



ESPO MANAGEMENT COMMITTEE – 25 JUNE 2012

AGENDA ITEM NO. 10

ESPO BONUS SCHEME

REPORT OF THE CONSORTIUM TREASURER

Purpose of the Report:

1. The purpose of this report is to provide the Management Committee with information on the consultation and negotiations in relation to the agreed buy out of the ESPO Bonus Scheme with the workforce and the recognised trade unions.

Background

2. The Bonus Scheme has been in place for senior ESPO staff since 1990 and extended to all other staff in 2000. Following notification of the claim by EMAPS it was agreed that a part payment of 3% of the 6% bonus would be made to staff in 2009/10 with any further payment being considered following resolution of the claim.
3. The 2010/11 bonus targets were agreed in March 2010 but this decision was reversed at the Bonus Sub-committee meeting held in September 2010 in light of the legal claim and to allow a review of the bonus scheme to take place.
4. ESPO staff are all employees of Leicestershire County Council and there is a requirement that the terms and conditions of ESPO staff should be consistent with those of other LCC staff. The existence of the Bonus scheme gives rise to a potential for equal pay claims. In view of this negotiations have taken place with the recognised trade unions to remove the ESPO Bonus Scheme.
5. The Management Committee agreed to set aside £520,000 to meet the cost of pay harmonisation.

Terms of the buy out

6. An offer of 4% (pro rata) of current salary was made to staff to buy out the following:
 - Any further payments that may be payable in respect of the 2009/10 bonus pending the outcome of the legal claim
 - Any perceived entitlement to bonus for 2010/11
 - Any future bonus payments
7. This offer was rejected by staff. Following further negotiations a Collective Agreement has been reached in respect of a payment of 6% of current salary or £900 (pro rata) whichever is greater. The Collective Agreement is binding on all staff.
8. All staff currently employed at ESPO will receive the above payment as outlined in paragraphs 6 and 7 above and will have no further entitlement to any Bonus Scheme payments.
9. Employees who have left or retired from ESPO and who will have received a part payment in respect of bonus for 2009/10 may have an entitlement to an element of the outstanding bonus payment following settlement of the legal claim. As there are only a small number of former employees affected by this, it is proposed that these be dealt with on an individual basis.
10. The cost of the buy out is just over £400,000 which is well within the resources set aside to deal with this issue. There will be a small additional cost in relation to staff who have left or retired.
11. Leicestershire County Council's Employment Committee considered and approved the action taken to 'buy out' the Bonus Scheme on the grounds set out in paragraphs 6 and 7 above on 14 June 2012.

Conclusion

12. Following the 'buy out' of the Bonus Scheme, ESPO staff will be employed on the same terms and conditions as other LCC staff.

Recommendation

13. Management Committee is requested to note the contents of the report and the progress made in now having removed the Bonus Scheme.

Equal Opportunities Implications

14. An Equalities Impact Assessment has been developed as part of the view of terms and conditions.

Risk Assessment

15. None

Background Papers

16. Report on ESPO Bonus Scheme to Leicestershire County Council
Employment Committee - 14 June 2012

Officer to Contact:

Sue Whitham,
Leicestershire County Council
HR Business Partner - ESPO
Tel: 0116 305 7877
mail: sue.whitham@leics.gov.uk