has been worked through as follows. CDC has 92 employees earning under £21K p.a. (pro rata for part-timers). This equates to 68.86 FTE, giving a potential additional cost for $£250 \times 68.86 = £17,215$ + on-costs, giving a cost of £23,120.

The lack of a pay award would save c. £110,000 including on-costs and to this could be added savings from deleting the recruitment budget £36,000 giving a net saving of c. £122,880 on the paybill, also taking into account the added £23,120.

Next Steps

The Joint Committee now need to determine which options are acceptable or not acceptable and attempt to achieve a consensus.

