

 EXECUTIVE – 6th April 2016		Agenda Item No. 8
Title	Terms and conditions review – Proposed 'buy-out' for Essential Car Users	
For further information about this report please contact	Richard Hall/Tracy Darke	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Executive Report on Fit for the Future – September 2015	
Background Papers	Employment Committee report 23 rd March 2016	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	N/A

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	17.03.16	Chris Elliott/ Andy Jones/Bill Hunt
Head of Service	17.03.16	N/A
CMT	17.03.16	Chris Elliott
Section 151 Officer	17.03.16	Mike Snow
Monitoring Officer	17.03.16	Andrew Jones
Finance	17.03.16	Mike Snow
Portfolio Holder(s)	17.03.16	Andrew Mobbs; Michael Coker
Consultation & Community Engagement		
All staff and the Trade Unions have been consulted on the first and final proposals. There has been a number of meetings with Unison to reach agreement with the offer proposed. In addition, Executive and PSSG have been informed of progress throughout the consultation.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 The purpose of this report is to seek approval to 'buy out' staff from the current Essential Car User Allowance (ECUA) as part of the change to terms and conditions reported to Employment committee on 23rd March 2016.

2. **Recommendation**

- 2.1 That the Executive approve the release of a total of £185,200 from the Service Transformation Reserve and £90,000 from the Housing Revenue Account over 2016/17 and 2017/18 to fund the "buy out" of the Essential Car User Allowance, as agreed by Employment Committee on 23rd March 2016.

3. **Reasons for the Recommendation**

- 3.1 A review of staff terms and conditions has been undertaken. The initial purpose of the review was to identify potential savings to help the Council meet its Medium Term Financial Strategy targets as agreed at the 3rd September 2015 Executive Committee when updating the Council's Fit for the Future programme. The items considered were:
- a) The withdrawal of the Essential Car User Allowance (ECUA) lump sum payments both for existing and future members of staff.
 - b) Introduction of uniform mileage rate based on HMRC rate, currently 45p per mile, for all business mileage replacing essential car user mileage rates.
 - c) Introduction of a uniform mileage rate based on the HMRC rate (currently 45p per mile), for all business mileage replacing casual car user mileage rates.
 - d) The introduction of the HMRC rates, (currently 20p per mile), for mileage incurred when using a bicycle on Council business.
 - e) Increase to the HMRC Motorcycle rate, (currently 24p per mile), for mileage incurred when using a motorcycle on Council business.
 - f) The withdrawal of a contractual right to a Warwick District Council car parking pass. This will be replaced by issuing car parking passes as a discretionary benefit that could be removed if necessary in the future.
 - g) The withdrawal of the Weather Wear allowance payments.
 - h) The withdrawal of the Homeworking Allowance payments.
 - i) The withdrawal of land line Telephone and Broadband rental.
 - j) The withdrawal of a contractual right to Subsidised Sports facilities. This will be replaced by access to subsidised sports facilities as a discretionary benefit that could be removed if necessary in the future.
- 3.2 It has been apparent for some time that anomalies existed across the Council for a range of contractual payments. The review therefore also sought to put forward proposals to harmonise terms and conditions across the Council.
- 3.3 A survey completed by West Midlands Employers has also indicated that Warwick District Council is not consistent with other authorities in continuing to pay, for example, Essential Car User Allowance (ECUA) lump sum and payments are in excess of HMRC mileage rates.
- 3.4 The proposals indicated potential changes and the rationale for these; feedback was invited to the proposals from individuals and unions.

- 3.5 On the 15th January 2016 a response to the consultation feedback was circulated to all staff by the Terms & Conditions Review Board, along with 'Final' consultation proposals. This also set out the reasons for making the recommendations. On the 29th January 2016 this was updated with a 'buy out' to Final Proposals. On the 25th February 2016 there was an update to Addendum to Final Proposals. The consultation programme schedule has been adhered to with unions and staff throughout period.
- 3.6 During the course of the consultation both management and the Unions have worked to reach agreement to vary the terms and conditions of employment. This has included the introduction of the offer of a buyout to all members of staff currently in receipt of an Essential Car User Allowance (ECUA). A further revised offer was made which would have enabled the equivalent of individuals retaining their ECUA at their current rate for a period of two years. Unfortunately, on the 10th March 2016 the proposals were rejected by UNISON in their current format. A final revised offer was made on 15th March of a two-part lump sum paid upfront i.e. 9 months paid in July for year 1 and in April 2017 for a year. In both cases claw back will be made if staff leave the Council's employment. The Unions consulted on this and the results were fed through to the Employment Committee on 23rd March which agreed the revised terms and conditions subject to the Executive agreeing to fund the upfront costs of the "buy out".

4. **Policy Framework**

- 4.1 The Fit for the Future report to Executive of 3rd September 2015 included plans to achieve savings of £145,000 in relation to car allowances and mileage. Subsequently, the review sought to identify how these savings could be achieved along with the other proposals identified in 3.1 above. However, having listened to the feedback through the consultation, it is considered that the proposed 'buy out' will achieve the on-going savings but enable staff to adjust to the change over time. It therefore accords with the 3 strands of the Fit for the Future programme in that:

Money – the proposals will make a contribution to achieving a sustainable balanced budget.

People – the proposal will help to support staff through change.

Services – this will help us to maintain or improve our services.

5. **Budgetary Framework**

- 5.1 It is proposed that the proposed "buy out" should be funded from the Service Transformation Reserve and the Housing Revenue Account at £92,600 and £45,000 per annum respectively for 2016/17 and 2017/18, giving a total cost to the Service Transformation Reserve of £185,200 and £90,000 to the Housing Revenue Account. The Service Transformation Reserve currently has an unallocated balance of £243,000. The £90,000 charged to the Housing Revenue Account will reduce the sum that the HRA is able to allocate to the Housing Revenue Account Capital Investment Reserve.
- 5.2 Within year one (16/17), there will be three monthly payments at the same current monthly payment, and then a 9 month lump sum payment in July 2016. There will then be one further final lump sum payment in April 2017. A claw-back will be in place in case staff leave during the period up to March 2018 pro rata.

- 5.3 Within the Council's Budget for 2016/17 there is an assumed saving of £100,000 from the Terms and Conditions Review, with a further £45,000 assumed in the medium term financial strategy from 2017/18, with proportionate savings to be made from the Housing Revenue Account. By making these upfront costs, it will help to ensure that these budgetary savings are secured.

6. Risks

- 6.1 The risk of not agreeing a 'buy out' and reaching agreement with staff and the unions will result in the financial savings not being achieved. Furthermore, there is the likelihood that to realise the savings agreed by Executive that we will need to consider whether we terminate and re-engage staff on new contracts which will include no ECUA. This would be likely to have a harmful effect on relations with staff, which are otherwise very good.

7. Alternative Option(s) considered

- 7.1 The Terms and Conditions Review Board assessed a number of options during the consultation process; Unions, individual staff and teams also provided a variety of options. These included:
- Charging for car parking
 - 50% Charge for Professional Subscriptions
 - Reduced Absence Pay
 - Reduced Redundancy Pay
- 7.2 These have all been considered and responded to, together with bringing forward the phase two proposals. The suggestions and feedback led to a number of amendments of the proposals including the development of the "buy out" provisions.

8. Background

- 8.1 The proposals have been drafted in two phases. Those which can deliver savings in the 2016-17 financial year and those in Phase 2 which can deliver savings in the following year. The Phase 2 issues are those which will take more time to assess. Further reports will be brought to Committee once proposals have been drafted and consulted upon, within the next 12 months
- 8.2 In summary the majority of changes have been generally accepted as reasonable. Some are largely supported, others not necessarily supported but not opposed. There are a variety of views, depending on how individuals are personally affected. The main issue has been the financial impact, for the 117 Staff, of the proposed change to the Essential Car User Allowance (ECUA). It has therefore been the main area of focus during negotiation with the unions.
- 8.3 Initial proposals suggested the removal of the allowance with varying options. Further to consultation on the final proposals a 'buy out' from the essential car user allowance scheme was offered to those members of staff currently in receipt of Essential Car User Allowance (ECUA), subject to a collective agreement being reached to vary conditions of employment. Unions rejected the initial 'buy out' issued on 29th Jan 2016 proposal of 75% of one year's ECUA

8.4 A second proposal was issued on 25th Feb 2016

Year 1 - 100% of ECUA

Year 2 - 66% of ECUA

Year 3 - 33% of ECUA

8.5 As part of feedback received, an additional option was put on 3rd March 2016 of:

Year 1 - 100% of ECUA

Year 2 - 100% of ECUA

8.6 Unions rejected the above offer on 10th March 2016 and submitted new proposals on the 14th March. Further communication on the 15th March 2016 and 23rd March 2016 has resulted in agreement from the unions on all proposed changes which includes the following agreement on the ECUA:

Year 1 2016 - 100% of ECUA as an upfront payment covering 9 months from July, with a clause for payback if leaving the council within the year on a pro-rata basis.

Year 2 2017 - 100% of ECUA as an upfront payment, with a clause for payback if leaving the council within the year on a pro-rata basis.