

**POLICY AND RESOURCES COMMITTEE - MONDAY 23 MARCH 2015**

**COUNCIL – 19 MAY 2015**

**PART I - NOT DELEGATED**

**11a. OCCUPATIONAL SICK PAY – CHANGE TO TERMS & CONDITIONS  
(CED)**

**1. Summary**

1.1 This report summarises the position on negotiations over staff terms & conditions relating to Occupational Sick Pay. As the Staff Employer Forum now has no further purpose, the matter is being referred to this Committee for recommendation on to Council.

**2. Details**

2.1 On 12 September 2013, staff were issued with a consultation document, PROPOSALS TO REVISE OCCUPATIONAL SICK PAY ENTITLEMENT. This was a formal consultation document for Local Liaison Committee and employees following a decision by Management Board to review occupational sick pay entitlement, as announced at Extended Management Board on 30 July 2013.

2.2 It enabled the proposed occupational sick pay review to be explored with employees and Local Liaison Committee (including UNISON), with the aim of achieving a collective agreement. Responses to the consultation proposals were submitted directly to Human Resources, via line managers, or via Local Liaison Committee/Unison.

2.3 The document set out the Current Occupational Sick Pay entitlement as follows

<b>Length of service</b>	<b>OSP entitlement</b>
During the 1 <sup>st</sup> year of service	1 month's full pay and (after completing 4 months' service) 2 months' half pay
During the 2 <sup>nd</sup> year of service	2 months' full pay and 2 months' half pay
During the 3 <sup>rd</sup> year of service	4 months' full pay and 4 months' half pay

During the 4 <sup>th</sup> and 5 <sup>th</sup> year of service	5 months' full pay and 5 months' half pay
After 5 years' service	6 months' full pay and 6 months' half pay

(A month for the purpose of Local Government Sick Pay is defined as 23 days. The period during which occupational sick pay is paid and the rate of sick pay in respect of any period of absence is calculated by deducting from the employee's entitlement on the first day of the aggregate of periods of paid absence during the 12 months immediately preceding the first day of absence [the rolling year]).

2.4 The rationale for the proposals was set out thus: *In the current economic climate, many consider the OSP provision of 6 months' full pay and 6 months' half pay to be very generous. Authorities across the country have reviewed the OSP entitlement (including Hertfordshire County Council) and it was considered that we also needed to carry out a review at TRDC.*

2.5 *The basic salary costs for long term sickness and short term sickness are approximately the same (see Table 1), however the associated costs for the organisation in managing a longer-term absence are often significantly greater.*

2.6 *Reports indicate that many employees on longer term absence return to work at the time when their full OSP entitlement is about to reduce to half pay, regardless of the duration of the full pay provision.*

2.7 The proposal was as follows, and applied to every single member of staff save those on different (TUPE) terms at the Depot, who receive nothing but the statutory sick pay with no enhancements, and are the lowest paid in the organisation.

Length of service	OSP entitlement
Not linked to length of service, applicable to all employees equally	1 month's full pay and 5 months' half pay

There was no proposed change to the current arrangements for when occupational sick pay is paid (the rolling year). Management Board's original proposals were designed to enable managers to bring in cover for staff on long-term sick leave, to relieve pressure on staff not absent through illness.

2.8 The proposals included an exemption for all disability-related sickness absence, which would continue on the current 6 months' full pay and 6 months' half pay entitlement.

2.9 Unsurprisingly, staffside were unhappy and invoked the Staff Employer Forum. This body met on 25 November 2013, and the minuted actions were:

- that a further meeting of the Staff Employer Forum be held in January 2014 to consider this matter further with the following information provided:
- Consultation Document to revise Occupational Sick Pay Entitlement provided by Management Board.
- Response of Management Board to concerns already raised by Staff Side.
- Response to Survey undertaken by Staff Side.

- Detail on Sickness absence and reasons for different rates in departments.
- Information on provisions at other local authorities.

2.10 The Forum met again on 22 January 2014 and 1 May 2014. The actions agreed after the latter were:

1. that more information be provided to Members before a decision could be made;
2. an informal meeting to be arranged between Councillors, with an allocated officer, to agree further questions;
3. with the elections occurring in May 2014, it was acknowledged that the timing was an issue and it was not possible to make a decision before the Council meeting in June; and
4. the decision on OSP be postponed to a more suitable time.

2.11 When the Forum was reconvened on 30 January 2015 with all the requisite information, Councillors went in to private session and effectively rejected the Management Board proposals and the existing OSP terms & conditions, proposing instead:

Length of service	OSP entitlement
Not linked to length of service, applicable to all employees equally	3 months' full pay and 4 months' half pay

There was no proposed change to the current arrangements for when occupational sick pay is paid (the rolling year).

2.12 Staffside requested further time for a ballot, which was granted, but they included on the ballot paper the existing terms and conditions. Unsurprisingly, the staffside voted to retain existing terms and conditions when these had already been rejected by the Forum Councillor members.

2.13 During the final meeting of the Forum, it was also realised by all sides that the constitutional set-up of the Forum was not fit for any purpose, and these will be reviewed in a separate operation ready for Council in July 2015.

2.14 Since the result of the ballot, which was reported to Full Council on 24 February, Councillor members of the Forum have opined to the Chief Executive that no change to the Occupational Sick Pay Terms & Conditions was not an option; that the Ballot which took place did nothing to achieve a solution; that the Staff Employer Forum is not fit for purpose to resolve the matter; that the matter must be resolved via a report to P&R and thence Council on 19 May 2015. This report is the result of that.

### 3. **Options/Reasons for Recommendation**

3.1 The Councillor Members of the Forum made a proposal which has been rejected because of the nature of the ballot so, in the absence of any meaningful negotiation from the staffside, that proposal is brought to the Policy & Resources Committee for consideration and possible recommendation to Full Council, the only body which is able to vary terms and conditions.

### 4. **Policy/Budget Reference and Implications**

4.1 The recommendations in this report are not within the Council's agreed policy i.e. existing Terms and Conditions, but are within its budgets.

5. **Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications**

5.1 None specific, except **staffing**, and there is reference to industrial disputes in the staffside message to the Forum, reproduced as an appendix.

6. **Impact Assessment**

6.1 An EIA was undertaken and its conclusion was that the proposals will apply equally to all employees and in fact remove a current inequality which means entitlement is based on length of service.

6.2 There is no evidence that any protected group would be differently affected by the proposal as alternative and additional leave, flexible working arrangements and support are available for employees requiring leave in specific circumstances (e.g. disability leave, special leave etc.).

6.3 What actions were identified to address any detrimental impact or unmet need?  
None required.

7. **Risk Management and Health & Safety Implications**

7.1 The Council has agreed its risk management strategy which can be found on the website at <http://www.threerivers.gov.uk>. In addition, the risks of the proposals in the report have also been assessed against the Council's duties under Health and Safety legislation relating to employees, visitors and persons affected by our operations. The risk management implications of this report are detailed below.

7.2 The subject of this report is covered by no service plans. Any risks resulting from this report will be included in the strategic risk register and, if necessary, managed within the Strategic Plan at Management Board level.

7.3 The following table gives the risks if the recommendation is agreed, together with a scored assessment of their impact and likelihood:

	Description of Risk	Impact	Likelihood
1	Unhappiness of staff with risk of industrial dispute	III	B

7.4 There are no risks to the Council in rejecting the recommendation(s).

	Description of Risk	Impact	Likelihood
2	Risk of further long-term sickness with consequent excessive staff resource needed to manage it and a deterioration in service	III	B

7.5 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood, detailed definitions of which are included in the risk management strategy. The Council has determined its aversion to risk and is prepared to tolerate risks where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require a treatment plan.

Likelihood ↑	A						Impact	Likelihood
	B			1,2			V = Catastrophic	A = >98%
	C						IV = Critical	B = 75% - 97%
	D						III = Significant	C = 50% - 74%
	E						II = Marginal	D = 25% - 49%
	F						I = Negligible	E = 3% - 24%
		I	II	III	IV	V		F = <2%
Impact →								

7.6 In the officers' opinion none of the new risks above, were they to come about, would seriously prejudice the achievement of the Strategic Plan and are therefore operational risks. The effectiveness of treatment plans are reviewed by the Audit Committee annually.

8. **Recommendation**

8.1 That Committee agree the proposal from the Councillor Members of the Staff Employer Forum and recommend its adoption by Council.

Report prepared by: Steven Halls, Chief Executive

9. **Data Quality**

Data sources: n/a

Data checked by: S Halls

1	Poor	
2	Sufficient	
3	High	✓

**Background Papers**

None

**APPENDICES / ATTACHMENTS**

Statement from the Staffside, conveying the result of the ballot to the Members of the Staff Employer Forum (below)

## Statement from the Staffside, conveying the result of the ballot to the Members of the Staff Employer Forum

Staffside representatives (Staffside) welcome elected members proactive move with regards to the current Occupational Sick Pay (OSP) proposals. This move highlighted that the original proposal by management was unfair. The original justification from management identified that the 1 month full pay (a reduction from the current 6 months full pay) was sacrosanct and crucial to the viability of the proposal. The very fact that elected members have proposed an increase in the full pay element to 3 months means that the proposal is not viable.

Staffside agreed to put the recommendation made by elected members of 3 months full pay and 4 months half pay to staff. Elected members also noted that Staffside may come back to them with an alternative proposal.

The recommendation of elected members was rejected by 70% of staff (both Unison and non-union) on the basis that staff members do not believe that there is a reasonable argument to change from the existing national terms and conditions of 6 months full pay and 6 months half pay.

The recommendation of 3 months full pay and 4 months half pay, while a welcome move from the original proposal of 1 month full pay and 5 months half pay is still lower than any other known local authority. Staff at Three Rivers are known for going the extra mile to provide high quality services and they should be allowed to retain decent terms and conditions of employment that have been negotiated on a national basis.

Staffside during earlier meetings of Staff Employers Forum (SEF) identified that the proposals would not effectively bring about budgetary savings. The original proposal was never meant to save money. Staffside are therefore questioning the viability of any proposed change, particularly when balanced with the detrimental impact this is likely to have on staff morale. It is clear that there is still a low number of staff that take long term sickness absence. Should any team experience a problem with long term sickness absence, the individual case should be reviewed on it's own merit and appropriate decisions taken, including the prioritisation and reallocation of workload as necessary. Staffside do not currently have a mandate to negotiate further with elected members on this issue.

Should elected members move to impose a reduction in the current OSP provision, the only real option currently available to staff is for UNISON to declare a formal dispute with the employer. However, Staffside would like to advise that any increase in provision from the latest proposal may have an impact on whether or not UNISON takes such action. Three Rivers staff are not asking to be given anything more than they currently have or deserve. They are just asking for their hard work and commitment to be recognised, to retain their existing terms and conditions of employment and any proposals to amend these terms and conditions to be negotiated nationally.

Staffside therefore proposes that elected members retain the current national terms and conditions for Occupational Sick Pay of 6 months full pay and 6 months half pay for staff.