



Private and Confidential

27th August 2008

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Dear Colleagues

**Notice of Termination of remaining Bonus Scheme Agreements within
Environmental Services, Adult Services and Highways**

Further to the Cabinet meeting on 10th September 2007 and the subsequent meeting on 8th October, approval was given to implement a new pay and grading structure for employees of Birmingham City Council. Part of the decision also included the requirement to further review the bonus schemes and associated payments operated by the Council. This to include additional payments that have derived from bonus arrangements and do not form part of basic pay.

Resulting from this review it was determined that payment of bonus to groups of employees was no longer sustainable and could be deemed as potentially unlawful having regard to Equal Pay legislation. There is no justifiable evidence put forward to support the retention of such payments. As such the City Council has already given notice on the Fleet and Waste Management Schemes which have been terminated effective from 4th August 2008.

Within certain of the service areas referred to, discussions have been undertaken on the possibilities of job redesign. These are still ongoing at present and as such the new contract offers accompanying the notice to individuals will not reflect possible changes arising from the consultation process. As such the City Council is hereby giving three

months' notice on the termination of the remaining schemes. The period of notice to commence on 1st October 2008, expiring on 31st December 2008.

These schemes are as follows:-

Environmental Services

- Crematoria and Cemetery Bonus Scheme
- Parks Incentive Bonus Scheme (associated payments)
- Library Services Van Drivers Bonus Scheme

Adults & Communities

- Chauffer/Drive Bonus Scheme (associated payments)

Development & Culture

- Agreement relating to Transportation Contract Service Division Civil Engineering DLO and Highway Maintenance Wage and Bonus Agreements for Highway Maintenance Operation (April 2002)

The various bonus schemes have been the subject to consultation between the City Council and the recognised trade unions since May 2006 and also subject to statutory consultation. The City Council believes it has undertaken full and meaningful consultation in respect of the Schemes themselves. With this in mind the City Council now considers it appropriate to give notice of withdrawal from the various agreements.

The salary for the jobs previously attracting bonus will now be determined by the Birmingham City Council Pay and Grading Review in which employees have had their jobs assessed using the NJC for Local Government Services job evaluation mechanism. Employees are then subject to the assimilation process as adopted by the City Council. The design of the Pay and Grading Review is established on the basis of ensuring that payments for jobs within the City Council are determined in a fair, transparent and legally robust manner.

The Authority is constrained in terms of paying protection on bonus or associated payments arising from bonus which have been identified as a result of previous court decisions and the recent Court of Appeal decision in respect of Bainbridge and Surtees.

The City Council continues to respond to equal pay issues and acknowledges that the loss of bonus payments may cause severe hardship to some groups of workers. You are aware that a Hardship Scheme has been developed to support employees previously receiving bonus payments, however we are still reviewing the legal position in respect of the possibility of payments under the scheme to staff who qualify. This again relates to the outcome of the Appeal Court decision.

I would however wish to highlight that the City Council has introduced an Employee Assistance and Loan Facility which provides for independent financial advice and support in appropriate cases. There is also the opportunity to make application for a

loan facility, details of which are available to individuals via their Directorate HR team.

Yours sincerely

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

ANDY ALBION
Director of Human Resources