

Report of the Head of HR & OD

## **WEEKLY TO MONTHLY PAY**

### **Summary**

1. This paper provides an update on progress with the proposal to move from weekly to monthly pay. It also asks the Executive to approve the making of an offer of £100 per person by way of an inconvenience payment for moving from weekly to monthly pay.

### **Background**

2. The HR Blueprint, agreed by Executive on the 20<sup>th</sup> October 2009 contains a business case for moving all employees who are currently paid on a weekly basis on to monthly pay. In summary, the Council currently pays approximately 960 people on a weekly basis. Everyone else is paid monthly. This is inefficient as it means employees have to fill in more timesheets, managers need to authorise more timesheets and the Council needs to process pay on a weekly basis.
3. Moving to monthly pay will mean there will be 75,000 fewer payslips and timesheets per year. It will also reduce the number of line manager timesheet authorisations from 100,000 to 23,000. Moving everyone to being monthly paid will directly save the Council £60,000 a year as well as freeing up time in front line services currently spent completing, signing and inputting timesheets.
4. An analysis of the make up of the workforce currently being paid on a weekly basis shows the staff are ex-manual workers and undertake a wide range of roles, both in terms of location and nature. Most are from the lower paid groups of staff at the Council and occupy some of the Council's highest profile roles and provide highly valuable and visible front line services

### **Consultation**

5. The proposal to move to monthly pay has been the subject of extensive and exhaustive consultation at the Corporate Joint Consultative Committee (CJCC) and also at the Joint Pay Board. The consultation was undertaken with a view to reaching a collective agreement with the trade unions that would collectively vary the express contractual term that this cohort of employees will be paid on a weekly basis.
6. The consultation was very comprehensive and involved joint communications to staff and workplace meetings. A range of options were jointly developed with

the Trade Unions and staff, designed to move to monthly pay over a period of time and to put support in place for weekly paid staff during the move so they didn't suffer hardship and could get used to being paid monthly without any detriment.

7. The three trade unions involved in the Joint Pay Board, UNISON, GMB and Unite, subsequently undertook an indicative ballot, seeking views on the three transition options but also asking their members if they agreed in principle with a move to monthly pay.
8. At the Joint Pay Board on the 4<sup>th</sup> March 2010 the trade unions reported back that 227 staff had taken part in the ballot and 211 had voted against the move. Taking into account potential trade Union membership density, this equates to an approximate 47% turnout with 3% for and 44% against.
9. In order to put the ballot results into context, UNISON helpfully supplied a consolidated list of comments received from their members during the ballot. Sixty six comments were received. An analysis shows that the vast majority of the comments either related to the transition itself or that people had weekly outgoings (bills, rent Council Tax, Standing Orders and Direct Debits etc).
10. The trade unions confirmed that the ballot results were such that they would not sign a collective agreement to enable the variations to contracts necessary to introduce monthly pay but they were willing to continue to discuss how it might be possible to amend the initial proposal and enable them to achieve a positive ballot outcome.
11. Further negotiations enabled the Joint Pay Board to arrive at a position where the trade unions agreed they would be willing to make a joint recommendation to their members to move to monthly pay in return for a hardship payment of £100 per person. Subject to this recommendation being accepted in another ballot, the trade unions would then sign a collective agreement and the necessary variation to contracts required to move to monthly pay would be undertaken on a consensual basis.
12. Subject to the achievement of a collective agreement, the trade unions have indicated that they would support all staff moving on to monthly pay in November 2010. A scheme would then be put in place which would phase a final move to monthly pay by March 2011. This process would be administratively simple for the Council to operate and has the support of the Joint Pay Board.

## **Options**

Option 1 – Continue to pay staff on a weekly basis

Option 2 – Proceed with a move to monthly pay for all staff by implementing the necessary amendments to terms and conditions without a collective agreement

Option 3 – Proceed with a move to monthly pay for all staff via a collective agreement, facilitated by making an inconvenience payment of £100 per person

## **Analysis**

Option 1 – Continue to pay staff on a weekly basis

13. The above option would retain the existing inefficiencies and would leave £60k of unachieved savings in the HR blueprint, which would need to be found from elsewhere in the MoreforYork programme.

Option 2 - Proceed with a move to monthly pay for all staff by implementing the necessary amendments to terms and conditions

14. Legal position - It is not legally possible to unilaterally vary an express contractual term, such variations can only be consensual. Variations can be in the form of a collective agreement or an individual variation to contract. If employers and employees cannot agree a variation of contract, and the employer still believes it is necessary for the organisation to enact a change, the employer can, if no other route proves successful, terminate the whole contract and offer employment on the revised terms. However, this is always a 'last resort' approach and one the Council is strongly against due to the potential impact upon the workforce.
15. This option also carries with it some risk against the Council in the form of claims of unfair dismissal in the Employment Tribunal. This includes employees who accept reengagement. Dismissing employees in these circumstances is fair and lawful providing that the Council has followed due process, that it has undertaken proper and reasonable consultation and providing that there is a sound business reason for proposing the change.
16. Whilst the above actions as described above may be perfectly legal and defensible, the trade unions may decide to resist this option by taking industrial action, either in the form of a strike or action short of a strike, such as working to rule, overtime bans etc.

Option 3 – Proceed with a move to monthly pay for all staff via a collective agreement, facilitated by making an inconvenience payment of £100 per person

17. An alternative implementation approach to that outlined in option 2 would be to agree to make a joint recommendation with the trade unions to their members to move to monthly pay in return for a £100 per person flat rate hardship payment. This would assist with any financial hardship during transition and assist staff to make banking and budgeting arrangements.
18. The total cost of this proposal would be £110,000 (£100 per person plus on-costs) against an annual saving of £60,000.
19. It is expected that a joint positive recommendation of this nature would achieve a positive ballot outcome and enable the trade unions to sign a collective

agreement on this matter and the move to monthly pay would be consensual, being undertaken in November 2010, with the support of the scheme detailed in paragraph 12.

20. Whilst this option would have cost implications, it has the significant advantage of assisting with an easier transition for front line, lower paid staff. For the Council, as it is a consensual approach it could avoid the possibility of industrial action, which would be costly, time consuming and disruptive to front line services. The option also has the advantage of avoiding the need to dismiss and offer reengagement to staff, thus negating the possibility of services being disrupted by staff not accepting reengagement. Equally, a consensual variation by way of a collective agreement avoids any potential unfair dismissal claims, which are time consuming and expensive to fight, even if the Council is ultimately successful in defending its position.

### **Implementation process and timescales**

21. In the event that a decision is made to implement options 2 or 3, a full implementation plan will be developed which will include dates, activity and communications with staff and managers/Headteachers.
22. Communication and employee support will be the key to the successful implementation of monthly pay and to this end the Council will be providing members of staff with the necessary support to carry them over into a monthly payment system. Drop in sessions and roadshows will be held for staff throughout the transition period and the 'Learn and Thrive' budgeting courses that are run jointly by the Council and Avivia will be made available to staff alongside help and support from the Credit Union. In addition further written briefings will be provided and this matter will continue to be the subject of discussion at the Joint Pay Board. In short, everything practical will be done to assist with this change.
23. The timescales for options 2 and 3 are different by virtue of the different processes concerned. The precise timing of both options would be subject to consultation with the trade unions but option 2 would likely result in implementation around March 2011 whereas option 3 could be implemented much earlier, likely October or November of this year.

### **Corporate Priorities**

24. The action being proposed in option 2 is designed to support the Council's corporate priority "Effective Organisation" and is consistent with the required outcomes of the More 4 York programme and the HR Blueprint.

### **Implications**

25. This report has the following implications:
  - a. Financial – The financial implications of awarding the inconvenience payment of £100 plus on costs per weekly paid employee would result in an additional one off cost to the Council in 2010/11 of c£110k. This

investment would allow the savings identified in the More for York programme of £60k per annum to be achieved. The investment will be funded from the Venture Fund and repaid over a 5 year period with an annual repayment cost of £25k. This investment will require additional savings to be made and initially efforts will focus on identifying additional HR savings opportunities, thereafter savings will need to be considered in a broader context.

- b. Human Resources (HR) – included the body of the report.
- c. Equalities – A full equality impact assessment (EIA) of the proposal to move from weekly to monthly pay has been undertaken and subject to consultation with the Council's staff equality reference group. The EIA identified some specific issues to be addressed regarding the understanding of the proposal and the transition relating to the disability and race equality strands. The actions identified to address these issues have been included in the overall implementation plan.
- d. Legal – included the body of the report.
- e. Crime and Disorder – no implications.
- f. Information Technology (IT&T) – no implications.
- g. Property - no implications.
- h. Other - no implications.

## **Risk Management**

- 26. The specific risks associated with this issue and how they can be mitigated are covered in the main body of the paper. In summary, the risks associated with option 1 are financial. The risks associated with option 2 are financial, legal, operational and reputational. The risks associated with option 3 are financial and reputational.

## **Recommendations**

- 27. It is recommended that Executive:
  - 1) Agree option 3, proceed with a move to monthly pay for all staff via a collective agreement, facilitated by making an bridging payment of £100 per person.

Reason: In order to achieve the associated efficiency savings in the least disruptive manner possible.

## Contact Details

### Author:

Chris Tissiman  
HR Corporate Development Manager  
(Acting)  
Human Resources  
Ext 1715

### Chief Officer Responsible for the report:

Angela Wilkinson  
Head of HR & OD

**Report Approved**

**Date** 9<sup>th</sup> September  
2010

Angela Wilkinson  
Head of HR & OD

**Report Approved**

**Date** 9<sup>th</sup> September  
2010

### Specialist Implications Officer(s):

*Legal – Peter Cairns*

*Finance – Ross Brown*

**Wards Affected:** *List wards or tick box to indicate all*

All

For further information please contact the author of the report

### Background Papers:

HR Blueprint – Executive 20<sup>th</sup> October 2009

### Annexes

None