

Director of Human Resources: Julie Toner  
Town Hall, Sheffield S1 2HH  
Tel: 0114 2734081  
Fax: 0114 2736657  
Email: julie.toner@sheffield.gov.uk



Dean Harper – Unison  
Peter Davies – GMB  
Mark Fieldhouse – Unite  
Rob Gascoigne – Unison  
John Stevenson – GMB  
Angela Duncum – Unite

10 January 2013

Dear Colleagues

### **Consultation on Increment Freeze 2013/14**

I write further to my letter of 13 December 2012 and responses, by email, from Peter Davies, GMB and Dean Harper, Unison. This letter confirms the position explained at our meeting on 4 January 2013.

We wrote to you on 1 October 2012 to set out a proposal to vary the terms and conditions of employees covered by the NJC for Local Government Services (excluding those employed in schools) and the JNC for Chief Officers and Chief Executives. The proposal related to the removal of the entitlement to an annual increment and associated pay increase for a further period of one year to 31 March 2014 in order to realise savings of £4–5m and thereby mitigate or reduce the need to make redundancies.

An equality impact assessment has been carried out on this proposal and we have shared the outcome of that with you. The Council's view is that this is a proportionate means to achieve a legitimate aim in that it enables us to safeguard jobs.

This has been the subject of on-going consultation and the Council has invited suggestions from the trade unions of alternative ways of achieving savings. It was always the Council's intention to work jointly with the trade unions and to seek to reach a collective agreement on measures affecting terms and conditions that would bring about savings and reduce the impact on jobs.

We informed you in our letter of 13 December 2012 that, in the event we were unable to reach an agreement on this proposal or to identify an alternative proposal that would generate similar savings and that the unions would enter into a collective agreement on, the Council would write to individual employees to ask them to agree to vary their contracts of employment.

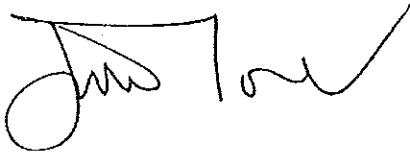
The responses to our letter of 13 December 2012 from GMB and Unison indicate clearly that the unions are not prepared to reach a collective agreement with the Council on this proposal and no other options have been put forward for consideration. Therefore, as we explained at our meeting on 4 January 2013, we are now in the process of writing to individual employees to ask them to agree to vary their contracts in order to implement this

change. A copy of the letter is enclosed for your attention. If we are unable to reach agreement with individuals, as we indicated in our last letter, we propose to serve notice of termination of employment and offer re-employment on different terms and conditions.

As we have always stated, our primary objective is to preserve the employment of as many employees as possible and we hope to avoid dismissals.

Finally, I would like to address the assertion in the emails from GMB and Unison relating to the Council's spend on agency workers. Between April and September 2012 spend through Reed is £3.25m. If this is projected forward to March 2013 it will be approximately £6.5m not £10m to £15m as you claim. Spend in 2011/12 was approximately £5m, however, in October/November 2011 a number of other agencies (mainly providing adult social care) were brought under the Reed contract and this accounts for the increase. In total, this accounts for less than 3% of the Council's employee costs. The majority of this spend is in social care services where the use of agency workers gives the Council flexibility to meet the peaks and troughs of service demand. Whilst we continue to take steps to manage the use of agency workers, some degree of use is essential in order to maintain that flexibility.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Julie Toner', with a stylized flourish at the end.

**Julie Toner**  
**Director of Human Resources**

7 January 2013

*Ref Number: 01*

Dear

**INCREMENT FREEZE: OFFER OF VARIATION TO YOUR CONTRACT OF EMPLOYMENT ("OFFER LETTER")**

**Background**

As you will be aware from previous communications the Government has continued with plans to reduce the funds available to local government over the next few years. As a responsible authority and employer, we are taking steps to prepare for the impact. By doing so, we hope that we can minimise the impact, both on the services we provide and on our employees.

As we told you in previous communications, one area where significant savings could be made is in employment costs and in particular the freezing of increment payments. We know this is an unwelcome step, however, we estimate we could save around £5 million over the next year by implementing the proposal outlined in this letter. Such savings will help us to reduce the number of people who may be at risk of redundancy in the future.

**Consultation**

We have had regular discussions and consultations with the Trade Union representatives to consider the workforce implications of the Council's budget situation. Our preferred approach would have been to reach a collective agreement on any changes that affect your terms and conditions of employment. However, despite genuine and meaningful attempts to do so, we regret to say that we have not been able to reach a collective agreement with the Trade Unions on this occasion.

We are therefore writing to you to set out what we are proposing to do in respect of your terms and conditions and your continued employment with the Council. This letter follows on from the updates we have been providing for you, on the intranet and/or via your managers, about the proposals we have been discussing with the unions for tackling our budget challenges. The Trade Unions are aware of the approach that we are taking.

## **Proposals**

In considering how best to achieve the required savings in a way which has minimum impact on the workforce, we shared a number of proposals with the recognised Trade Unions. We have again this year come up with proposals which are voluntary such as the opportunity to take career breaks, to sacrifice part of your salary in return for additional annual leave entitlement or to opt for a voluntary reduction in hours.

We have also implemented a number of other measures to help us to achieve the required savings. These include controls on the management of vacancies as well as the offer of Voluntary Early Retirement (VER) and Voluntary Severance (VS) schemes in specific areas. Those of you who are able to participate in VER or VS have been or may be contacted separately about this. Whilst it is hoped that these measures will result in some savings, it is obviously impossible at this stage to quantify the level of savings they will generate as it will depend on how many people choose to take those options up and are released. However, we do not expect that sufficient savings can be made by these measures alone.

In 2010 we therefore had to put forward a further proposal for making savings – by freezing increments - which affected employees' terms and conditions of employment. This proposal achieved significant savings and thereby reduced the number of employees at risk of redundancy. Because of the Government's ongoing budget reductions, we have put forward a proposal this year to remove the right to an increment for a further year to 31 March 2014. We would emphasise that our primary objective is to preserve the employment of as many employees as possible.

We appreciate that some of the language that follows below is quite complex, however, we have tried to be as clear as possible while still covering the details we need to include for legal reasons.

### **Offer of new terms and conditions**

As we have not been able to reach a collective agreement with the Trade Unions, we are writing to you to set out the changes to your terms and conditions which we now propose, and to explain how you will be affected by this. With this letter, we are therefore proposing to vary your terms and conditions of employment.

### **Proposed variation: Freeze of pay increments for one year**

If you are on a pay grade, rather than a fixed hourly or weekly wage, then you will normally progress automatically by one spinal column point ("SCP") within your pay grade each year. Your salary would normally also increase by one SCP until you reach the top of your grade. The increase in salary associated with this is commonly referred to as an "incremental pay increase". The progression in SCP and the associated salary increase normally takes effect in April each year. By accepting the variation to your contract, you will agree that you have no contractual (or other) right to automatically progress by any SCP within your pay grade, and that you shall not therefore receive, any pay rise as a result of incremental progression for one year, between 1 April 2013 and 31 March 2014. You are therefore agreeing that between 1 April 2013 and 31 March 2014, your current pay grade and the SCP relating to your current role will remain the same.

This variation will not affect any entitlement that you may have to any national pay award which is determined each year by your national negotiating body

### **If you have more than one job with the Council**

This offer of variation to terms and conditions applies to all jobs you hold with the Council other than casual positions and any post you may hold in a School.

### **How to accept the offer of variation to new terms and conditions**

If you wish to accept the offer of the variation to your contract of employment you must sign the enclosed acceptance form and return this in the pre paid envelope provided.

You should return the acceptance form as soon as possible and no later than **28 January 2013**. If you accept the offer then your current terms and conditions will come to an end on 31 March 2013 and new ones take effect from 1 April 2013. You should ensure that you retain this letter together with your current statement of particulars as these documents set out the position relating to incremental pay increases between 1 April 2013 and 31 March 2014.

If you accept the offer of new terms and conditions of employment your continuity of service with the Council will be fully preserved.

### **Implications if you do not accept the new terms and conditions**

It's very important that you understand the next steps the Council will need to take if you do not feel able to accept the revised terms and conditions offered to you in this letter.

In order to implement the new terms and conditions, the Council will serve notice of termination of employment on you but give you an immediate offer of re-engagement on the revised terms and conditions. This will be in the form of a letter giving notice of termination of your existing contract of employment, along with an offer of a renewed contract on the revised terms and conditions of employment. If at this stage you do not accept the revised terms and conditions, then your employment will end and your pay will cease. In this situation the Council may, if necessary, make a payment to you in lieu of any notice entitlement which extends beyond 31 March 2013. You will be required to work out the period of your notice up to and including 31 March 2013. You will then receive a payment in respect of any outstanding notice entitlement (if any) due to you. You will not however be entitled to any other termination payment or severance payment.

In the event that the Council serves notice you will not be able to continue to be employed under your old terms and conditions after the implementation date i.e. 1 April 2013.

However, we hope that you will feel able to accept the proposed freezing of increments, and the associated change to your terms and conditions, given that the

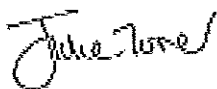
reason for this is to safeguard the employment of as many individuals as possible.

### **Next Steps**

**If you wish to accept the offer, as referred to above, please sign and return the enclosed acceptance form by 28 January 2013.**

If you do not feel able to agree to the revised terms and conditions or if you have any queries in respect of your personal situation and how the above affects you, then you should raise this in the first instance with HR Connect. The contact details for HR Connect are set out below.

Yours sincerely



**Julie Toner**  
**Director of Human Resources**

This document can be supplied in alternative formats. Please contact:

HR Connect  
Telephone on 0114 20 37779  
Email at [scincrementqueries@capita.co.uk](mailto:scincrementqueries@capita.co.uk)

## ACCEPTANCE FORM

*Ref Number:*

I have read the letter sent to me by Sheffield City Council dated 7 January 2013 regarding the proposed variation to the terms and conditions of my employment ("Offer Letter").

I confirm that I agree to accept the variation as set out in the Offer Letter. For the avoidance of doubt, I agree and accept that for the period 1 April 2013 to 31 March 2014 that:

1. I shall not have any contractual (or other) entitlement to automatic progression by any Spinal Column Point ("SCP") on an annual basis and accordingly, my SCP will not increase on this basis; and
2. I shall not have any contractual (or other) entitlement to receive any salary increases that are associated with progressing by a SCP (commonly referred to as an "incremental pay rise") and accordingly, I shall not receive any such increase in my salary.

I understand that for the period 1 April 2013 to 31 March 2014 that this letter shall vary my terms and conditions of employment in respect of my entitlement to an incremental pay rise and incremental progression. I further understand and accept that this variation shall supersede and nullify any previous agreements between me (or the trade unions on my behalf) and the Council in relation to my entitlement (if any) to receive an incremental pay rise and/or incremental progression for the above period, which shall cease to apply.

I understand that in accepting this offer my continuity of employment shall not be affected. In signing this acceptance form I understand that the variation to my terms and conditions applies to all jobs I hold with the Council other than casual positions and any post I may hold in a School.

**Signature:**

**Print name:**

**Date:**

**Please sign and return in the enclosed freepost envelope BY NO LATER THAN**

**28 JANUARY 2013 to:**

Budget Review  
Corporate Mail Facility  
Freepost NEA5527  
Town Hall  
Sheffield  
S1 2ZZ