

Committee:	Special Union Employee Consultation Committee	Agenda Item No.:	3.
Date:	8th February 2012	Category	
Subject:	Budget Savings	Status	Open
Report by:	Joint Chief Executive Officer and Head of Human Resources/Payroll		
Other Officers involved:	UNISON Branch Chair Regional Joint Secretaries		
Director	Joint Chief Executive Officer		
Relevant Portfolio Holder	Councillor E. Watts Leader of the Council		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – Continually improving our organisation, by ensuring planned cost reductions take place to match reduced budgets.

TARGETS

The subject matter of this report does not directly contribute to a target in the Corporate Plan.

VALUE FOR MONEY

The proposals deliver value for money for the Council and its customers, by ensuring expenditure on employee related costs is contained within the reduced budgets from 2013 onwards

THE REPORT

1. Background

- 1.1 Consultation has been ongoing with the trade unions since August 2010, with formal consultation commencing through UECC in February 2011 in relation to proposals to amend car user allowances, including lease cars and car loans.

1.2 In brief these proposals were as follows:-

- A pay freeze for 2011/12 (regardless of outcome of national pay negotiations)
- Termination of the facility to apply for car loans (suspended since May 2009)
- Termination of the lease car scheme, with protection of current provisions until 31 March 2013
- A change from the national car user scheme set out in Part 2 of the Green Book to payment of the HMRC mileage rate from 1 April 2013.

These proposals form part of the Savings Strategy, and if approved will save the Council in the region of £200,000 from the financial year 2013/14, based on known costs for 2009/10 and 2010/11.

1.3 At the UECC meeting in February 2011, the trade unions requested more time to consult with their members, and non trade union employees were given the opportunity to feedback to the Head of Human Resources/ Payroll. It was agreed that this feedback be brought to the next meeting of UECC in April 2011.

1.4 At the UECC meeting in April 2011, the feedback was presented by both sides. The trade union stance was no changes to be made to existing terms and conditions. Following debate, the Chair of UECC asked that further feedback on alternative suggestions be brought to a meeting of the Management Team/Trade Union Liaison for discussion, with the trade union side being given one month from the meeting to submit this feedback.

1.5 The employer's response to the trade union side provided feedback was provided to the UECC meeting in August 2011 as follows:

Pay Freeze

In February 2011 the Council was advised by the Local Government Employers that they had informed the trade union side that they would not be making an offer in respect of the pay claim for 2011/12, and would not be accepting any referral to ACAS.

On the basis that events at a national level have now overtaken this proposal from the local employer's side is no longer a consideration.

Car Loans

The National Agreement (Green Book) provides that an employee can apply to the Council for a loan to purchase a vehicle for use on Council business.

The current facility to provide car loans at a preferential rate is suspended for the reasons previously supplied.

To provide car loans on this basis would increase cost and administration through the need to have a Credit Licence. In light of the current financial position of the Council, this is not practical, at the current interest rates.

However, based on the request from the trade union side to reinstate car loans the Director of Resources was asked for his opinion as to whether or not we could reinstate these at a commercially viable rate. This would have to cover all the costs of providing this facility.

His response is that the current problem is that our rates exceed base rate so this would need the staff administering the loans to be FSA trained, qualified, assessed and suitable software purchased. The provision of loans leads to increased administration for finance employees and payroll employees.

If we go for commercial rates these still need to go through this loop.

Even if we went for preferential rates then extra criteria would no doubt be included for green cars etc which isn't an issue for commercial lenders. Preferential rated loans cost the Council.

In addition to the above requirements, the Council can also be left in the position of chasing bad debts when employees default or leave the Council part way through a loan period.

As commercially available loans can be provided through the commercial sector, without any of the above complications, it would be difficult to justify the complications that provision of car loans now brings, against a background of reduction of staff resources.

Following consideration of the trade union side request to reinstate car loans and the feedback from the Director of Resources, the employer's side proposal to withdraw the car loan facility remains unchanged.

Lease Cars

In February 2011 there were 32 lease car users.

Lease car provision is a local agreement, with no links to the National Agreement (Green Book). Most other Councils in Derbyshire have ended their lease car scheme provision. The basis of the current scheme is that it is cost neutral with the essential user scheme.

However, it has become apparent in recent years that in some provisions this equality of treatment cannot be practically mirrored. One of the examples of this is that where an employee who is an essential user is off sick or on maternity leave for more than 3 complete calendar months, the lump sum payment ceases. This cannot be mirrored in the lease car scheme, due to the fact that the contributions from the employer and employee are calculated over a three year period, and the current lease car agreement does not allow for this suspension during an extended period of absence.

Having considered the feedback from the trade union side, the employer's side proposal remains:

- Not to allow any new lease cars to be ordered under the scheme.*
- To allow existing lease car users to extend their current lease for the period defined under the lease car agreement, but not beyond 31 March 2013.*
- To amend the lease car contributions from the employer and employees from 1 April 2013, to mirror the proposed changes to the essential user scheme from that date.*
- To close the lease car scheme completely from 1 April 2014.*

To ensure equality of treatment with those employees in receipt of the essential car user allowance, it will be necessary to adjust the contribution the Council makes to this scheme from 1 April 2013, to bring this in line with the current essential car user changes referred to later in this report. This change in contribution rates will only affect 9 employees at this time based on current information and will cost the Council a maximum of £4,000 in total. This figure may be reduced if any of the employees leave prior to 1 April 2013.

Amendments to Essential User/Casual User Car Mileage Scheme

There are currently 131 essential users, 64 casual users (employees) and 15 casual users who claimed mileage (Elected Members).

The car allowance scheme is set out in the National Agreement (Green Book) and the current mileage rates/lump sum payments are:

Essential Users	451 - 999cc	1000 - 1199cc	1200 - 1450 cc (and above)
Lump Sum per annum	£846	£963	£1239
per mile first 8,500	36.9p	40.9p	50.5p
per mile after 8,500	13.7p	14.4p	16.4p
Casual Users	451 - 999cc	1000 - 1199cc	1200 - 1450 cc (and above)
per mile first 8,500	46.9p	52.2p	65.0p
per mile after 8,500	13.7p	14.4p	16.4p

At Management Team/Trade Union Liaison on 10 June 2011, the trade union side clearly set out the position at a national level regarding the above allowances which have not been updated since 1 April 2010.

In respect of the dispute which is said to have been registered on 21 March 2011, I have sought an update from the Regional Employers which sets out the national position as follows:

"There has been no progress made with the unions on car allowances beyond them raising their concerns and disappointment at the Employers' decision to freeze the 2010 rates. The unions have not been prepared to start discussions on moving to alternative arrangements and at June's routine monthly National Joint Secretaries meeting they informed us that they would be registering a formal dispute with us.

The Employers' position will not change - there is no prospect of us agreeing to uprate the allowances before 1 April 2012. We hope that we will at some stage be able to engage the unions - either as part of any pay negotiations later this year for 2012/13 - or as a specific issue.

However, in the meantime we are content that by deciding not to review the allowances for 2011/12 we are not in breach of the National Agreement or individual employees' contracts".

Based on the above, it is felt that the resolution of these issues at a national level will take some considerable period of time to resolve, if indeed they are resolved, and on this basis the employers side intends to restate their intention to move from the current national car allowances scheme to the HMRC mileage rate, currently 45p per mile, from 1 April 2013.

If the proposals at a national level are presented to the employer's side prior to 1 April 2013, they will be considered at that time.

Other Savings Proposals from the Trade Union Side

At Management Team/Trade Union Liaison on 10 June 2011, a list of alternative savings proposals were provided. However, it was made clear in the document that these were not necessarily proposals from UNISON.

In view of the significant savings gap which now exists, the employer's side wishes to thank the trade union side for these suggestions. They have been provided to members of Senior Management Team for their serious consideration. Their responses will be collated and provided back to UNISON as soon as practicable. Clearly if any of these proposals are thought to be viable, proposals will be put to Elected Members and if these impact on employees, will be taken forward with full consultation.

- 1.6 Due to the lack of progress the following resolution was made by UECC in August 2011:
 - Following consideration of the consultation feedback from both sides, referral is made to the dispute resolution procedure set out in the National Agreement (Green Book), in respect of the proposed changes to the NJC Car Allowance Scheme, the Lease Car Scheme and the withdrawal of the provision of car loans,
 - The employer's side position that it is not prepared to agree to binding arbitration through ACAS is noted
- 1.7 The proposals were referred to a dispute resolution meeting with the Joint Regional Secretaries on 7 October 2011. Both sides had the opportunity to put forward their views on the proposals. The conclusion of the Regional Joint Secretaries was that they had not identified any route to resolve the current dispute regarding car allowances and associated matters. They did not, therefore, propose to hold any further meetings or make any recommendations.
- 1.8 At the end of the meeting, the UNISON Branch Chair stated that he would go back to his members with a number of options, one of which included industrial action, and report the results back by the end of November 2011.
- 1.9 No feedback has been received from UNISON.

2. Next Steps

2.1 In view of the lack of progress through UECC since February 2010, and the exhaustion of the Regional Dispute Procedure, a report will be submitted to Full Council on 15 February 2011 asking them to approve the following proposals:

- To withdraw the car loan facility completely with immediate effect.
- Not to allow any new lease cars to be ordered under the local lease car scheme.
- To allow existing lease car users to extend their current lease for the period defined under the lease car agreement, but not beyond 31 March 2013.
- To amend the contributions for existing lease car users from both the employer and employees with effect from 1 April 2013, to mirror the proposed changes to the essential user scheme.
- To close the lease car scheme completely from 1 April 2014.
- To cease to apply the NJC car allowances scheme from 1 April 2013.
- To pay HMRC mileage rates from 1 April 2013 for all business mileage.

2.2 Due to the lack of progress during a formal 12 month consultation period it is with regret that management will be forced to implement the above changes through the statutory dismissal and re-engagement process.

ISSUES FOR CONSIDERATION

This report is submitted for information only, so that Elected Members and the Trade Union Side are aware of the decision being requested at Full Council on 15 February 2012.

IMPLICATIONS

Financial : £200,000 per annum savings from 2013/14 onwards if the proposals set out in this report are approved by Full Council

Legal : Management proposals have been subject to extensive consultation under the Information and Consultation Regulations. The regional dispute resolution provisions as per the National Agreement have now been exhausted

Human Resources : Subject to the decision taken at Full Council, the statutory dismissal and re-engagement process will commence.

RECOMMENDATION: That the report be noted.

ATTACHMENT: N
FILE REFERENCE: N/A
SOURCE DOCUMENT: N/A