



**General Purposes Committee**  
25 June 2012

**Report from the Director of  
Finance and Corporate Services**

Wards affected:  
ALL

**Review of Employee Benefits**

**1.0 Summary**

- 1.1 This report provides General Purposes Committee with an updated position on where Brent is in respect of negotiations with trade unions on the harmonisation of terms and conditions of employment and the introduction of a core contract for all Council staff. This is the final phase of the employee benefits review work.

**2.0 Recommendations**

- 2.1 General Purposes Committee is asked to agree to the draft collective agreement which is subject to the outcome of the trade union balloting process.
- 2.2 General Purposes Committee is asked to approve the changes to terms and conditions of employment as set out in the draft collective agreement.

**3.0 Background:**

- 3.1 There have been three workstreams associated with this project: Workstream 1 – Harmonisation of London Allowances; Workstream 2 – Overtime; and Workstream 3 – Brent Core Contract. Workstreams 1 and 2 have been successfully completed. In summary the London allowances are now harmonized to the outer London level which produced a full year saving of £1.3m and removed the risk to the council of a claim based on a pay differential which could not be justified. The Overtime Workstream contributed to an overall reduction in overtime and allowances of £2.3m between 2009/10 and 2011/12 from £4.8 to £2.5m. The residual activities which include introducing the GLPC Pay Spine and consolidating the outer London

Allowance payment and reviewing other terms and conditions have been carried forward to Workstream 3.

3.2 The rationale for Workstream 3 has been reviewed in the light of changing circumstances and as a result of delays incurred in delivering Workstream 3 to original timelines. The main thrust of this workstream was to review allowances and enhancements paid to staff and to look at options for reducing expenditure. As a consequence the Workstream was repositioned in terms of both objectives and outcomes. The key drivers for the project were confirmed as follows:

- Achieve consistency of approach through the harmonisation of terms and conditions and financial enhancements. Currently the council operates a range of local arrangements; and
- Introduce a Brent Core Contract reflecting revised terms and conditions and best employment practice.

3.3 The focus of the overall One Council Programme is on improvements and efficiencies. The revised workstream sought to rationalise the council's pay and reward policy ensuring a fair and consistent approach to terms and conditions and financial enhancements that are affordable within the current financial climate. The Workstream also sought to ensure that the workforce would remain incentivised and motivated and that performance would not be impaired.

3.4 The approach taken to achieve harmonisation focused on the following:

- The working week
- Weekend working
- Overtime
- Night work
- Travel and subsistence
- On call/standby arrangements
- Mileage rates and lump sum allowances

In addition the introduction of the GLPC Pay Spine.

3.5 Negotiations with regional and branch level trade union representatives commenced formally on 1 February 2012 however the council's proposals were not presented to the trade unions until late March 2012 so additional time was given to the trade unions in order for them to fully consider and respond to the proposals. Regular meetings have taken place in order to seek a way forward which would be acceptable to the council and palatable to the trade unions.

#### **4.0 Current position:**

4.1 Negotiations with trade unions have progressed well and a draft collective agreement has been developed that will enable the trade unions to ballot their members recommending that the draft agreement is the best that they can reasonably achieve through negotiations and is more favourable than that which could be imposed by the council if agreement is not reached. GMB has already gone out to ballot their members and it is anticipated that Unison will follow shortly.

4.2 Appendix 1 of this report contains the draft collective agreement which the trade unions consider to be reasonable. Outlined below are the key elements of what is proposed all of which will be implemented by 1 October 2012 unless stated otherwise:

- One Council contract will be issued to all staff
- All staff will work a 36 hour week (490 staff work a 35 hour week currently)
- The normal working week will be between the hours of 6am and 10pm
- Weekend enhancements will cease. This will be achieved on a phased basis. With effect from 1 October 2012 weekend work rates will reduce from time and a half for Saturday working to plain time and from double time to time and a half for Sunday working. Enhancements for Sunday working will cease from 1 April 2014. Libraries enhancements will cease from 1 October 2012. All staff appointed from 1 October 2012 will be appointed on plain time for weekend working.
- 5 over 7 working week – Brent's working week will be five days over seven. This will not impact on staff who currently work Monday to Friday.
- Night Work – Time and one third for all hours worked between 10pm and 6am
- Subsistence allowances will cease. Instead a £15 allowance will be payable for an evening meal when staying overnight (HMRC rate, not taxable). Any associated travel will be claimed at HMRC rates
- Irregular hours payments will cease
- On call/standby will be paid at £75 a session (Mon to Sun). No overtime will be paid unless called out.
- Mileage rates will be based on HMRC rates (45p a mile) Current mileage rates are around 65p a mile
- Lump sum mileage allowances will cease
- Outer London GLPC Pay Spine will be introduced
- London Living Wage will be introduced (excluding schools)
- First Aid Allowances will be reviewed in line with the move to the Civic Centre.

It should be noted that legacy payments have already been ceased in this financial year and staff have accepted buy out arrangements.

4.3 In order to reach a collective agreement some buy out arrangements have been proposed in the form of a one off compensation payment or buy out arrangement. These are outlined in Appendix 1 and costs for these compensation/buyout arrangements will be incurred in this financial year.

4.4 Subject to the outcome of a successful trade union ballot and endorsement of these proposals by CMT it will be necessary to seek General Purposes Committee approval which it is proposed is sought during the balloting period in June. On concluding the collective agreement there will be a requirement to make changes to the Council's Pay Policy. The Pay Policy makes reference to the employee benefits review and its likely impact on the Policy in the future.

4.5 Manager briefings will be provided to coincide with the balloting period so managers are properly informed. These will take the form of an initial written briefing but face to face briefing events will be held in each council office. Staff will also be provided with briefings and support to help them understand what the changes mean for them.

## **5.0 Financial Implications:**

5.1 The financial implications are broken down in Appendix 2 of this report. In summary it will cost £134,460 in this financial year to buy out/compensate staff for changes to terms and conditions. Ongoing savings for 2012/13 are £379,697; in 2013/14 £482,508; and in 2015/16 £507,508. This excludes notional savings due to the productivity increase following the move to a 36 hour week.

## **6.0 Legal Implications:**

6.1 There is a risk of equal pay claims to the Council as long as there are inconsistencies in terms and conditions of employment across the Council. The proposals to harmonise ensure this risk is mitigated. Legal implications would be far more significant in the event that a collective agreement was not achieved as there would be a need to potentially consider terminating and re-engaging affected employees on new employment terms in order to harmonise terms and conditions.

## **7.0 Diversity:**

7.1 An equality impact assessment is in the process of being finalised. The harmonisation of terms and conditions of employment will ensure consistent application of employment terms across the Council.

## **8.0 Staff Implications:**

8.1 Staffing issues are the main subject of this report.

### **Contact Officer**

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## Appendix 1

### Draft

### Outline Collective Agreement

The proposals below apply to all staff employed on Brent council contracts with the exception of those staff in Facilities Management who will transfer out of the Council after October 1st 2012 and will transfer on their current terms and conditions. Should Facilities Management remain within the Council then the new terms and conditions proposed in this document will apply.

Item	Proposal	Compensation proposed	Cost of compensation	Savings 2012-13	Savings 2013-14	Savings 2014-15
Contract	One Council draft contract agreed and reissued to all staff by 1 October 2012. Statement in contract to assert that the majority of staff will continue to work Monday to Friday.	N/A	N/A	N/A	N/A	N/A
Working Week	From 1 October all staff to work 36 hours a week. The normal working week will be between 6am and 10 pm. Part time staff will be required to increase their working hours to reflect the 36 hour working week. Part time staff who are unable to work additional hours will retain existing hours	Scales 1-4 6 months' pay Sc5-PO4 1 months' pay PO5 and over – no compensation	£35,000	Notional saving £250,000	Notional saving of £500,000	Notional saving of £500,000

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Item	Proposal	Compensation proposed	Cost of compensation	Savings 2012-13	Savings 2013-14	Savings 2014-15
Weekend Working	<p>on a reduced rate of pay</p> <p>From 1<sup>st</sup> October 2012 Saturday plain time. Sunday time and a half. From 1 April 2014 Saturday and Sunday plain time.</p> <p>All staff appointed from 1 October 2012 will be appointed on plain time for any weekend working.</p> <p>Libraries 5% enhancement withdrawn as at 1 October 2012.</p>	<p>Based on amount of weekend earnings in 2011/12</p> <p>People earning between: £2,500 - £3,500 receive £900 £1,500-£2,499 receive £700 £500-£1,499 receive £500 £200-£499 receive £75</p>	<p>Total cost £26,025</p> <p>0</p>	<p>£20,000</p> <p>£20,000</p>	<p>£40,000</p> <p>£40,000</p>	<p>£25,000 saving on Sunday working</p>
5 over 7 working week	<p>Brent's working week will be five days over seven with effect from March 2013. This will not impact on the majority of staff who currently work Monday to Friday.</p>	N/A	N/A	N/A	N/A	N/A
Night Work	<p>Time and one third for all hours worked between 10pm and 6am with effect from 1 October 2012.</p>	0	0	£1,500	£3,000	
Subsistence	<p>No subsistence for breakfast, lunch &amp; tea. £15 allowance for evening meal when staying overnight (not taxable) with effect from 1 October 2012. Any</p>	0	0	£200	£400	

Item	Proposal	Compensation proposed	Cost of compensation	Savings 2012-13	Savings 2013-14	Savings 2014-15
	<p>associated travel will be claimed at HMRC mileage rates.</p> <p>Managers will have discretion within their budgets to cover the costs of people attending conferences or service related visits to other authorities</p>					
Irregular Hours	No irregular hour payments with immediate effect.	Compensated and costed as part of the legacy agreements	N/A	N/A	N/A	N/A
First Aid	To be reviewed as part of the move to the Civic Centre March 2012 and in context of business support realignment.	N/A	N/A	N/A	N/A	N/A
On Call/ Standby	<p>£75 per session (Mon-Sun) no overtime for non-attendance.</p> <p>Council overtime rates paid when called out. With effect from 1 October 2012.</p>	0	0	£2,000	£4,000	
Mileage	<p>HRMC mileage rates with effect from 1 October 2012.</p> <p>Lump sum payments cease with effect from 1 October 2012</p>	<p>0</p> <p>Affected staff still can continue to receive lump sum until 31/3/2013 or receive 1 year lump sum payment on 1 October</p>	<p>0</p> <p>£41,000</p>	£40,500	£81,000	£41,000 less the cost of mileage claims

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		2012				
Item	Proposal	Compensation proposed	Cost of compensation	Savings 2012-13	Savings 2013-14	Savings 2014-15
Outer London GLPC Pay Spine	Implement with effect from 1 October 2012.		N/A	£735	£1,470	
London Living Wage	Implement for all permanent staff (excluding schools) or staff with contracted hours with effect from 1 October 2012. Brent Council will recommend schools apply the London Living Wage.	This will be applied by moving any member of staff onto a spinal point which equates to a payment of at least £8.30 per hour if currently receiving under this rate.	£9,226 (full year cost of implementing)	0	0	



**Appendix 2**

**Summary of costs and savings – Employee Benefits**

Item	One-off costs	On-going savings		
	2012-13	2012-13	2013-14	2014-15
<b>Legacy payments</b> – buyout arrangements in 2012 -13	£32,264	£29,575	£32,264	£32,264
<b>Overtime payments</b> – messages to managers not to continue to restrict overtime	Nil	£250,000	£250,000	£250,000
<b>36 hour week</b> (490 staff on 35 hour week)	£35,196	£250,000 (notional)	£500,000 (notional)	£500,000 (notional)
<b>Mileage</b> – lump sum payments buyout	£41,000	£20,500	£41,000 Less mileage claims at HMRC Rates (n/k)**	£41,000 Less mileage claims at HMRC Rates (n/k)**
<b>Mileage</b> – move from 3 different rates linked to engine size to HMRC rates	£0	£40,000	£81,000	£81,000
<b>Weekend working</b> <b>From Oct 2012</b> Sat plain time, sun time and a half	£26,000	£20,000	£40,000	£40,000
<b>From April 2014</b> Sat and Sunday plain time only				£25,000

Item	One-off costs	On-going savings		
	2012-13	2012-13	2013-14	2014-15
<b>From Oct 2012</b> Libraries 5% enhancement ceases		£20,000	£39,000	£39,000
<b>Night rate</b> – Time and one third for all hours worked between 10pm and 6am with effect from 1 October 2012.	£0	£1,500	£3,000	£3,000
<b>Standby/On call rates</b> – harmonise rates at £75 per session. Overtime rates apply where staff are called out	£0	£2,000	£4,000	£4,000
<b>GLPC pay spine</b>		£735	£1,470	£1,470
<b>Living wage</b> - operating cost offsetting savings		-£4,613	-£9,226	-£9,226
<b>Total cost / savings</b>	£134,460	£379,697 (plus notional £250,000)	£482,508 (plus notional £500,000)	£507,508 (plus notional £500,000)