

## **Proposed Changes to Staff Terms and Conditions**

### **FIRST CONSULTATION DOCUMENT**

**4 December 2015**

#### **SUMMARY**

This document sets out an overview of the proposals, process and timescales for consultation in relation to potential changes to staff terms and conditions.

#### **1. INTRODUCTION**

Councils across England are facing significant financial challenges which are predicted to last much longer than originally forecast. Warwick District Council has an excellent track record of managing its budget fairly and effectively.

Over the 5 year period covered by the Medium Term Financial strategy, Warwick District Council needs to find c £1.1m to balance the General Fund revenue budget, through additional savings or increased income. This will place tremendous pressure on the Council and its' services.

In trying to achieve these savings, service areas have already developed a number of proposals to review service delivery.

As it becomes increasingly challenging to achieve savings without significantly impacting on front line services and jobs, Warwick District Council is having to consider alternative ways of reducing financial pressures this includes considering changes to staff terms and conditions. Many other councils, including our Warwickshire and West Midlands neighbours, have already implemented changes to their terms and conditions.

Whilst it is not an easy option to consider, the Council's priority has to be to maintain services to Warwick District residents and protect jobs. Therefore, in times of significant austerity, changes to staff terms and conditions have to be considered.

From this review, £100,000 savings has been identified to support the 2016-17 budget and a further £45,000 for the 2017-18 budget, all from the General Fund.

#### **2. ACTION TO DATE**

The Corporate Management Team commissioned a review of all staff terms and conditions and a Project Board was set up to consider these and to draw up proposals. Unions have also been kept fully informed at all the stages leading up to this proposal.

Whilst undertaking the review, the Project Board took into account the following objectives:

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- To explore ways to make savings to ensure that the Council meets its budget targets in the short and medium term.
- Address inequalities and harmonisation of terms and conditions.
- Take into account risks to service delivery.
- Consider the overall impact of proposals on the remuneration of staff.
- Consider related issues and projects such as Sustainability, Office Relocation and the Different Ways of Working projects.

An Equality Impact Assessment has also been carried out to ensure that no significant proportion of staff will be impacted.

### 3. PROPOSALS

The Project Board considered all staff terms and conditions and produced a summary of initial ideas which can now be shared through this consultation document.

The Project Board now welcomes feedback on these initial proposals from staff and Unions to explore the merits of each area identified and any further suggestions or alternatives in order to achieve the required savings.

Feedback mechanisms will be via a generic Inbox available to all staff, Union reps, HR or line managers. Staff who will find these mechanisms difficult to engage with, will be consulted with by their line manager. Paper copies of documents will be available on request.

Feedback obtained from staff and Unions will inform the formal package of proposals which will be published as First and subsequently, Final Proposals. It is proposed that the revised terms and conditions will apply to all Warwick District Council staff – this includes any staff that have previously been transferred into the local authority under the provisions of TUPE.

### 4. PACKAGE OF PROPOSED CHANGES TO TERMS AND CONDITIONS

The proposed changes will be subject to a consultation period with a view to implementation using a phased approach as it is considered unlikely that all the proposed changes can be implemented in the initial timescale required.

- Phase 1 - planned implementation by June 2016
- Phase 2 – planned implementation by April 2017.

**Phase 1**

A table showing all the options considered in Phase 1 can be found in Table 1 below:

**Table 1**

| <b>Terms &amp; Conditions</b>   | <b>Current Situation</b>  | <b>Proposal</b>   |
|---|---|---|
| <p><u>Proposal 1</u></p> <p>Essential Car User Allowance (ECUA)</p> <p>No of staff receiving this: 117 (22% of staff)</p> | <p>The Essential Car User Allowance (ECUA) is based on the National Joint Council (NJC) scheme. The national scheme was originally developed many years ago in order to support staff who were required to purchase a car in order to undertake their duties; this was essentially because their job required them to undertake a significant amount of mileage per annum or they were required to carry bulky equipment in order to carry out their job. Eligible employees receive an annual lump sum at one of 3 rates, based on car engine size as follows:</p> <ul style="list-style-type: none"> <li>• 451-999cc - £846 per annum</li> <li>• 1000-1199cc - £963 per annum</li> <li>• 1200 cc &amp; above - £1,239 per annum.</li> </ul> <p>(These rates may differ for TUPE transferred in staff)</p> <p>In some cases the ECUA has been used as a staff retention/attraction incentive. This is contrary to its purpose.</p> | <p>The ECUA has been identified as a key saving as part of the overall review.</p> <p>It is proposed that the ECUA should be withdrawn for all staff for the following reasons:</p> <ul style="list-style-type: none"> <li>• It will realise significant savings for the Council</li> <li>• It is in line with modernised working practices as there is a business expectation that individuals who regularly travel as part of their day to day job will have access to a vehicle in order to efficiently carry out their contractual duties</li> <li>• Individuals will continue to receive recompense in the form of mileage rates; for a small amount of staff .this may mean an increase in the amount that they can claim per mile (see Proposal 2: Essential Car User Mileage Allowance below)</li> <li>• The removal of the allowance will mean that all car users are treated the same</li> <li>• The change will mean that Warwick District Council is in line with other councils in not offering ECUA - 65% of Councils surveyed in LGA T&amp;C Survey Dec 2014 no longer offer ECUA</li> </ul> |

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| Terms & Conditions  | Current Situation   | Proposal   |
|---|---|--|
|   |   | <ul style="list-style-type: none"> <li>30 individuals (25% of those receiving it) receive ECUA despite doing less than 500 miles per year which is unreasonable</li> </ul> <p>New ways of working will need to be considered as well as improved management of mileage and travel by line managers and staff E.g. review of the need to travel on Council business.</p> <p>The option of purchasing or leasing pool cars is being considered by the Project Board.</p> <p>Staff will no longer be taxed on the ECUA as it is in excess of the HMRC mileage allowances</p>  |
| <p><u>Proposal 2</u></p> <p>Essential Car User (ECU) Mileage Rates</p> <p>No of staff claiming this: 117 (22% of staff)</p> | <p>Essential car users are currently eligible to claim for business mileage based on the engine size of their car as follows:</p> <ul style="list-style-type: none"> <li>451-999cc – 36.9p for first 8,500 miles, 13.7p thereafter</li> <li>1000-1199cc – 40.9p for first 8,500 miles, 14.4p thereafter</li> <li>1200 cc &amp; above – 50.5p for first 8,500 miles, 16.4p thereafter</li> </ul> <p>(These rates may differ for TUPE transferred in staff)</p> | <p>It is proposed that the Essential Car User Mileage Rates should be amended for all staff to the HMRC rate of 45p per mile claimed (25p above 10,000 miles) regardless of engine size or type of car eg electric, for the following reasons:</p> <ul style="list-style-type: none"> <li>The change will mean that Warwick District Council is in line with other councils in offering the HMRC rate - 38% of Councils surveyed in LGA T&amp;C Survey Dec 2014 pay HMRC rates for all claims</li> <li>Staff will no longer be taxed on the difference between the claimed rate and the HMRC rate</li> <li>The change in the rate will mean that all car users are treated the same</li> </ul> <p>NB HMRC advises that electric car mileage rates should be reimbursed at the same rate as</p> |

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| Terms & Conditions  | Current Situation   | Proposal  |
|---|---|---|
|   |   | other mileage rates as the rates are not fuel dependent   |
| <p><u>Proposal 3</u></p> <p>Casual Car User (CCU) Mileage Rates</p> <p>No of staff claiming this:105 (20% of staff)</p> | <p>Casual Car Users are eligible to claim for business mileage based on the engine size of their car as follows:</p> <ul style="list-style-type: none"> <li>• 451-999cc – 46.9p for first 8,500 miles, 13.7p thereafter</li> <li>• 1000-1199cc – 52.2p for first 8,500 miles, 14.4p thereafter</li> <li>• 1200 cc &amp; above – 65p for first 8,500 miles,16.4p thereafter</li> </ul> <p>(These rates may differ for TUPE transferred in staff)</p> | <p>It is proposed that the Casual Car User Mileage Rates should be amended for all staff to the HMRC rate of 45p per mile claimed (25p above 10,000 miles) regardless of engine size or type of car e.g. electric, for the following reasons:</p> <ul style="list-style-type: none"> <li>• The change will mean that Warwick District Council is in line with other councils in offering the HMRC rate - 38% of Councils surveyed in LGA T&amp;C Survey Dec 2014 pay HMRC rates for all claims</li> <li>• Staff will no longer be taxed on the difference between the claimed rate and the HMRC rate</li> <li>• The change in the rate will mean that all car users are treated the same</li> <li>• Car mileage policy to be clarified to ensure all staff claim on a uniform basis, eg how much to claim when going directly to an appointment from home.</li> </ul> <p>NB HMRC advises that electric car mileage rates should be reimbursed at the same rate as other mileage rates as the rates are not fuel dependent</p> |
| <p><u>Proposal 4</u></p> <p>Mileage rate for Cycling on Council Business</p>  | <p>Currently there is no reimbursement for mileage incurred whilst cycling on Council business.</p>   | <p>It is proposed to introduce a mileage rate at the HMRC rate of 20p per mile for mileage incurred when using a bicycle on Council business</p>  |

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| Terms & Conditions   | Current Situation  | Proposal   |
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|  | This is designed to complement the Cycle to Work Scheme which is being launched in January 2016  |  |
| <p><u>Proposal 5</u></p> <p>Mileage rate for using a Motorbike on Council Business</p>   | <p>Currently staff are eligible to claim for use of a Motorcycle Allowance on council business, based on a percentage of the mileage allowance for a 999cc car as follows:</p> <ul style="list-style-type: none"> <li>• 451-999cc – 10.725p for first 8,500 miles, 3.325p thereafter</li> <li>• 1000-1199cc – 11.725p for first 8,500 miles, 3.4p thereafter</li> <li>• 1200 -1450cc – 14.675p for first 8,500 miles, 3.95p thereafter</li> </ul> <p>(These rates may differ for TUPE transferred in staff)</p> <p>.</p> | <p>It is proposed to increase the mileage rate to the current HMRC rate of 24p per mile regardless of engine size for the following reasons:</p> <ul style="list-style-type: none"> <li>• The change will mean that Warwick District Council is in line with other councils in offering the HMRC rate</li> <li>• Staff will no longer be taxed on the difference between the claimed rate and the HMRC rate</li> <li>• The change in the rate will mean that all motorbike users are treated the same</li> </ul>   |
| <p><u>Proposal 6</u></p> <p>Car Parking Passes and Charging for Parking Passes</p> <p>No of staff receiving this: 400 (77% of staff)</p> | <p>Currently all staff are entitled to receive a free car parking pass which enables them to park at Riverside House and certain other designated Council owned car parks in the District.</p>   | <p>It is proposed that staff:</p> <ul style="list-style-type: none"> <li>• retain their car parking pass on a discretionary basis (this means that it will no longer be contractual that staff receive a pass – passes will still be issued but will become discretionary) up until the office relocation occurs when the situation will be reviewed</li> <li>• be charged an annual fee for the use of eligible car parks Pro rata for part time staff according to no of days or hours of work</li> <li>• are only eligible for a space subject to making their car available for business use if</li> </ul> |

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| Terms & Conditions   | Current Situation   | Proposal   |
|--|---|--|
|  |   | <p>their job requires it. i.e. if a member of staff is required to use their car for business use and refuses to do so, they will not be offered the opportunity to purchase a parking pass</p> <p>Disabled spaces will be free of charge and eligibility criteria for them will be retained</p> <p>The reasons behind this are:</p> <ul style="list-style-type: none"> <li>• There will be a need to consider this for when the Council relocates to new offices. It also impacts on what the Council proposes in terms of travel plans and sustainability options</li> <li>• This could generate income of, for example approx. £10,000 (minus VAT) for an annual fee of £50 for 200 cars</li> </ul> |
| <p><u>Proposal 7</u></p> <p>Weather wear/ PPE (Personal Protective Equipment) Allowances</p> <p>No of staff receiving this: 47 (9% of staff)</p> | <p>Currently some staff receive an allowance of £3.62 per month to recompense them for purchasing PPE</p> | <p>Although there are minimal savings to be gained from this, it is proposed that the Weather wear/PPE Allowance be withdrawn for staff for the following reasons:</p> <ul style="list-style-type: none"> <li>• The Allowance is inconsistently applied and no longer relevant</li> <li>• Uniform or protective equipment is purchased for staff when necessary</li> </ul>   |
| <p><u>Proposal 8</u></p> <p>Homeworking Allowance</p> <p>No of staff receiving this: 13 (2% of staff)</p>  | <p>Currently staff who work all their time from home receive an Allowance of £25 per month</p>            | <p>It is proposed that the Homeworking Allowance be withdrawn for staff for the following reasons:</p> <ul style="list-style-type: none"> <li>• This payment was made when homeworking was first introduced. It is less relevant now, particularly as the Council</li> </ul>   |

| <b>Terms &amp; Conditions</b>                           | <b>Current Situation</b>   | <b>Proposal</b>  |
|---|--|--|
|   |  | <p>moves towards relocation and more flexible ways of working</p> <ul style="list-style-type: none"> <li>• Staff do derive other benefits from home working, including flexible working hours and savings from travelling from home to Council owned premises</li> <li>• Arrangements will be made for those staff who choose to no longer work from home to work from Council premises</li> </ul>   |
| <p><u>Proposal 9</u><br/>Professional Subscriptions</p> | <p>Currently all relevant professional subscriptions are reimbursed fully for staff.</p> | <p>It is proposed that the Council reduces the contribution to Professional Subscriptions to 50% of the total for the following reasons:</p> <ul style="list-style-type: none"> <li>• The Council requires a number of staff to maintain their professional competence, whilst not necessarily requiring membership of professional organisations.</li> <li>• Some roles require have an essential requirement to be qualified but membership is usually desirable</li> <li>• Individuals would be free to choose whether to continue with their membership or not</li> <li>• The Council continues to demonstrate a commitment to staff development.</li> <li>• Staff should be able to receive tax relief from HMRC on their professional subscription payment.</li> </ul> |



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| <b>Terms &amp; Conditions</b>   | <b>Current Situation</b>   | <b>Proposal</b>   |
|---|--|---|
| <p><u>Proposal 10</u></p> <p>Land line Telephone Line Rental and Broadband</p> <p>No of staff claiming this: 14 (3% of staff)</p> | <p>A number of staff are currently reimbursed for land line telephone line rental and broadband rental. Some of these staff are also receive a work mobile telephone</p>           | <p>It is proposed that the reimbursement for landline telephone line rentals and broadband rental be withdrawn for staff for the following reasons</p> <ul style="list-style-type: none"> <li>• To provide consistency across the Council</li> <li>• No longer relevant to current circumstances as mobile telephones are provided for staff who require them.</li> </ul>   |
| <p><u>Proposal 11</u></p> <p>Long Service Award</p>   | <p>At present staff are given an Award at 20 years' service - £350 or 10 days additional holiday pro rata as a one off</p>   | <p>Although there are no savings to introduce this, it is proposed that an additional award of an extra 5 days holiday pro rata is introduced at 15 years' service from June 2016 (not backdated)for the following reasons:</p> <ul style="list-style-type: none"> <li>• The change proposed supports a suggestion from Staff Voice</li> <li>• Aim to improve recognition at an earlier date.</li> </ul>  |
| <p><u>Proposal 12</u></p> <p>Subsidised Sports Facilities</p> <p>No of staff having reduced fees: 25 (5% of staff)</p>            | <p>At present staff are entitled to a reduced fee for use of WDC Sports Facilities on payment of a subscription as well as free swims at Council pools from 12-2pm on Tuesdays</p> | <p>It is proposed that staff:</p> <ul style="list-style-type: none"> <li>• retain this benefit on a discretionary basis (this means that it will no longer be contractual that staff can use this benefit – reduced fees and free swims will still be available but will become discretionary) up until the potential external contract for leisure centre management comes into place (likely to be sometime in 2017) when the situation will be reviewed</li> </ul> <p>The reason for this is that:</p> <ul style="list-style-type: none"> <li>• It may not be available to be offered to staff depending on</li> </ul> |

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| Terms & Conditions | Current Situation | Proposal   |
|--------------------|-------------------|--|
|                    |                   | the view of the Council following the potential outsourcing of the Leisure Centres to an external supplier |

**Phase 2**

The target savings associated with changes to terms and conditions is set at £145k. Once feedback has been taken into account from staff and Unions on the original proposals it may be that any revisions do not achieve the original savings. Additional proposals will therefore need to be considered in order to generate the required savings.

Consultation will begin on the Phase 2 proposals at the same time as Phase 1.

A table showing all the options considered in Phase 2 can be found in Table 2 below:

**Table 2**

| Terms & Conditions  | Current Situation  | Proposal   |
|---|--|--|
| <p><u>Proposal 13</u></p> <p>Enhanced overtime payments</p> | <p>At present, overtime can be paid up to and including SCP 35 (top of E2) in accordance with the Local Conditions. In exceptional circumstances and only with Chief Executive prior approval, overtime may be paid to staff above E2 (i.e. Grade D and above) at a rate based on the maximum of Grade E2 (SCP 35).</p> <p>National Conditions state that up to SCP 28 it is paid at the actual rate, plus time and a half and double time as appropriate. However WDC operates under Local Conditions which</p> | <p>It is proposed to pay in line with the National Conditions of Service (Green Book) i.e. only pay enhancements to staff up to and including SCP 28 for the following reasons:</p> <ul style="list-style-type: none"> <li>• There are variations in which staff receive this</li> <li>• The Council is out of step with National Conditions of Service as to what pay scale point is allowed for the enhanced rate and the enhancement paid.</li> <li>• There is a requirement to review this alongside a review of the need for shift working and a redesign of how services are delivered.</li> </ul> |

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|--|---|---|
|  | are up to SCP 35 Over SCP 35 is paid at the enhanced hourly rate for SCP 35.  |   |
| <p><u>Proposal 14</u></p> <p>Use of Stand by payments</p> <p>No of staff claiming this: 22 (4% of staff)</p> | <p>Some Services require staff to be on Stand by for which they receive a payment. The payments vary according to which department they work in and which days of the week are spent on standby. Please see Appendix 2</p>  | <p>It is proposed that Stand By payments are reviewed and possibly removed for the following reasons:</p> <ul style="list-style-type: none"> <li>• There is inequality on amount of payments given to different groups of people</li> <li>• Not all standby payments are relevant to current and future demands.</li> </ul>   |
| <p><u>Proposal 15</u></p> <p>Subsistence Policy &amp; Payments</p>   | <p>Subsistence allowances are currently paid to staff who are prevented by their official duties from taking a meal at their home, or establishment where they normally take their meals.</p> <p>Currently rates that can be claimed are:</p> <ul style="list-style-type: none"> <li>• Breakfast £7.01</li> <li>• Lunch £9.66</li> <li>• Tea £3.81</li> <li>• Evening Meal £11.96</li> <li>• Out of Pocket Expenses £5.49 per day, £22.06 per week</li> </ul> <p>No receipt is needed</p> | <p>It is proposed that a Subsistence Policy review is undertaken including a review of criteria for claiming, amounts that can be claimed and review ability to claim without a receipt. This is for the following reasons:</p> <ul style="list-style-type: none"> <li>• There is a lack of clarity around what can be claimed for</li> <li>• A review of rates is required to ensure rates are still relevant</li> </ul> |

### Additional Options Considered

Further options that were considered have been set out below and some of these would deliver significant further savings. Currently these are not in scope but they may be included at a later date in the consultation if the proposals mentioned above do not achieve the savings required.

| <b>Terms &amp; Conditions</b>  | <b>Current Situation</b>   | <b>Proposal</b>  |
|--|--|--|
| <p><u>Proposal 16</u></p> <p>Absence pay (to include sickness and other paid absences)</p> | <p>The Council currently pays staff with sickness absence full pay for 6 months and half pay for 6 months.</p> | <p>It is proposed that an Absence Pay review is undertaken to e.g. reduce sick pay to full pay for 3 months and half pay for 3 months, for the following reasons:</p> <ul style="list-style-type: none"> <li>• The current sick pay scheme is generous compared to other Councils</li> <li>• Although it varies each year significant costs are incurred</li> <li>• If this were reduced, an annual average notional estimate of £86,000 savings could be achieved (although this would not be able to be factored into the Budget savings)</li> </ul> |
| <p><u>Proposal 17</u></p> <p>Redundancy Payments</p>                                       | <p>The current multiplier for Redundancy Payments is 2.3 times actual salary</p>                               | <p>It is proposed that a review of Redundancy Payments Policy Pay is undertaken to e.g. reduce to a statutory payment, cap the total pay-out at the tax free threshold, for the following reasons:</p> <ul style="list-style-type: none"> <li>• The Council's multiplier is out of step with some other authorities</li> <li>• If the multiplier were changed from 2.3 to 1 (statutory payment) it would have saved £133,000 over the last 7 financial years (although this would not be able to be factored into the Budgets savings)</li> </ul>      |

## 5. SUMMARY OF ESTIMATED SAVINGS

### Recommendation

The table below details the potential savings that could be achieved by implementing the proposals set out in this document in Phase 1.

#### Phase 1 Implementation June 2016

|                | Proposed T&Cs changes   | Approximate Savings (general fund) |
|----------------|---|------------------------------------|
| Proposal 1     | Stop Essential Car User Allowance                             | *£92,600                           |
| Proposal 2 & 3 | Harmonise mileage rates to 45p a mile for all                 | £12,300                            |
| Proposal 7     | Stop Weather wear / PPE Allowances                            | £350                               |
| Proposal 8     | Stop Homeworking Allowance                                    | £5,000                             |
| Proposal 9     | Reduce contribution towards professional subscriptions to 50% | £10,000                            |
| Proposal 10    | Stop broadband and land line rentals payments                 | £3,000                             |
|                | <b>Total</b>  | <b>£123,250</b>                    |
|                | <b>Pool car costs (see below**)</b>                           | <b>£20-25,000</b>                  |

\* The savings from HRA would be £45,100

\*\*It is recognised that there could be significant impact on service delivery by making changes to car allowance payments. To maintain good service delivery it is therefore proposed that the Council should provide a number of Pool Cars and the possibility of salary sacrifice lease cars.

This figure could be reduced depending on the number of vehicles.

The table below details the potential savings that could be achieved by implementing the proposals set out in this document in Phase 2.

#### Phase 2 Implementation April 2017

|             | Proposed T&Cs changes                  | Approximate Savings (general fund) |
|-------------|--|------------------------------------|
| Proposal 11 | Review Enhanced overtime payments      | **£3,240                           |
| Proposal 12 | Review Stand by payments               | £28,100                            |
| Proposal 13 | Review Subsistence Policy and Payments | **£11,500                          |
|             | <b>Total</b>                           | <b>**£42,840</b>                   |

\*\* These figures include General Fund and HRA as it is not possible to split them

## 6. PROCESS AND TIMELINE

The proposals are a complete package of proposals and not stand alone options. The Council's aim is that following a period of consultation, agreement will be reached to vary terms and conditions, introducing the Phase 1 revised package from June 2016 and the Phase 2 from April 2017

During this period, the Council will aim to reach a collective agreement with the Unions, individual agreement with staff, implementation via a process of termination and re-engagement or consider a further review.

The timeline for consultation to achieve the changes is set out as Appendix 1.

## 7. COMMUNICATION AND FEEDBACK

This consultation document is being circulated to Heads of Service, Senior Officers and Unions for cascading to staff as well as being communicated via the Big Button on the Intranet (Hard copies are available on request). The document will also be included on the agenda for Members/Trade Unions Joint Panel and Managers Forum.

The Project Board welcomes feedback and comments via the following mechanisms:

- Terms and Conditions Staff Discussion Forum (further details to follow)
- Terms and conditions generic email inbox - [tandcreview@warwickdc.gov.uk](mailto:tandcreview@warwickdc.gov.uk)
- The Project Board
- Line Managers
- Unions
- HR
- Employee Support Officers

## 8. CONCLUSION

This paper sets out a number of proposals for consultation for Council staff in order to achieve significant savings. In achieving any changes to terms and conditions, the Council is committed to protecting jobs, core pay and pension benefits.

### **Prepared by the T&C Project Board:**

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