

DRAFT DISCUSSION PAPER ON PROTECTION

In considering the issue of protection it is helpful to revisit what is currently on offer as part of the discussions to date, and how we may seek to improve on the current position for red circled staff within a cash envelope. This would include the need to have regard for other additional costs associated with the pay and grading structure and the assimilation process.

The Current Position

The City Council have offered protection to red circled staff for a three year period up to March 2010. This is on the basis that such staff do not receive the nationally agreed annual pay award and are assimilated onto the maximum point of their job evaluated grade. This provides for no further time served incremental progression. At the end of the paid protection period they will revert to a salary payment based totally on the maximum of their new grade.

Impacts on Red Circled Staff

There are four major elements that will impact on the number of losers at the end of the protection period.

These are as follows:

1. Turnover

The number of red circled staff who leave the employment of Birmingham City Council during the protection period. Given the City Council's average turnover its running around 18% per year, this factor alone is likely to have a major impact on the overall numbers at the end of the period.

The organisation would not be looking to lose such staff given this may relate to particular service areas that have a group of losers and in terms of loss of experience, training and overall costs associated with recruitment. It is important that protection arrangements seek to retain staff who are losers in the process.

2. Market Supplements

The Director of HR has written to Directorates requesting they consider Market Supplements for certain groups of staff where the outcomes of job evaluation leave employees below the market rates thus creating difficulties for both recruitment and retention. To date there has not been a significant response to requests to provide details and justification, but this will be followed up again as part of the current round of trade union discussions. A list of job groups where the impact of market forces may reasonable require consideration has been drawn up and the market detail is being obtained at present. The outcomes will certainly impact on certain red circle groups of employees.

3. Job Redesign

Directorates are being requested to consider the business case for job redesign and service restructuring. This approach to be given a priority in areas of service where there are specific groups of red circle employees.

4. Appeals Process

A robust and detailed appeals process has been established which will include a further review of individual and group gradings determined to date. It provides for a two stage process as part of the appeals mechanism. This will undoubtedly further reduce the number of red circled staff who will be given priority in the appeals procedure.

Options currently discussed to improve the position of Red Circled Employees

1. To increase protection payments to red circled staff for either:
 - a) a further 6 months, April to September 2010 at a cost of £2.3 million
 - b) A total additional 12 months extension of protection from April 2010 to March 2011 at a cost of £4.6 million

The main advantage in this proposal will be to reduce further the percentage of red circled employees at the end of the protection period.

2. To consider potential for setting targets to reduce red circles after the protection period ends, to a level below 7% (current total 14%) and monitoring performance towards this target as a KPI within the Council's performance plans.
3. To consider potential for ensuring that no red circled members of staff loses in excess of an agreed maximum for example 10% or 15% at the end of the protection period. (Similar in approach to the hardship payment principles established for bonus earners). This is on the basis of what is an acceptable/reasonable level of salary to lose and what could be considered unsustainable for an individual.
4. To move forward on job redesign as referred to earlier in the note. This to include Trade Union co-operation and involvement in the structured approach being adopted and process of delivering the change.

In considering further the approaches outlined above, it is important we have regard to a finite amount of funding for the pay grading assimilation and protection process. It is important to consider how best any additional financial support can be best distributed to the maximum benefit of those receiving protection.

There is a fine balancing act, between extending protection for all red circle employees for an increased period of time, whilst ensuring that the hardest hit red circle employees still facing significant financial loss at the end of the protection period, are dealt with fairly at that time.

From the various impacts outlined affecting red circles, the likelihood is that the red circle figure will be reduced by more than half particularly if the protection period is extended. Whereby this is a sensible approach other initiatives could be adopted to cushion the effect, particularly for big losers who still face a significant drop in salary at the end of the protection period.

In rating the 10 - 15% maxim loss proposal it is not sustainable to continue protection for an indefinite period. Therefore, for those still facing a 10% or more (based on their original salary level) loss, or more than £3,000 loss, a further step reduction could be considered, applied between 2010 (or 2011 dependent on agreed length of protection) and 2012 (2013). The outstanding loss would therefore have a sliding scale protection for another 2 years. Those losing less than 10% or £2,000 would receive no further protection after 2010 (2011). This would allow more time for the significant losers to adjust. Difficult to cost but not significant in terms of the overall cost of the exercise.

Management could also consider putting into place, at the commencement of the final protection year, a review process to be followed for each employee still in the red circle category. This would review their position in respect of the job redesign proposals and possible consideration for suitable redeployment to job opportunities at their previous substantive level. This could include the appointment of a relevant link officer, skills audit and the possibility of trial placements. Need to consider the input of InSource into this process.

5. Hardship Payments

In respect of those employees receiving bonus, it is the City Council's intention to give notice on bonus but to introduce hardship payments to take account of individual hardship that may accrue from the cessation of such payments. These are not protection of bonus payments but seek to alleviate immediate hardship as a result of a reduction in earnings. The scheme allows for a 15% maximum reduction in earnings in year one and the same in year 2, with the full effect of reduction at the end of the 2 year period (April 2010).

Again, emphasising that this is not protection of bonus payments, consideration may need to be given to these arrangements in the light of any changes to protection payments to red circle staff. There are clearly risks continuing hardship payments beyond the two year timescale given its intention to cushion immediate significant salary loss.

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