

## TRADE UNION SIDE RESPONSE

19 September 2007

Report Title: Council's Severance policy

The Trade Union Side are extremely concerned at the proposal attached to the Cabinet Report, put before Cabinet on the 3<sup>rd</sup> September.

It has not been established in the report that our policy is not in line with other Councils. Paragraph 3.2.6 refers to a National and Regional survey, for clarification we have requested this from management and this is attached as Appendix A.

It is stated here "A national and regional survey last February revealed a clear trend of many Councils reducing or stopping the payment of discretionary added years and the survey also revealed that this Council's provision of 2 added years for every 5 years continuous NBC service (to a maximum of 6 2/3 years) was at the higher end of provision".

It is difficult to see how these assertions can be arrived at from such a small sample, there are 410 Councils in England and Wales, the survey has 26 anonymous participants, it is not clear how these were selected or what type of Council they are, the selection is in fact worryingly small at only 6.3%. We are awaiting information to deem whether the 26 authorities were chosen as a random sample or what criteria was used for their selection.

Furthermore of this 26, 5 did not respond at all, of the remaining 21, 1 Council only responded on the question of efficiency, leaving 20 out of 410 (4.8%).

Redundancy payments

Of this remaining 20 on the issue of Redundancy Payments **only one Council does not enhance payments the majority of the others pay 1.5x (3 Councils), 2x (5 Councils), 3 or more x (2 Councils)** it is difficult to see. In fact the trend here is to enhance Redundancy Payments.

Added years/ augmentation

On the issue of added years, of the 20 Councils who responded to the questionnaire, 7 did not respond to this question, of these remaining 13, 4 granted added years, 6 gave employees a choice and only 3 said they did not grant added years. Once again it is difficult to see how this constitutes "a clear trend" as the majority of councils do enhance.

3:3:2 states that there are a number of detailed ways in which a reduction in cost could be achieved and starting with the lowest cost scheme would be to calculate redundancy sum on the statutory formula and cease the provision on augmented years. This would be out of line with the statistics, which show a majority of employers give the choice of converting compensation payment into augmented service.

### Financial Position

Unfortunately the necessary financial information has not been provided to enable the Trade Union Side to comment on the medium term financial position of the Council. However the Trade Union Side are hopeful that savings could be made in line with cabinet recommendations of the 3<sup>rd</sup> September 2007 if the proposal at the end of this document is accepted.

### Recruitment and Retention

This Council is rated poor at the moment there is a need for it to retain good quality employees at all levels and as corporate managers and directors are included in the policy it must seek a balance. The Council must be able to recruit, possibly from Councils in our surrounding area, the terms and conditions of employees, including severance, in the face of constant change, is a factor that would certainly influence employees. If we are to compete for quality employees our severance policy must be comparable.

### Employee Morale

On it's road to improvement, the Council has subjected employees to a great deal of pressure, employee morale is naturally a great concern to managers, trade unions and Councillors, erosion of the severance policy would have a severely detrimental effect and undermine any progress made so far.

### Lower Paid Employees

So far the recent rounds of restructuring have included higher paid managers who have benefited from the current enhanced scheme, this has given the impression that is over generous, when in fact it was the level of the salaries and the large numbers that have increased costs of the scheme. Those employees left who may face restructuring and redundancy are not on such large salaries and it is vital that a scheme be equitable and provide a balanced level of redundancy and pension benefits, these would not be at such a high cost to the Council as the previous round.

### Voluntary Redundancy

Should further restructuring be necessary it is unlikely that requests for employees to come forward and volunteer for redundancy will produce any interest. This would place the Council in a position where it has to make employees compulsorily redundant, there is an agreement between Councillors and Trade Unions that the Council will not do this. If this situation arose it would be severely detrimental to industrial relations. It should be noted that the Trade Unions have gone beyond their remit and worked tirelessly with managers and Councillors to support improvement.

### Recommendation

The Trade Union Side do not agree that this Council is more generous than the national average or other Councils in this area. The Trade Union side believes that any reduction to the current Severance Policy will have a highly detrimental effect on recruitment, retention, employee morale, industrial relations and will therefore hinder any improvement. The Trade Union Side are very disappointed that the proposal prepared by management in February

2007 is not the starting point for discussions as they would have been prepared to negotiate and in fact were expecting this to happen.

Although it is accepted that the original agreement is without fetter it must be deemed best industrial relations practice to continue with the good level of consultation and co-operation enjoyed by for the last 3 years, by Trade Unions and management. It is the view of the Trade Union Side that this potential breakdown in communication could be highly detrimental to the recovery of the Council.

The Trade Union Side therefore propose that a policy awarding 1.5 times the redundancy entitlement based on actual earnings and added years, capped at 30 weeks would produce savings to the Council.

In the case of those aged 50 years and over added years at the rate of 1 year for each 5 years of service up to a maximum of 4 years would also produce savings to the Council.