

Staffing Issues around “spot pay” proposal – UNISON County Branch concerns 21 May 2010

Introduction

Meetings need to be programmed with more notice, clear agendas and papers submitted in reasonable time for UNISON to consult, assess & respond.

In this case, we only had two days notice; our Branch Secretary is away on regional business; UNISON SW would have attended but have full diaries etc.

The initial one page paper submitted the afternoon before today’s meeting is outline and clearly a great deal more work is required in a number of key areas.

UNISON, without prejudice to the formal negotiations once a specific measure is proposed for meaningful consultation, has only had time to raise areas requiring more detailed work to assist the Employer to assess impacts:

The proposal for pay cuts through spot pay appear to have no advantage whatsoever for the staff affected and could be perceived as a “one-way street”; all at the same time as the Employer would want them to be more flexible, more motivated, more innovative and more productive.

Unless handled carefully, sensitively and fairly, then the proposal to cut pay through spot pay risks demotivating staff at a very difficult time, which could be counterproductive for the aims and aspirations of the administration in the recently published plan.

RESPONSES TO UNISON QUESTIONS

The Finance and Client Teams have provided the responses to the following questions:

1) What level of funding is estimated is required to fund services?

The Council's current 2010/11 Net Budget is £310.813m. This is funded through Council Tax and General Government Formula Grant, broadly in the proportions of 2/3 : 1/3.

The budgeted Gross Spend is £861.889m. The difference between the two figures is the level of direct funding received either through fees and charges or specific grants to run services such as schools.

If existing service provision was continued in future years, these costs would increase as a result of inflation and any additional requirements placed upon services. Inflationary increases reflect price increases in areas such as pay, utilities or contracts.

We have assumed that pay inflation will be nil (pay freeze announced as part of the Government's Emergency Budget), and that the proposed increase in National Insurance has been scrapped. However, the Government are likely to make adjustments to the Local Government Pension Scheme with the potential to impact on costs. There are obviously no details at present so costs cannot be quantified for the time being.

The majority of annual inflationary increases arise from contractual commitments. These increases depend entirely upon the specific inflation indices included within contracts and the general levels of inflation on the specified date of the annual uplift. Therefore, it is not possible to provide accurate estimates at this time, but it would be reasonable to assume an annual contractual inflation pressure of approximately £7 – 8m.

Many future service pressures are difficult to accurately predict, but there are some costs that are inevitable, such as Landfill Tax, Demographic Pressures and the costs of Carbon Management.

Current budget projections indicate a gap of £25.463m in 2011/12. However there are many variables within this figure which we hope will become clearer after the CSR is released on 20th October.

3) What impact on that funding would a national pay freeze have?

The calculations behind the Local Government Finance Settlement have in the past included an element for any increase in Local Government pay. As the Government's recent Emergency Budget announced a two-year pay freeze, it would be safe to assume that Government Grant covering those years will not contain any increase for pay.

4) What level of inflation has been built into forecasts?

For Somerset County Council, the 2010/11 MTFP round set a one-year budget. This contained provision for an inflationary increase of £8m.

Information for future years was collected from services and indicative budgets were modelled for information only. These contained inflationary pressures of £10.3m pa. The specific elements of those models are open to variation and will be subject to change for a variety of reasons including:

- Scruppage of the proposal National Insurance rate increases;
- Updates of the indices applied to contractual inflation
- Possible adjustments to the rate of employer pension contributions.

5) With SWOne currently having only delivered 1% of the promised £150m procurement savings, then what prudent estimates have been made for procurement savings in 2011/12 and beyond.

A schedule of the latest procurement saving projections was provided following the finance briefing of union representatives on 15 July. From a budgetary perspective these figures are regularly reviewed for achievability and any adjustment reflected in financial planning assumptions.

6) What is the financial and efficiency impact of the SAP implementation as a key component of “transformation” in the ISiS/Wave 1 programme?

SAP implementation is not yet complete and therefore too early to attempt a wholesale measure of what benefits this has achieved. Even when this is complete benefits will accrue across the authority at differing rates for each service and are likely to be incorporated into broader measures to achieve efficiencies and savings.

7) What impact will the property and estate asset rationalisation programmes have on savings?

It is anticipated that the property review will result in the sale of some assets. The capital receipt gained from these sales may be used to relieve the requirement to borrow for future projects and/or reduce the outstanding level of debt. Therefore savings can be made against the projected future cost of borrowing. It is not possible to accurately estimate the level of these savings as it is dependent upon:

- The value of the receipt arising from the sale of the asset;
- Whether the receipt is used to lower future or historic borrowing;
- If borrowing is to be repaid – the amount and terms of repayment

8) What impact will “Total Place” have on services and savings as the next “transformation” programme?

The Somerset Total Place project is only just starting and therefore the benefit of any potential savings may not be felt for some time, and will be very reliant upon the co-operation of partner organisations.

The project itself is very simple in its brief; re-design services across all public bodies from the customer viewpoint. This should simplify processes and reduce tiers of bureaucracy – thus providing scope for significant savings across the public sector. However, the coalition Government’s attitude towards Total Place is not clear, although the programme’s potential is generally recognised.

9) What impact will flexible, mobile working have on accommodation utilisation and savings?

12) How many contract and consultancy staff are employed? How much does that cost?

(Finance Team is currently in the process of finalising a response to these questions).

HR has provided responses to the following:

2) What impact on funding has the recruitment freeze had?

The recruitment freeze has had no impact on funding.

It has however saved the Council £1.5m in savings to Directorates’ pay bill.

80 fte posts have been frozen from September 2009 to June 2010.

10) What impact will the forthcoming voluntary (redundancy and retirement) and flexible (retirement and working) options have on the staffing budget?

Voluntary (redundancy & retirement): this depends on how many of those who have come forward wish to proceed and how many of the posts can be made redundant. It is not possible at this stage to predict the outcome of decisions being made on a case by case basis.

If 400 voluntary redundancies are achieved, there would be an estimated gross savings of £8m.

Flexible (retirement and working) options: this depends on how many requests come forward and how many requests are operationally viable. It is not possible at this stage to predict the outcome of decisions being made on a case by case basis, where there are so many variables.

However, one indicator of what could be achieved is as follows:

We have approx 5k fte employees excluding schools. If a quarter, 1250 fte employees, chose, in one way or another, to reduce their working week by half a day a week for a year that would be a saving in the region of £50k per week (625 days x £80 daily rate) : £2.6 million a year plus on costs.

11)How many staff will reach retirement age in the period?

In the next three years, 201 employees will reach the age of 65.

Over the three years after that, another 183 employees will reach the age of 65.

13. How many posts as a cumulative total are in the recruitment freeze? Breakdown by Directorate by Grade?

118 posts have been frozen to end of June:

13 in Resources
31 in Community
35 in Environment
39 in CYPD.

14. How many frozen posts have been deleted? Breakdown by Directorate by Grade?

To date, posts have been frozen not deleted.

15. How many staff earn the FTE of £21K or less? Breakdown by Age and Gender.

3996 staff earn £21519 or less

3167 are female

Average age: 40

16. How many staff are top of grade? Breakdown by Gender & Age?

At the top of grades are:

2902 females
918 males

Average age: 47

17. How many staff are still progressing? Breakdown by Gender & Age?

Still progressing are;

1874 females
756 males

Average age: 42

**18. How many staff on top of grade are within 10 years of retirement?
Breakdown by Gender & Age?**

1174 are aged 55-65 and at the top of the grade.

Of these 860 are females.

19. What is the current level of sickness during the recruitment freeze to 31/3/2010? How does that compare to previous years?

20. What is the current level of stress-related sickness to 31/3/2010? How does that compare to previous years?

We have not yet received final figures for 2009/10. As at November 2009, the number of fte days lost to sickness absence per fte employee was 4.09. At the time it was estimated that the end of year figure would be in the region of 6.5 fte days per fte employee which would be on a par with the end of year March 2009 figure of 6.61 fte days per fte employee.

We will undertake the annual analysis of reasons for absence when we have received the end of year figures for 2009/10.

21. How do current salaries at top of scale in Somerset compare with those of adjoining Counties & unitary authorities? What is the impact of lower spot pay on staff retention and recruitment?

22. How do current salaries at top of scale in Somerset compare with those of the Somerset Districts? What is the impact of lower spot pay on staff retention and recruitment?

We have already shared the benchmarking information that is available with you. Please see attached to this email.

All of the following items are a matter of projection and interpretation, and therefore better dealt with through negotiation discussions.

23. What is the impact on staff retention and recruitment of a local pay cut?

24. What is the value of staff goodwill and extra hours?

25. How will local pay cuts impact on staff motivation?

26. How will Somerset create a culture of innovation, if staff are facing a double whammy of National and local cuts in take home pay?

27. Staff in SWOne from Somerset will be on lower pay in shared services than colleagues doing the same work from TDBC & Police – how will that impact on shared services?

28. Where will the savings in pay for staff seconded from SCC to SWOne accrue? Leadership, fairness and possible negative perceptions

As you will be aware, some secondees have nominated themselves through the recent trawl but at the time of writing, SCC has not agreed to authorise any Voluntary Redundancies from the SWo secondee workforce. SCC is in the process of agreeing under what conditions this could take place, if at all, because this is a 'unique' event, as opposed to natural attrition for which the contract has existing mechanisms to manage. SCC conditions for this to proceed would be operational and fiscal in nature as you would expect.

29. The top 1% of earners (the Senior Managers) received special bonus increments under Alan Jones for CPA/4*, that were removed with full protection under People Options; could staff see that as “2-steps forward beyond top of scale, 2-steps back to top of scale” for the Leaders & Senior Managers, whereas staff are simply going to go “2-steps backwards” from top of scale?

30. Will a climate of resentment and possibly fear be created by this proposal?

31. How will retention of experienced, mobile and specialist staff be managed?

32. If staff with professional (possibly National) grade/pay progression are respected, then will the spot pay proposals fall mainly upon administration and lower paid staff? Would that affect women staff disproportionately?

33. Will staff within 10 years of retirement be disproportionately affected as their pension is effectively frozen at this year's pay level and they have insufficient time to make up the loss? Could that be seen as discriminatory by age?

34. Will the total budget for Member allowances be falling in line with the staffing budget reductions, as a result of any spot pay proposal?