



County Hall
Taunton
Somerset
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14 October 2011

TO: UNITE, UNISON AND THE GMB UNIONS

By email

EMPLOYER OFFER - FOR COLLECTIVE BARGAINING PURPOSES

(Subject to formal agreement by the Council through the HR Policy Committee)

REDUNDANCY COMPENSATION AND PAY PROTECTION

Dear All

Background

The Council has been consulting and negotiating with its trade union partners on a number of term and condition changes for an extended period of time. These negotiations have been centred on the significant financial constraints that the Council is and will be facing as a result of the world economic situation, the resultant Comprehensive Spending Review and the need to reduce the cost of the pay bill, which continues to constitute a significant proportion of its total expenditure. Through last year's MTFP process, we have already had to find £34m and the most recent estimates are telling us we need to find an additional £40m on top of that. This is a very significant sum of money and we need to find every way we can to reduce our spend.

This Council has made a conscious effort to reduce pay bill costs in a way that limits the impact on individual employees. We have striven to keep compulsory redundancies to a minimum and hoped to reduce pay bill costs through term and condition change. Over the past year, trade union colleagues have refused to agree to such changes as freezing incremental progression and other pay-led reductions, leading to only one term and condition change 'on the table' which is pay protection.

The Council feels strongly that the current arrangement for pay protection is not in line with the current economic climate nor in line with pay equality. The current scheme, not only permits employees who do the same job as others to be paid more than their counterparts for three years, but to also increase their pay further through incremental progression for three years before it reduces. Quite simply, the Council does not feel this to be right.

The Council has already made one formal offer to the trade unions which was to apply a policy of x1.25 actual salary capped at £30,000 for those made voluntary redundant, together with pay protection reducing to one year. This offer was accepted by the

GMB but declined by both Unite and Unison. This offer in itself would have placed a significant additional pressure on the Council's budget.

This led to the Council continuing with its current policy of 1x actual salary for voluntary redundancy and three years' pay protection and, as a consequence, a ballot for industrial action was taken and implemented by Unison.

In good faith both Unison and the Council entered into negotiations through ACAS and more recently without the support of ACAS and, as a consequence of that, the Council has re-considered its offer as below:

The Revised Offer

Based on the number of redundancies it currently believes will be necessary to balance its budget in the short term, the Council is willing to offer an improved level of redundancy compensation for voluntary redundancy of x1.4 actual salary capped at £30,000. It would prefer to make this offer based on a pay protection period of one year, but is willing to concede to a pay protection period of eighteen months based on a revised scheme whereby pay is frozen. The pay protection savings generated from this change do not fill the gap that an increase in the redundancy payments will create, and, due to the financial predicament that the Council is facing, even if this offer is accepted, it may need to be reviewed in the future.

This offer is based on the trade unions lifting their industrial action with regard to this matter and working in a constructive way with the Council with regard to the Change Programme.

The Council considers this to be a final offer based on many months of consultation and negotiation. The Council cannot improve on this offer any further unless significant in-roads can be made in other term and condition change. It makes this offer in good faith in terms of enhancing industrial relations and in being able to move forward with trade union colleagues in the changes facing the Council ahead.

The Council makes this offer in the expectation that the trade unions will be able to support it to its Members. Clearly, if the offer is rejected, the existing level of redundancy compensation will apply and any employee unfortunate enough to be made redundant will be worse off. We hope therefore that you and your members recognise the importance of this issue on the wider employee group.

Yours faithfully



Sheila Wheeler
Chief Executive



Ken Maddock
Leader