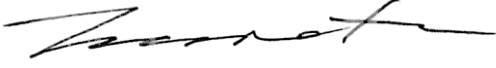


Report for:	Staffing & Remuneration Committee 19 February 2015	Item Number:	
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Title:	Modern Reward Strategy – Performance Management Scheme for Chief Officers
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Report Authorised by:	Tracie Evans – Chief Operating Officer 
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Lead Officer:	Nicola Mathieson - Human Resources
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Ward(s) affected: N/A	Report for Key/Non Key Decisions: Non Key
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1. Describe the issue under consideration
 - 1.1. This report has been circulated late due to the fact that the employee consultation period did not close until Monday 16 February 2015 and comments received needed to be given due consideration and included within this report.
 - 1.2. The Committee on 26 January 2015 agreed in principle to cease the Performance Management Schemes for Chief Officers and to make a payment to officers to recompense them for this and to recompense them for the period that the Schemes were not applied in accordance with the terms of the Schemes.

- 1.3. This decision was agreed in principle subject to formal employee and trade union consultation and subject to this Committee being informed of the outcome of this consultation exercise prior to a final decision being taken.
- 1.4. This report details the outcome of the employee and trade union consultation exercise and seeks an appropriate Committee decision.

2. Recommendations

- 2.1. To agree to cease the Schemes with effect from 1 April 2015.
- 2.2. To agree to compensate employees in recognition of ceasing the Schemes and in recognition of the non application of the Schemes as follows:
 - 2.2.1 To pay eligible full-time employees a lump sum payment (non – consolidated) of £4,000 where they have been employed under the Schemes throughout the qualifying period of 1 April 2011 to 31 March 2015.
 - 2.2.2 The lump sum payment will be subject to normal deductions such as National Insurance, Tax and Pension.
 - 2.2.3 This payment will be pro rata for part time employees and for employees who have only worked part of the qualifying period and for employees who have been employed under the Schemes for only part of the qualifying period.
- 2.3. To agree that employees will be requested to sign a settlement agreement to waive any contractual and statutory rights they may have under the Schemes as detailed in section 5.

3. The employee and trade union formal consultation exercise

- 3.1. At the last Committee meeting we reported that sixty five employees were in scope of this exercise. However, following the departure of two employees we now have sixty three current employees within scope.
- 3.2. The formal consultation period opened on 28 January 2015 and closed at 2pm on Monday 16 February 2015.
- 3.3. All affected employees were sent a letter on 28 January 2015 detailing the proposal as agreed at the Staffing and Remuneration

Committee on 26 January 2015 along with a set of FAQs. A copy of this letter and the FAQs are attached at Appendix A.

- 3.4. On 6 February 2015 employees were further advised that they would be requested to sign a settlement agreement which will be in full and final settlement of any claims they may have under the Schemes. See section 5 for further details.
- 3.5. Employees were invited to attend one of two briefing sessions which were held on 28 January and 4 February 2015.
- 3.6. The trade unions were also invited to these briefing sessions but did not attend.
- 3.7. At these sessions the employees were briefed on the content of the consultation letter and were given every opportunity to ask any questions. The questions that were raised at these sessions and the responses given are detailed in Appendix B.
- 3.8. Of the sixty three employees who are in scope of this exercise, forty two attended the briefing sessions (67%).
- 3.9. Employees were given the opportunity to provide written comments throughout the consultation period and/or have a one to one meeting with the Chief Operating Officer or Officers from Human Resources.
- 3.10. Eighteen employees (29%) supplied written comments which are detailed in Appendix C and one employee had a one to one meeting.
- 3.11. Forty five (71%) employees did not provide any comments.
- 3.12. Of the eighteen employees who provided a written comment, fourteen (78%) were satisfied with the proposal, two (11%) were partly satisfied and two (11%) did not specify either way.
- 3.13. Overall sixteen (89%) of the eighteen employees who responded were satisfied with the payment offer.

4. The outcome of consultation

- 4.1. On balance a majority of the employees expressed their satisfaction with the way forward with a small number expressing some dissatisfaction.
- 4.2. The main concern that employees raised was that the Schemes were being ceased without an alternative Scheme to take their place.

- 4.3. The Senior Leadership Team (SLT) recognises that ceasing the Schemes with no alternative Scheme in place is not ideal.
- 4.4. However SLT do not want to have a Performance Related Scheme for senior managers in isolation from the rest of the workforce.
- 4.5. There is a plan in place to review the pay and grading arrangements of senior managers which we anticipate should be completed by September 2015 and a review of the rest of the workforce by April 2016.
- 4.6. The details of this has been previously reported to the Committee as part of the Workforce Plan and Modern Reward Strategy.
- 4.7. Taking the above information into consideration and that a majority of the employees indicated their satisfaction with the proposal, SLT have agreed to proceed to this Committee and recommend that the Committee agree to the proposals that had been consulted on as outlined in section 2 of this report.
- 4.8. On 18 February 2015 employees were written to informing them of the outcome of the consultation exercise. This included SLT's decision that is being recommended to this Committee.
- 4.9. An updated FAQs was also circulated with the letter on 18 February 2015 to include the questions that had been raised during the consultation period.
- 4.10. A copy of the letter and the FAQs can be found at Appendix D.

5. Settlement Agreements

- 5.1. Initially it was the Council's intention to seek an employee's agreement to vary their terms and conditions in accordance with the Committee's decision by way of a formal letter.
- 5.2. However, during the consultation period we received new advice from Leading Counsel that the formal letter would only settle any contractual claims the employees may have and not any statutory claims they may have .
- 5.3. Leading Counsel has therefore advised that employees should sign a settlement agreement in order to settle both statutory and contractual claims that an employee may bring against the Council arising under the Performance Management Schemes for Chief Officers.

- 5.4. This will also mitigate any costs to the Council for defending such claims which can be highly costly and time consuming.
- 5.5. Employees will need to seek independent legal advice on the terms and effect of the settlement agreement before they can sign it and in these circumstances it is normal for the Council to contribute to the cost of this legal advice.
- 5.6. Employees were advised of this situation by email on 6 February 2015. A copy of this is attached at Appendix E.
- 5.7. To simplify the process for all concerned and to reduce the cost to the Council we have sought quotes from three independent firms of solicitors specialising in employment law and have one firm on standby to undertake this exercise in the event that the Committee agrees with the recommendations.
- 5.8. This firm provided the most cost effective rates and have offices in Wood Green.
- 5.9. Employees have been informed of this arrangement in the letter to them at Appendix D.
- 5.10. An employee can, however, choose to use their own appointed solicitors and the Council will contribute up to £250 plus vat towards the cost of that advice if the settlement agreement is signed off by both the legal adviser and the employee and returned to the Council by 2pm on 6 March 2015.
- 5.11. The cost of this exercise will depend on the number of employees who choose to use our appointed firm. Based on the number of current employees (63) it could vary between £8,000 to £19,000.

6. Next steps

- 6.1. The employees will be informed of the Committee's decision on 20 February 2015.
- 6.2. In the event that the Committee agrees the recommendations then the next steps are outlined in the document at Appendix D and in summary below:

23 February 2015 – Employees will be sent a draft settlement agreement and details of the firm of Solicitors appointed by the Council.

2pm on 6 March 2015 – Closing date for the receipt of signed settlement agreements.

13 March 2015 – payment made to those employees who have signed and returned their settlement agreement by the closing date.

Save in exceptional circumstances, if an employee has not returned their signed settlement agreement by the closing date then the Council will have no option but to implement the change through a process of issuing an employee with a notice of dismissal and an offer of re-engagement with the Council on termination of their existing contract of employment with the Council.

7. Trade Union Comments

- 7.1. The trade unions were briefed on this matter and sent the consultation documents. They were also invited to the staff briefing sessions.
- 7.2. We have not received any comments from the Trade Unions.

8. Comments of the Chief Financial Officer and Financial Implications

- 8.1. The financial implications of the cost of the proposal was reported to the Staffing & Remuneration Committee on 26 January 2015. These costs have not changed.
- 8.2. However there are additional legal costs associated with the settlement agreements as outlined in paragraph 5.11 of between £8,000 to £19,000 depending on whether the Council's appointed solicitors are used or not for legal advice.
- 8.3. It is confirmed that budgetary provision was made for this payment in the previous financial year thus ensuring there will be no net charge to the 2014/15 accounts.

9. Legal Implications

- 9.1. The legal implications are set out in the body of the report and in the exempt report at Appendix G.

10. Equalities and Community Cohesion Comments

10.1. An Equality Impact Assessment was completed and reported at the Staffing & Remuneration Committee on 26 January 2015. A copy of this is attached at Appendix F.

11. Head of Procurement Comments

11.1. Not applicable

12. Policy Implications

12.1. There are no other policy implications.

13. Use of Appendices

13.1. Appendix A Consultation Letter and FAQs

Appendix B Questions raised at the employee briefing sessions

Appendix C Written comments received from employees during the consultation period

Appendix D Letter to employees confirming the outcome of the consultation and updated FAQs

Appendix E Email to employees dated 6 February 2015

Appendix F Equality Impact Assessment

Appendix G Legal Advice

14. Local Government (Access to Information) Act 1985

Appendix G is not for publication because it contains exempt information as specified below:

Paragraph 5 Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

