

FINANCE AND RESOURCES COMMITTEE

17 June, 2010

DECLARATIONS OF INTEREST

Prior to the consideration of the following article, certain members of the Committee declared non-financial interests in the subject matter of the report. As a result of the interests declared, a number of members left the meeting, taking no part in the Committee's deliberations on the matter and were replaced by substitutes. The declarations were received from:- Councillor Fletcher, a member of the Appeals Panel who was replaced by Councillor Corall; Councillor Cormack, Convener of the Appeals Panel who was replaced by Councillor Greig; Councillor Dunbar, a member of the Appeals Panel and also a member of Unison (who formed part of the deputation before the Committee), who was replaced by Councillor Jaffrey; Councillor McCaig, a member of the Appeals Panel who was replaced by Councillor Noble; Councillor John West, a member of the Appeals Panel who was replaced by Councillor Cormie; Councillor Farquharson, as a member of the Appeals Panel but who chose not to leave the meeting; Councillor Laing, as a member of the Appeals Panel but who also chose not to leave the meeting; Councillor Crockett, as a member of the Appeals Panel and Unite, who chose not to leave the meeting; Councillor Graham, a member of Unite who chose not to leave the meeting; Councillor Kiddie, a retired member of Unison but who chose not to leave the meeting; Councillor Kevin Stewart, as a member of Unison, who also chose not to leave the meeting; and Councillor Yuill, as a member of Unison, who chose not to leave the meeting.

Following the declarations of interests from members and also from certain individual staff members regarding possible conflicts of interest and who also chose to leave the meeting, the Convener requested appropriate officers to carry out a review of the rules and regulations surrounding the declaration of interests when dealing with Council specific matters such as the employment costs report, as these may become more prevalent given the present economic climate, and to report thereon to a future meeting of the Committee.

EMPLOYMENT COSTS

6. Reference was made to the decision of the Council (Article 2 of the Minute of Meeting on 11 February, 2010) that in relation to the General Fund Revenue Budget, the Head of Resources and Organisational Development in conjunction with the Head of Legal and Democratic Services, review the Council's employment costs looking at

reducing agency costs, new ways of working, giving employees flexibility on working hours wherever possible, assessing pay awards and pay scale increments. It was further resolved that the review of such costs be undertaken in conjunction with widespread consultation with the Council's employees and the Trades Unions and that their views inform the recommendations to be brought back to the relevant Committee. The Committee now had before it a report prepared by the Director of Corporate Governance on the subject. The earlier decision taken at the meeting to hear a deputation comprising representatives from Unison, GMB and TGWU/Unite unions was also pertinent to this matter.

The Convener having invited the deputation to address the Committee, the members heard Karen Maxfield, Secretary of the local Unison branch, Mike Middleton, GMB Convener, and Tommy Campbell of TGWU/Unite, who each spoke and between them highlighted the moral and legal issues arising from the proposal before the Committee, that the Council defer payment of the pay scale increments due to staff with effect from 1st April, 2010. The suggestion was clearly made that such action may be discriminatory given the high proportion of female staff affected. The deputation emphasised the inevitability of industrial appeals in response to the action, all of which would involve costs for the Council and questioned the robustness of the legal advice upon which the proposal was based. The resultant effect on staff morale and industrial relations generally was also raised within the report as was the likely impact on the Council's reputation and the simple unfairness of the proposal for hardworking staff who signed their new contracts in good faith only one year ago. The deputation concluded their address to the Committee with a reference to the fact that direct industrial action could not be ruled out should the proposal to defer the payments be supported.

The deputation having withdrawn, the Committee proceeded to consider the report before it which focused on the need identified during the budget process to find £4.5m of savings from employment costs for the 2010/11 financial year; referred to the fact that a deferral of the pay scale increments normally paid on 1 April, would achieve the saving in full; and made the point that although a great deal of progress had been made over the past two years in steering the Council to a sound financial position, financial pressures over which the Council had no control were signalling a difficult period ahead. The report went on to highlight the likely extent of reductions in grant funding for Councils over the coming four years, the total indicative impact of that on the Council and the need to view the employment costs issue in the wider financial context. The legal interpretation of the increment clause within the employment contract was addressed within the report which also confirmed that it had not been possible to secure collective agreement with the Trades Unions following consultation and that the Unions remained opposed to the proposal.

A risk assessment of proceeding with the increment deferral unilaterally was provided and highlighted within that were officers' views on the type of challenges which the Council could expect and the possible implications should these challenges be successful.

The fact that the proposal being considered involved a deferral of the payments for 2010/11 only, was recognised and the report sought to deal with the need to consider the options for 1 April, 2011. The report in this respect referred to the request made during the budget process 2010, for officers to look at new ways of working; giving employees flexibility on working hours wherever possible; and assessing pay awards; in addition to the increment issue. Examples of some of these were contained within the report which also commented on the consultation process carried out with Trades Unions and staff generally. The responses on behalf of the Council to the two key questions raised by the Trades Unions, were provided as part of the report. The contrary view of the Trades Unions was also outlined. The response from staff to the consultation exercise having been detailed within the report, it was confirmed that the numerous suggestions received had been circulated to Directors for consideration and reporting back.

The report recommended:-

- (a) that the Committee agrees that given the abnormal financial pressures facing the Council, the increment that was due to be paid from 1 April 2010 to relevant staff employed under the SJC for Local Government Employees, is deferred until 1 April 2011; and
- (b) that officers enter into further discussions with Trades Unions with a view to reviewing employment costs, including conditions of service, for all employment groups.

The Convener moved, seconded by Councillor Yuill:-
That the report recommendations be approved.

Councillor Graham moved as an amendment, seconded by Councillor Laing:-

- (1) That the Committee recognises that Aberdeen City Council has a loyal and dedicated workforce and agrees to honour its contractual agreement with employees to pay the salary increment as it has done in each preceding year; and
- (2) That officers enter into further discussions with Trades Unions with a view to reviewing employment costs, including conditions of service for all employment groups.

At this point Councillor Farquharson attempted to move a further amendment to the effect that recommendation (a) within the report be not approved and that recommendation (b) be amended to read:-

That officers enter into further discussions with Trades Unions with a view to reviewing employment costs and levels, including conditions of service for all employment groups.

The further amendment by Councillor Farquharson did not attract a seconder, however, and therefore fell.

On a division between the motion by the Convener and the amendment by Councillor Graham, there voted:- for the motion (10) – the Convener; and Councillors Corall, Cormie, Greig, Kiddie, Jaffrey, Leslie, Noble, John Stewart and Yuill; for the

amendment (4) – Councillors Cassie, Crockett, Graham and Laing; declined to vote
(1) – Councillor Farquharson.

The Committee resolved:-

that the report recommendations be approved.

Councillor Graham intimated in accordance with Standing Order 36(3), that he wished the report on employment costs dealt with in the preceding article referred to Council for decision. Councillor Graham's motion was supported by Councillors Cassie, Crockett, Farquharson and Laing.