

Agenda Item No: 7 **Report No:** 189/07
Report Title: Overtime Payments
Report To: Employment Committee **Date:** 15 October 2007
Ward(s) Affected: All
Report By: Head of Business Services
Contact Officer(s): John Clark, Head of Business Services

Purpose of Report:

To report progress on the review of overtime rates and to seek further instructions on the next steps.

Officers Recommendation(s):

- 1 That the committee seeks Unison's views on the possible use of the car allowance scheme or the sickness scheme to fund changes to overtime rates.
- 2 That the committee seeks Unison's proposals on any other way to fund changes to overtime rates.
- 3 That the committee decides what further action is needed.

Information

- 1 At the last meeting Unison asked for a review of the overtime rates paid by the Council and I was asked to investigate and report back. This was prompted by the staff in Waste and Recycling asking for a review.
- 2 Since that meeting I have received a request from the majority of staff in Housing Benefits asking for overtime rates to be increased. Their argument is that they are not willing to do overtime now, but would be at enhanced rate. They claim that this would be cheaper than the current system of paying for agency staff to provide cover as happens now.
- 3 There are two types of overtime; contractual and casual. Contractual overtime is overtime that has to be worked as part of the contract of employment and is almost entirely confined to Waste and Recycling Services. Casual overtime is overtime that arises now and then and staff can choose whether or not to accept it. It can arise in any department.
- 4 The current position is that all overtime worked is paid for at plain time. This was agreed in 2002 as part of the single status harmonisation exercise when the ex-manual staff and ex-office staff were moved to a single common pay scale. Before that the normal overtime rate was time and a half for overtime worked Monday to Saturday and double time for Sundays.

- 5** We moved to plain time partly to help pay for the harmonisation exercise and partly so that in future pay would not differ across the week and the Council could have standard pay arrangements with staff no matter when they worked.
- 6** Overtime attracts on-costs such as the employer's National insurance payments and for contractual overtime, employer's pension contributions. These currently average 11% and 19.5% respectively.
- 7** For the 12 month period, August 2006 to July 2007, the Council paid £197,386 in overtime payments and this cost £235,584. Any increase on these figures can not be accommodated within the Council's current base budget. 80 staff were paid contractual overtime and 175 were paid casual overtime (some staff were paid both i.e. they did even more overtime than they were contractually obliged to).
- 8** Unison did not propose a specific overtime rate that it wished to see, but as an example, moving to time and a half for all overtime would cost an additional £117,793 based on the 12 month example above. Paying time and a half only on casual overtime would cost £55,487. These are significant sums.
- 9** Given the Council's financial position any increase would have to be paid for by a reduction in costs elsewhere in the staffing related budgets. There are only three possible options for sums of this size:

 - A reduction in basic salary rates
 - A reduction in payments made for car use
 - A change in payments for sickness absence
- 10** A reduction in basic salary rates is not recommended as it makes our salary rates less competitive and we would find it more difficult to recruit and retain staff. It would be extremely unpopular amongst staff.
- 11** A reduction in payments for car use could fund an increased overtime rate (depending on the rate). But car allowances are paid to offset the cost of running the cars that the Council needs to provide its services. Any reduction would be unpopular with car users and could only go so far or it could result in allowances failing to recompense them for actual costs incurred. Purely as an example, the payments for car usage in the last year were £161,000.
- 12** A change to the sickness absence scheme could fund an increased overtime rate (depending on the rate). There are various ways this could be done. For example, not paying for the first 3 days of any sickness absence. It is likely to be unpopular with staff, but it could help the Council reduce sickness absence and so increase productivity. Purely as an example, not paying for the first 3 days of any sickness absence from August 2006 to July 2007 would have saved approximately £130,000.
- 13** Both the car allowance scheme and the sickness scheme are long established components of the local government employment package. Before any further work is done I think both Unison and the committee need to decide whether

they can in principle, support changes to either of them. Or alternatively, whether there are any other proposals that should be investigated.

Financial Appraisal

- 1 There are no new financial implications arising from this report.