



Not for Publication

Appendices 2 and 3 to this report are considered confidential under Access to Information Procedure Rule 10.4 (5).

Report of the Director of Resources and the Director of Environment and Neighbourhoods

General Purposes Committee

Date: 6th September 2010

Subject: Introduction of Performance Related Pay Schemes

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Summary

1.0 Purpose of This Report

- 1.1 The report sets out for Members' information the criteria by which potential Performance Related Pay (PRP) schemes within the Council should be assessed. The report updates on progress with the implementation of a PRP scheme for the Refuse Collection service and seeks authorisation for the Director of Resources to finalise the scheme before its introduction. The report also informs Members of other work being done to look at implementing PRP schemes in other parts of the Council.
- 1.2 Appendices 2 and 3 to this report are considered confidential under Access to Information Procedure Rule 10.4 (5), because they contain information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. It is considered in these circumstances that the public interest in maintaining the exemption from publication outweighs the public interest in disclosing the information.

2.0 Background Information

- 2.1 Members will be aware that a prolonged period of industrial action took place in Streetscene Services from 7th September to 25th November 2009. The industrial action centred on two main issues; firstly the desire on the part of the Council to achieve service improvements and efficiencies within the Refuse Collection service;

and secondly the decision taken by Executive Board in July 2009 to commence market testing of the Refuse Collection service if agreement could not be reached with the Trade Unions/workforce on the delivery of the efficiency agenda.

- 2.2 Staff within Streetscene returned to work under the auspices of the 'Return to Work Agreement', which set out a number of commitments and challenges to be addressed on behalf of both the Council and the workforce. A programme of work – the Change Programme – has been in place since early 2010 addressing the issues set out in the Return to Work Agreement.
- 2.3 Looking specifically at the Refuse Collection service two main issues were identified; namely the rationalisation of existing refuse collection rounds and also the exploration of a PRP scheme for refuse collectors. Prior to finalising the Return to Work Agreement the Council took legal advice on the potential introduction of PRP schemes and a number of criteria were identified that any proposed scheme should meet to mitigate any potential issues with regard to equal pay legislation. The criteria by which it is recommended PRP schemes are to be assessed are set out at appendix 1 of this report.
- 2.4 Within the Return to Work Agreement the Council also committed to commence work to identify the potential introduction of PRP schemes in other areas of the Council.

3.0 Current Position

- 3.1 Over the past few months detailed work has been undertaken to review and redesign refuse and recycling collection rounds across the City. This work has been undertaken with active Trade Union/workforce involvement and has identified potential efficiency savings greater than those originally envisaged during the industrial action and upon the return to work. It is currently timetabled for the new collection rounds to commence on Monday 27th September.
- 3.2 As a parallel exercise specialised expertise has been commissioned to assist with both work-study and the devising of a potential PRP scheme for refuse collectors. The development of the PRP proposals has been discussed and shared with the Trade Unions, and further legal advice has been sought to assist in developing a robust PRP scheme for refuse collectors.
- 3.3 The most recent legal advice obtained has given helpful advice both on the position reached and also on issues to be addressed to further minimise legal risks. This most recent legal advice dated 1st of August is attached as exempt appendix 2 to this report.
- 3.4 Members will see that there are a number of key issues identified in the QC advice of the 1st of August and work has been ongoing since receipt of the advice to both address those issues and to provide further information to our Counsel.
- 3.5 A case conference has been arranged with Counsel for the 2nd September 2010 and Members will be given feedback from that conference at the General Purposes Committee meeting.
- 3.6 An initial scoping exercise has been undertaken with all Chief Officers to identify the potential requirement for PRP schemes across other Council services. Further detailed discussions have also taken place with representatives from the key services identified in the Return to Work Agreement. A joint meeting with the Trade

Unions and key service representatives is being arranged for mid September 2010 to progress this area of work further.

4.0 Implications For Council Policy And Governance

- 4.1 Members are asked to support the introduction of PRP schemes where it can be shown that they meet the criteria set out in appendix 1 to this report.
- 4.2 Members will be advised verbally of the outcome of the case conference with Counsel at the General Purposes Committee meeting and subject to a satisfactory outcome are asked to support the introduction of a PRP scheme within the Refuse Collection service.

5.0 Legal And Resource Implications

- 5.1 Members will be well aware of the risks associated with the equal pay agenda. The potential introduction of a PRP scheme carries risks with it and these have been the subject of legal advice and conference. The decision to introduce a PRP scheme in any area of the Council's workforce carries risks of equal pay challenge but at the same time potential benefits in terms of better and more efficient services. These risks can be minimised by ensuring that any PRP scheme is tested against the criteria set out in appendix 1.

6.0 Conclusions

- 6.1 Since the Return to Work Agreement was struck in late 2009 much work has been done to identify and quantify the potential improvements that can be made within the Refuse Collection service. Work has been done to devise a potential PRP scheme that has been tested against the criteria set out in appendix 1. The risks set out in exempt appendices 2 and 3 have to be balanced against the benefits in implementing a PRP scheme which will provide long awaited modernisation of the refuse service coupled with significant financial operational savings.

7.0 Recommendations

- 7.1 Subject to the advice obtained from the case conference due to take place on the 2nd September Members are recommended to :-
- Note the criteria set out at appendix 1 to this report as the criteria by which PRP schemes considered for introduction within the Council are assessed.
 - Support the introduction of a PRP scheme within the Refuse Collection service to meet those criteria set out at appendix 1 and authorise the Director of Resources in consultation with the political group leaders to introduce a final version of the PRP scheme.
 - Note that further work is being done to identify the potential introduction of PRP schemes in other areas of the Council's workforce.

Criteria for Assessment of Performance Related Pay Schemes

- (1) the scheme was introduced in order to meet identified service needs;
- (2) the making of the payments under the scheme must be an effective way of achieving the needed improvements to the service;
- (3) the scheme must be the most appropriate method of achieving those improvements/benefits within service;
- (4) the scheme must result in increased productivity;
- (5) the scheme should achieve financial savings;
- (6) the scheme should be self-financing;
- (7) the scheme must be based on comparative research (for example productivity rates in other authorities' services) and/or externally assessed time/work studies;
- (8) performance must be monitored and payments only made if performance qualifies for payments under the scheme;
- (9) the scheme must be regularly reviewed;
- (10) the scheme must only apply to workers whose performance can affect productivity;
- (11) the scheme must be capable of being robustly audited.