

**4 May 2016**

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**Outcome of local trade union negotiations for changes to terms and conditions  
and update on national pay negotiations**

**Purpose of the report**

1. The purpose of this report is to provide an update to Staffing Policy Committee on the outcome of local trade union negotiations and provide an update on the national pay negotiations, along with an overview of the actions agreed.

**Background**

2. The council's budget for 2016/17 requires the delivery of savings of £25.254m, whilst still delivering the priorities over the next year.
3. In order to deliver the savings required a total of £2.5m was allocated to be provided from changes to terms and conditions.
4. Negotiation with our recognised unions – UNISON, Unite and GMB - is the council's agreed process for changing employee terms and conditions. The outcomes of negotiations apply to staff who are employed on NJC terms and conditions as well as Hay graded senior managers. This includes the majority of council employees, together with school support staff.
5. The outcomes of these negotiations do not apply to teachers, centrally employed teachers, and a small number of staff who employed on Soulbury, Youth and Community or TUPE terms and conditions.

**Main considerations**

6. Negotiation meetings between the council and the recognised trade unions commenced in February 2016 and were led by Carlton Brand, Corporate Director. The aim of these meetings was to try and reach agreement on ways that these savings could be found.
7. At initial negotiation meetings the council outlined a large number of possible options that could be considered for delivering the required £2.5m savings, including:
  - A reduction in redundancy pay
  - A reduction in overtime rates
  - A reduction in unsocial hours payments
  - No pay for first three days of sickness absence
  - Removal of subsistence allowances
  - Removal of the homeworking allowance
  - Reduction in the business mileage rate
  - Increment freeze
8. Some terms and conditions could not be considered as part of local negotiations as they are negotiated at a national level – for example the annual pay award. There are also some terms

and conditions which are determined by legislation and cannot be significantly changed or removed.

9. The unions were also invited to put forward suggestions as to how the savings target could be delivered.
10. The council provided data to show the impact of potential changes across the workforce, and updated these to take into account union suggestions and requests for information.
11. It was made clear that failure to achieve the savings through changes to terms and conditions could result in a requirement to significantly increase the number of redundancies required (on top of those already agreed to deliver part of the savings target).
12. Throughout the course of the negotiation meetings it became clear that the unions' preferred option was not to agree permanent changes to terms and conditions that would result in a reduction in overall pay.
13. They were more willing to consider changes which were temporary in nature and which did not impact on the pay which staff were already in receipt of – such as a temporary increment freeze. However a one year increment freeze would not deliver the full savings amount required.
14. After much debate the unions tabled a counter proposal that rather than cutting various terms and conditions, the council should look at the option of a longer period of incremental freeze. The advantage of this option is that this would result in a temporary change and as well as there being no impact on current levels of pay, this would also avoid any permanent cuts to terms and conditions.
15. The counter proposal was considered by the council and as a result the council proposed an increment freeze for two years, along with proposals to increase annual leave by two days per annum, and to introduce a “purchase of annual leave policy” that would enable staff to buy additional leave of up to 10 days.
16. The trade unions felt that the 2 days additional annual leave and the new purchase of annual leave policy would encourage their membership to vote to accept the changes. The council also offered a guarantee that would mean no further negotiations on changes to terms and conditions would take place for four years.
17. The trade unions agreed that this set of proposals was the best outcome they could achieve from negotiations and conducted a ballot of their members. The result of the ballot was significantly in favour of accepting these proposals.

### **Financial implications**

18. The outcome of the negotiations means that the required savings of £2.5m will be delivered annually for 4 years until 2020.
19. The additional 2 days annual leave for council staff will have little financial impact as managers will be expected not to cover the absences. For council term time only staff and schools support staff there will be a limited financial impact as these staff have a paid working weeks calculation which will increase.
20. The purchase of annual leave policy should generate income as in the majority of cases managers will not be covering the additional leave. This policy will not be available for council term time only staff and school support staff.

## **National pay award negotiations - update**

21. The annual pay award is negotiated by the National Employers and UNISON, Unite and GMB who together make up the National Joint Council (NJC) which covers councils in England, Wales and Northern Ireland.
22. The National Employers need to be able to reach a formal agreement with all three unions before local councils can implement the pay award for their staff.
23. On 9 December 2015 the National Employers made a final two-year pay offer of 1.00% increases in 2016 and 2017 for employees on pay points 18 and above. Over that same two-year period employees on pay points 6 to 17 would receive increases in pay of between 10.28% and 2.30%. The increase on the bottom pay point 6 would produce an hourly rate of £7.52 this year and £7.78 in April 2017; some way above the new National Living Wage of £7.20.
24. UNISON and Unite conducted ballots of their memberships through their local branches and recommended that the offer be rejected. GMB conducted a secret postal ballot of its individual members and the offer was accepted by a majority.
25. UNISON now plans to conduct a further ballot to see if there is support for strike action or whether its members wish to accept the Employers' final two-year pay offer. Unite is meeting on 21 April to decide its next steps.

## **Recommendations**

26. It is recommended that Staffing Policy Committee:
  - a. Note the update on changes to terms and conditions.
  - b. Note that the new policy for "Purchase of Annual Leave" is on the agenda for Staffing Policy Committee for their agreement.
  - c. Note that national negotiations are still taking place on the annual pay award and that the committee will be kept up to date regarding progress on this matter.

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