

**CHILTERN DISTRICT COUNCIL
CHILTERN DISTRICT COUNCIL AND STAFF JOINT COMMITTEE –
18 OCTOBER 2010**

Background Papers, if any, are specified at the end of the Report

PRP SCHEME

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- 1 At the last meeting on 2 August 2010, the basic principles of a way forward were outlined, as set out by Personnel Committee:-
 - that the PRP Scheme should be retained as a mechanism for carrying out appraisals;
 - that the Scheme so retained should have a provision to make payments;
 - that mindful of the Coalition Government's wish for there to be no pay increase for staff in the public sector, the 2% increase in pay as set out in the hybrid options should be disregarded and not be a subject for negotiation;
 - that the negotiations should be progressed within the budget indicated and on the basis of option 6c(ii) Roman numeral 111 but with the band for "Satisfactory" removed.
- 2 It will be recalled that options provided for an average 1.5% PRP as opposed to the present average of 4%, a more than 50% reduction, but included the deletion of the satisfactory band.
- 3 The meeting concluded with the Staff Side indicating they wished to consult with staff on the proposal over the summer.
- 4 The consultation question framed by the staff was:-

Reduce the budget for the PRP Scheme by 50% and remove the satisfactory banding (0-2%).

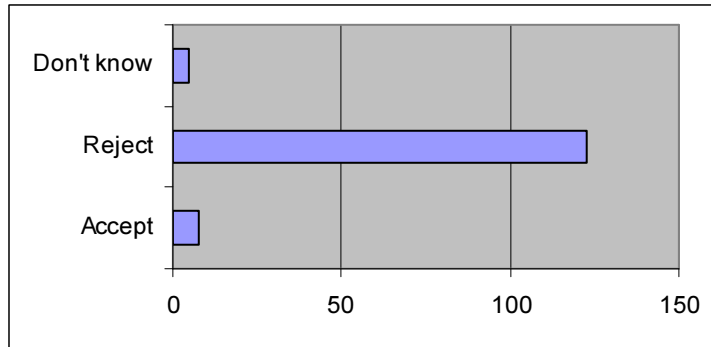
Do you:

- accept this
- reject this
- don't know

The results are:

Accept	8
Reject	123
Don't know	5

Total answers 136



This includes 9 surveys from cleaners submitted manually.

Percentages:

Reject	90.40%
Accept	5.90%
Don't know	3.70%

- 5 It is clear from this that the proposals have received overwhelming opposition and that the Council will not achieve consensus. In addition, given the results of the survey, staff's position has become more entrenched.
- 6 At a staff meeting which preceded the consultation, there was a considerable depth of feeling on the issue and staff felt that the Council were taking advantage of the good relations that had previously existed.
- 7 In terms of what has happened since, the Council has published its Medium Term Financial Strategy, modelling cuts in grant of 25% and 40% over the next 4 years. This will be extremely challenging with a savings requirement of £1-£1.5m. However, the Council is already making significant progress towards this with an established savings list of £1.2m and over the last two years has been adding considerable sums to balances. Thus, if we maintain our current momentum, and develop our efficiency proposals, we will meet the financial constraints and in two years' time be thinking of building new activities and programmes again. We will not be completely certain until the impact of the comprehensive spending review is clear in respect of Chiltern towards the end of the year but we appear to be better prepared than many authorities. The public sector pay freeze has contributed to the Council's forecast underspend this year and has achieved a saving of £110,000 in the budget for next year. This was not anticipated when the PRP discussions with the Union commenced some months ago.
- 8 It is clear the PRP Scheme needs reform in terms of the 'satisfactory' category not meriting any award and deletion of the 8% award as being politically unacceptable in times of austerity, but that it does provide an aid to recruitment and retention as well as supporting the Council's performance management culture. Given the assumptions in the

Medium Term Financial Strategy, a 4% average is potentially affordable and thus the shape of the scheme in the future could be as follows:-

The panel will allocate the employees to a performance band as follows:

		<i>% payment lump sum of salary</i>
<i>Unsatisfactory</i>	<i>No payment. Significant areas regarding improvement to be addressed under the Council's policy and capability, depending on the circumstances of the case.</i>	<i>0%</i>
<i>Satisfactory</i>	<i>No payment. Generally achieves required performance. Usually meets key targets. Some less important areas requiring improvement. Counselling to be given on ways of achieving higher performance levels.</i>	<i>0%</i>
<i>Good</i>	<i>Good all round performance, meets key targets.</i>	<i>2-3½%</i>
<i>Very Good</i>	<i>Very good consistently high performance. Meets all targets, occasionally exceeding some targets.</i>	<i>4-5½%</i>
<i>Excellent</i>	<i>Consistently high performance. Meets and often exceeds all targets. Suggests/initiates achievable improvements in service provision (NB this can apply to any level in the organisation.)</i>	<i>6%</i>

The scheme would apply to when members of staff at the top of their scale, thus new starters would benefit from incremental progression only and not PRP until they reached the top of the scale (which would probably take a few years). Existing staff would be protected in their current role.

The scheme is subject to review and amendment in the light of experience.

The scheme would not be changed for a minimum period of 2 years from October 2010 reflecting the likely comprehensive spending round period. The scheme would apply to the PRP year commencing on 1 January 2011.

The Chiltern District Council and Staff Joint Committee would meet every six months to keep the scheme under review (and discuss other matters of common interest).

- 9 The other provisions of the existing scheme, which is appended (**Appendix 5.1**), would be unchanged, and the above provisions would replace paragraphs 11, 12 and 14.
- 10 In terms of the impact of these changes, **Appendix 5.2** shows the distribution of PRP awards in 2009. It is estimated that 6 members of staff in the satisfactory band would be adversely affected and approximately two members of staff in the excellent (6.5%) band. However, in many respects 2009 was an untypical year because with little turnover the 4% average had to be rigidly allocated to 2008 (**Appendix 5.3**) and shows a higher distribution at the upper level.
- 11 The financial impact of the proposed changes would represent a saving of c. 0.5% of paybill, or c. £37,500 initially, rising to £75,000-100,000 in the longer term, with the timing reflecting staff turnover.
- 12 If the Chiltern District Council and Staff Joint Committee were to agree these changes they would have to be considered by staff through a process of consultation and Personnel Committee for final ratification.

Background Papers: None
