



RHONDDA CYNON TAF

RECORD OF DELEGATED OFFICER DECISION

SUBJECT: Changes to Employees Terms and Conditions – Delegated Decision taken by the Chief Executive

PURPOSE OF REPORT: To inform Members of the delegated decision taken by me as Chief Executive, in order to comply with the decision made by Members at the Council Meeting held on the 13th October, 2010 (Minute No.68 refers).

DELEGATED DECISION (Date): 10th January, 2011

Following consultation with the Leader of the Council and the appropriate Officers, I have determined the action to be taken in respect of the changes to employees terms and conditions as set out in the attached report.

Chief Officer Signature

Print Name

Date

KEITH GRIFFITHS

10.01.11.

The decision is taken in accordance with:

- Section 15 of the Local Government Act, 2000 (Executive Functions)
- the terms set out in Section 5 of Part 3 of the Council's Constitution
- the decision taken by Members at the Cabinet Meeting held on the 4th October, 2010
- Minute No.68 of the Council Meeting held on the 13th October, 2010.

Russell Roberts

CONSULTEE CABINET MEMBER SIGNATURE

10-1-11

DATE

Tony Wilkins

OFFICER CONSULTEE SIGNATURE

10.1.11

DATE

S. Meent

OFFICER CONSULTEE SIGNATURE

10/1/11

DATE

P. Lucas

OFFICER CONSULTEE SIGNATURE

10/1/11

DATE

Directorate:	Chief Executive's
Contact Name:	Mr.Keith Griffiths
Designation:	Chief Executive
Tel.No.	01443-424026

REPORT OF THE CHIEF EXECUTIVE

CHANGES TO EMPLOYEES' TERMS & CONDITIONS

1.0 PURPOSE

- 1.1 To inform Members of the delegated decisions taken by the Head of Paid Service in order to comply with Council Minute No. 68.2010.

2.0 BACKGROUND

- 2.1 On the 13th October, 2010 I reported to Council on the difficult financial position that the Public Sector finds itself in following the UK Government's Autumn 2010 Comprehensive Spending Review (CSR). In response to the Government's CSR it was agreed that the Council's Head of Paid Service should implement, following consultation, a new pay & grading structure and some changes to other terms and conditions of employment, specifically designed to ensure local jobs and services are protected, as far as reasonably possible. A copy of that report is attached at Appx. 1.
- 2.2 After receiving its own budget from Westminster, the Welsh Assembly Government announced the 2011/12 Provisional Local Government Settlement on the 23rd November, 2010.
- 2.3 The Council's Group Director for Corporate Services provided Members with an analysis of that provisional settlement in his report to the Council meeting held on the 15th December, 2010. A copy of that report, which re-affirms the financial crisis being faced by the Public Sector in Wales, is attached at Appx. 2.

3.0 TRADE UNIONS NEGOTIATIONS

- 3.1 Immediately following the Council meeting held on the 13th October, 2010, a series of roundtable meetings was arranged with all of the relevant Trade Unions. The Council's negotiating team was led by its Director of Human Resources.
- 3.2 In all, a total of 21 meetings have been held (including working groups). Not unexpectedly, the tone of those meetings was sombre but all parties were keen to explore a pragmatic and equitable way forward in the best interests of both our employees and the residents of the County Borough. The Trade Unions have participated fully in the negotiations, offering many constructive suggestions, some of which have subsequently been built in to the package of changes initially proposed by the employer's team.

- 3.3 Running in parallel with the terms & conditions negotiations, the Council is in the process of developing an equitable and balanced budget for the forthcoming financial year. Indeed, the Group Director for Corporate Services is scheduled to report to the Council's Cabinet on the 17th January 2011 with the views of the Corporate Management Team on exactly how they feel that aim could best be achieved.
- 3.4 Consequently, if the Council was to introduce amended employee terms & conditions for 2011/2012, thus avoiding the need to resort to deep and widespread cuts in frontline service provision and the loss of hundreds of jobs, the Trade Union negotiations had to be drawn to a close in order for the Group Director for Corporate Services to have sufficient time to ascribe a robust financial value to any changes proposed. Conversely, if the negotiations were not concluded then, quite clearly, it would not be possible to include a financial provision for them in the 2011/2012 Revenue Budget Strategy and frontline cuts including associated job losses would have to be introduced, instead.
- 3.5 Regrettably, despite all the good work undertaken, it was not possible to reach a consensus with the Trade Unions and, therefore, it falls on me, as the Council's Head of Paid Service, to introduce a fully-costed package of measures, focussed on retaining services and jobs, so that the Council can set a balanced budget for 2011/2012 by the statutory date of the 11th March 2011.
- 3.6 Notwithstanding the need to formally draw the negotiations with the Trade Unions to a close, all parties remain totally committed to finding additional ways of helping the Council deal with the ongoing financial situation and I am hoping that we will continue to meet regularly, to that end.

4.0 A NEW PAY & GRADING STRUCTURE AND CHANGES TO OTHER TERMS & CONDITIONS

- 4.1 After having considered all the Trade Union representations, the instruction from Council to protect local jobs and services as far as reasonably possible, and received advice and support from the Corporate Management Team, I have, as Head of Paid Service, determined as follows:

4.2 Job Evaluation

- 4.2.1 As part of the 1997 NJC Single Status Agreement, Local Authorities undertook to end the historic pay anomalies in local government by reviewing their pay and grading structures. Following consultation with the Trades Unions, Rhondda Cynon Taf Council felt that the only way this could be effectively achieved was through a comprehensive Job Evaluation (J.E.) exercise.

4.2.2 Single Status has 3 elements:

To ensure that all employees are paid based on an objective and consistent assessment of the key factors of their job.

A new pay and grading structure, which fits the present and future needs of Rhondda Cynon Taf Council.

Harmonisation of existing terms and conditions of employment

- 4.2.3 This will apply to all employees across the Council who are currently employed under the National Joint Council for local Government Services, National Agreement on Pay and Conditions of Service (the Green Book): These employees will transfer to a new 15 point pay scale with effect from the 1st June, 2011.

4.3 **Changes to Other Terms & Conditions**

4.3.1 The amendments fall into two categories:

- i Overtime working rates; and
- ii Essential Car User and Car Allowance Rates.

4.3.2 These amendments will apply to the following categories of employees:

- i Local Government Employees NJC terms & conditions (including non-teaching school based staff)
- ii Soulbury
- iii Youth workers (JNC for Youth & Community Workers)
- iv Chief Officers
- v Craft workers (Red Book)
- vi Adult Tutors

- 4.3.3 I believe the amendments to be fair, equitable and measured in light of the prevailing financial climate and must stress that they will be introduced for all the above employee categories.

4.4 **Overtime Working**

- 4.4.1 All overtime will be paid at plain time with effect from the 1st June, 2011.

4.5 **Essential Car User Lump Sum Allowance and Mileage Rates**

- 4.5.1 The Essential Car User Lump Sum Allowance will cease and all mileage rates will accord with those stipulated by Her Majesty's Revenue & Customs (HMRC) with effect from the 1st June, 2011.

5.0 FINANCIAL IMPLICATIONS

- 5.1 A detailed financial assessment has been made of the amendments to terms & conditions in order that the Group Director for Corporate Services may include an appropriate provision in the 2011/2012 draft revenue budget strategy to be considered by Cabinet on the 17th January, 2011.
- 5.2 The savings assessed to accrue in 2011/2012 total £5.5M, whilst the figure for 2012/2013 increases to £5.8M.
- 5.3 The impact in 2011/12 will be less than in future years because of the lead-in time needed to implement the changes: The first full-year effect will, therefore, be in 2012/2013. It is also important to appreciate that the savings amount to a permanent reduction in the Council's base budget and are, therefore, "ongoing", rather than "one-off" in nature.

6.0 EQUALITY IMPACT ASSESSMENT

- 6.1 In developing these proposals an Equality Impact Assessment (EIA) has been undertaken to ensure that:
- i the Council meets the requirements of the Public Sector Equality Duties; and
 - ii due regard has been taken of the likely impact of the decision in terms of equality and discrimination.

7.0 NEXT STEPS

7.1 General Communications

Employees have already received updates in respect of the terms & conditions proposals via both e-mail and payslip inserts. I will, of course continue to keep employees up to date with developments.

7.2 Contracts of Employment

The intention is to write to employees affected by the proposals within the next 21 days, to explain exactly how the changes will impact upon them, personally, and to provide them with an amended contract of employment for them to agree.

7.3 Policies and Procedures

Appropriate amendments will be made to Council policies, procedures, and guidance notes to reflect the aforementioned changes to terms & conditions

of employment. The revised documentation will be circulated as soon as practicable.

7.4 **Cabinet**

The Cabinet will meet on the 17th January, 2011 to agree its 2011/2012 draft budget strategy. That draft strategy will now include the financial effect of the changes to terms & conditions of employment contained in this report.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2010-2011

**COUNCIL
13 OCTOBER 2010
REPORT OF THE CHIEF EXECUTIVE**

	Agenda Item No.3
PROPOSAL TO CHANGE COUNCIL EMPLOYEES' TERMS AND CONDITIONS	

Author: Mr.Keith Griffiths, Chief Executive
Tel.No.01443-424088

1. PURPOSE OF THE REPORT

To inform Members of the proposal of the Chief Executive as Head of Paid Service to negotiate changes to the Council employees' Terms and Conditions of employment.

2. RECOMMENDATIONS

It is recommended that the Chief Executive as Head of Paid Service negotiate changes to the Council employees' Terms and Conditions of employment.

3. BACKGROUND

3.1 Members are aware of the extremely difficult financial position that all parts of the Public Sector will have to address over the next three to four years. It is estimated that this Council will have to reduce its revenue budget by approximately £60M over the next three years.

3.2 In addition, the Council has to introduce a new pay and grading structure (Job Evaluation) for the majority of its staff.

3.3 In order to deal with the above matters and to ensure jobs and services are protected, as far as reasonably possible, a number of changes to employee Terms and Conditions are envisaged. Such changes will, of course, require detailed negotiations with Trade Unions and effective communication with all employees.

3.4 At its Special meeting held on the 4th October, 2010, the Cabinet commended to Council that the Chief Executive as Head of Paid Service negotiate changes to the Council employees' Terms and Conditions of employment.

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2010-11

COMMITTEE :

COUNCIL

15th December 2010

REPORT OF :

CORPORATE SERVICES GROUP DIRECTOR

AUTHOR: Steve Merritt (01443) 424026

PART 1	AGENDA ITEM NO.2
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THE COUNCIL'S 2011/2012 REVENUE BUDGET – THE PROVISIONAL SETTLEMENT
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1.0 PURPOSE OF THE REPORT

This report provides the Council with information in respect of the 2011/2012 provisional local government settlement, and initial comments on its likely implications for the delivery of Council services. It also provides detail of Phase I of this years budget consultation.

2.0 RECOMMENDATIONS

It is recommended that Members:

- 2.1** Note the provisional 2011/2012 local government settlement, announced by the Minister for Social Justice and Local Government, on the 23rd November 2010.
- 2.2** Note that the final 2011/2012 local government settlement is expected in late January or early February 2011.
- 2.3** In response to the Minister's request for local authorities' comments, as part of his local government settlement consultation process, that this Council responds as follows :
 - 2.3.1** This Council feels that whilst this year Rhondda Cynon Taff has been treated fairly when compared to other Public Sector Bodies and given the cuts imposed upon the Welsh Assembly Government from the Coalition Government in London, we would also ask that they review and reverse the significant cuts in general capital funding if at all possible.
 - 2.3.2** In order to fully assess the impact upon the Council of the settlement we would also ask that the detail on specific grants is provided as soon as possible.

2.3.3 Whilst we understand the desire to afford protection to some areas of Council budgets, it is important that in doing so it does not fundamentally dilute local decision making.

2.4 Note the response from Phase 1 of the Budget consultation process and agree to consider these responses in the setting of their initial "draft" budget which will be circulated as part of the second phase of consultation in early 2011.

3.0 BACKGROUND

3.1 Up until this year it has been the case that the provisional Local Government settlement has been produced by WAG in the first few weeks of October. However, following the election, the new coalition Government in London determined to undertake a Comprehensive Spending Review (CSR) the results of which were published on the 20th October. The CSR has severely delayed the provisional and final settlement dates for Local Government in Wales.

3.2 Whilst the actual results of the CSR were unknown it was evident that resulting from the World Wide recession and its impact upon the UK there were going to be unprecedented cuts in public sector budgets. This resulted in WAG indicating to the public sector in Wales that, in their judgement, support for revenue expenditure would fall by 3% p.a. over the next three years, coupled with a three year fall in capital expenditure of 10% per annum.

3.3 This and all other Councils in Wales have used these WAG planning assumptions and other relevant financial indicators of inflation and service pressures, and extrapolated them into estimates of budget "gaps" over the next three years. Given the severity of the expected "cuts" in funding and the delay in notification of "actual" figures it was necessary to initiate actions which would need to be agreed urgently (January/February 2011 at the latest) to reduce our cost base in order to deliver a balanced budget for 2011/2012.

3.4 This has meant that action is being taken, incorporating the key principle of continuing to provide even more efficient services and protecting jobs and services, to introduce a new pay and grading structure as well as amendments to certain terms and conditions.

3.5 On the 23rd November 2010, the Minister for Social Justice and Local Government (Carl Sargeant AM) announced the provisional 2011/2012 local government settlement. The Minister's statement and key tables are attached at Appendix 1.

3.6 The "headlines" of the provisional 2011/2012 settlement are as follows:-

- i. The overall decrease in Revenue Support Grant and Non-Domestic Rates funding for 2011/2012 (of unhypothecated funding) at an all Wales level is -1.4% which is the by far the worst outcome since reorganisation in 1996.
 - ii. The provisional settlement for Rhondda Cynon Taf, after the implementation of a "floor" arrangement shows a decrease of -1.7% which when set against the 2010/2011 increase of +2.5% means a fall in resources of approximately £15M, before any other factors, such as inflation and service demand are taken into account.
 - iii. The provisional settlement also includes indicative figures for 2012/2013 at 0.2% and 2013/2014 at 1.3%. Whilst the figures are better than the WAG's original planning totals they are still the second and third worst increases since 1996 and well below any expectations of inflation and service demand. In addition, we need to remember that some three years ago WAG gave similar forward indications and eventually these were woefully adrift of the actual figures that arose.
 - iv. The Provisional Settlement, this year, includes the Outcome Agreement Grant outside RSG. This amounts to £2.498K and will only be received if the Council meets its Outcome Agreement targets.
 - v. As yet we have had little detail of what specific grants this Council will receive from the estimated total of in excess of £700M across Wales. This is very important as many of these grants support key services.
 - vi. The Council's General Capital Funding allocation is reduced by 20% a fall of £3.451M.
- 3.7 The final 2011/2012 local government settlement is expected in late January / February 2011.
- 4.0 **PRELIMINARY ASSESSMENT OF THE SERVICE IMPLICATIONS OF THE 2011/2012 PROVISIONAL SETTLEMENT**
- 4.1 The reduction in funding of -1.7% is the worst since Local Government reorganisation in 1996 and when compared against last years figure which was in itself the second worst since 1996 the fall in resources available to support key Council services is some £15M.
- 4.2 It is evident that the provisional settlement contains no clear targeted support for inflationary increases. Many of these pressures are particular to Local Government, for example, payments to providers of

homes for the elderly, landfill taxes, and the expected 20% increase in energy costs.

- 4.3** The above pressures are on top of ever increasing demands on our services including the impact of demographic changes (more older people), many more children requiring support and care, and the additional costs of recycling (to prevent the severe fines that will accompany the non achievement of recycling targets). These seemingly regular pressures have already resulted in significant efficiency and savings targets being required, plus increased charges imposed for some services.
- 4.4** Given the pressures identified and the limited availability of resources, the efficiency and savings expectation next year will be significant, and higher than 2010/2011. As mentioned in point 3.4 above a review of staff terms and conditions is being undertaken. We will also again be required to reassess the services we deliver, our levels of charges, and the number of staff we employ.
- 4.5** It is evident that over recent years both Members and officers have worked hard to both improve services and ensure the financial strength of the Council is maintained. This settlement, together with continuing financial pressures will be perhaps the most severe test ever for the Council. To that end, senior officers are working on proposals to be presented to Members as soon as possible so that we can make timely progress on actions that will support the 2011/2012 budget strategy.

5.0 DEVELOPING AN EQUITABLE BUDGET STRATEGY FOR 2011/2012

Given all the good work of officers and clear direction of Members, the Council at this time remains in a sound and stable financial position. A key ingredient of robust financial management and stability of the Council to date is the responsible approach taken in how we address the development of our annual budgets. Therefore, even allowing for the difficulties described earlier, we still, as in previous years, need to set parameters for producing the 2011/2012 budget, these are:-

- a) Maintain the Council's financial stability, whilst targeting any available funding, in an efficient and effective manner, towards the key services required by our residents;
- b) Look to protect key services and jobs wherever possible;
- c) Review all areas of service provision, including eligibility to those services and charging policies in place;
- d) Take maximum advantage of all new funding opportunities made available by the Welsh Assembly Government;

- e) "Top slice" appropriate necessary sums to fund corporate budgets;
- f) Fully allocate any sums "earmarked" for specific services which are demonstrably the direct result of legislative changes included in the 2011/2012 Local Government Settlement, in strict accordance with the guidance issued by the Welsh Assembly Government;
- g) Allocate to our Service Groups, initially, an adequate allowance for (inflationary) movements in employee costs;
- h) To continue to deploy our procurement strategy to offset the impact of certain supplies and services' inflation, in the coming financial year;
- i) Actively pursue efficiency in all areas of the Council;
- j) Provide comprehensive support to help achieve efficiency requirements in all areas of service, including our schools.

This outline strategy will provide an effective and pragmatic framework for the delivery of a fair and equitable Council budget.

5.1 Schools

It will be particularly important how the Council responds to the delegation of Schools' budgets, including taking into account the support from and direction of WAG to protect schools by 1%. WAG's directive is being reviewed by officers and will be a key part of the draft budget proposal of Cabinet that will be produced in early January 2011.

5.2 Council Tax Levels

In England the Government has set aside monies to support Councils there who may wish to set very low levels of Council Tax. In Wales the WAG say that they have included in the provisional settlement an amount of £32M that could allow Councils to freeze Council Tax. If this Council chose to do this our decrease in funding would fall from -1.7% to -2.5% and cut resources and produce a gap of £3M which would have to be bridged by reducing services and cutting at least 120 jobs.

5.3 Consultation

As mentioned earlier in the report there has been a significant delay in receiving the provisional settlement detail. This has meant that Phase I

of the Councils budget consultation has already been conducted using the WAG's initial planning projections of -3%.

Members are aware that our consultation is extremely widespread using many stakeholders and engaging fully with the Councils Scrutiny Committees. The results of this first phase are attached at Appendix 2, 3 and 4 and will now be used initially by senior management and then Cabinet to inform the production of its "Draft" budget report that will then be the basis of the second phase of the consultation process that will take place in January 2011.

6.0 CONCLUSIONS

- The Minister for Social Justice and Local Government announced the provisional 2011/2012 local government settlement on the 23rd November 2010.
- The provisional general reduction in revenue grant for the Council is -1.7%, and a reduction in capital support of -20%.
- It is evident from the provisional settlement and the other financial pressures impacting on the Council at this time that the preparation of the 2011/2012 budget is likely to be the most difficult since the Authority was created in 1996. It will take all of the skills and positive direction of Members and officers of the Council to set a budget that both maintains, as much as possible, key services and jobs as well as ensuring the ongoing financial stability of the Council.
- The Minister has apart from a 1% "protection" of schools maintained the policy of non-hypothecation, which means that it is left to authorities to determine their own spending priorities locally.

The Cabinet now having the results of the first phase of the budget consultation can with senior management use these results and the data in the Medium Term Financial plan to produce a draft budget that can be then used to consult upon during January 2011.

