POLICY AND RESOURCES SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON WEDNESDAY, 4TH DECEMBER 2013 AT 5.00 P.M.

PRESENT:

Councillor H. W. David - Chairman
Councillor Mrs J. Summers - Deputy Chairman

Councillors:

L. Binding, C. Hawker, Ms. J.G. Jones, A. Lewis, C. P. Mann, S. Morgan, D. Rees

Also Present:

Cabinet Member(s): Councillors K.V. Reynolds (Corporate Services), G. Jones (Housing) and Mrs C. Forehead (Human Resources and Governance/Business Management)

Together with:

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), G. Hardacre (Head of Human Resources and Organisation Development), S. Harris (Acting Head of Corporate Finance), L. Jones (Head of Information, Communication and Technology), C. Jones (Head of Performance and Property), P. Davy (Head of Programmes), S. Couzens (Chief Housing Officer), D. Perkins (Head of Legal and Democratic Services), J. Jones (Democratic Services Manager), E. Sullivan (Democratic Services Officer)

APOLOGIES

Apologies for absence were received from Councillors D. G. Carter, C .J. Cuss, Mrs D. Ellis, J. E. Fussell, G. Kirby, R. Saralis and J. Taylor and D. T. Hardacre (Cabinet Member Performance and Asset Management)

1. DECLARATIONS OF INTEREST

There were no declarations of interest received at the start or during the course of the meeting.

SCRUTINY REPORTS

Consideration was given to the following reports.

2. PROVISIONAL LOCAL GOVERNMENT SETTLEMENT 2014/15 - SAVINGS PROPOSALS

N. Scammell, Acting Director of Corporate Services and Section 151 Officer presented the report which gave an overview of the savings requirements for the period 2014/15 to 2016/17 along with a range of proposed savings and efficiencies for Members consideration and comment. The proposals detailed related specifically to the “Whole Authority” Directorate of Corporate Services, General Fund Housing and the Housing Revenue Account (HRA).

The extent of the savings requirement for the whole Authority was clarified and Members noted that £14.53m was required in 2014/15, £6.54m for 2015/16 and £7.06m for 2016/17 a projected three-year saving requirement of £28.13m. Members were referred to Appendix B of the report which provided details of the proposed savings and efficiencies and an assessment of the options going forward were highlighted in the Officer’s presentation.

Savings achievable in 2014/15 were listed. The proposed savings in relation to insurance were outlined. It was noted that insurance provision was reviewed every few years and any monies not required in the “reserve” were reallocated to the capital programme, hence this revenue saving would be to the detriment of the capital programme.

Further savings were proposed through the use of funds assigned for the payback of the furniture at Penallta House and reducing the casual mileage rate from 55p to 45p in line with the HMRC rate. It would also be possible to secure income from a recharge to schools in relation to carbon reduction credits, a charge that schools should be picking up under delegation requirements but was currently being absorbed by Corporate Services. Further savings could also be achieved through the re-alignment of the E-Government budget and the use of council tax surplus achieved. However the council tax surplus could not be guaranteed and the diversion of funds to revenue savings from the general fund balances would again have implications for the capital programme.

Members were referred to the vacancy management savings listed and were advised that as these were spread over a range of services there would not be a fundamental impact on service provision in 2014/15. It was proposed that a saving of £719,000 could be achieved in 2014/15 through removal of 24 posts within Corporate Services, which were currently unoccupied.

It was proposed that further savings could be achieved by reducing the number of issues of Newsline from 6 to 4 per year, reducing Customer First opening hours, adopting a more passive twinning arrangement, reducing Civic Office commitments and hospitality provision and reducing committee print costs by printing hard copies for attendees only.

The Acting Director confirmed that non-pay related budgets could also be reviewed and achieve savings through tighter budgetary controls. IT contracts could be realigned to produce savings and the removal of the subsidy currently being provided to schools for curriculum based IT support would generate an income stream from the recharging of this service.

It was also proposed that savings be made by reducing the voluntary sector spend and Members were advised that this would be the first reduction made in this area and would relate primarily to the budget allocated for the commissioning of one off pieces of work.

The proposed savings in relation to the Housing Revenue Account were noted. Members were referred to possible savings associated with the deferring of £10m of environmental works to 2020/21 plus additional savings relating to the 3 associated environmental posts included under the WHQS improvement programme. Members were advised that these and other options would also be put forward for consideration by the Caerphilly Homes Task Group. The Officer confirmed that these proposals would be subject to confirmation from Welsh Government that there would be no impact on the £7.3m annual capital grant for WHQS.

Further proposals for savings in 2015/16 and 2016/17 were highlighted and it was noted that at this point efficiency savings alone would not be sufficient to deliver the required savings and service delivery would need to be reviewed. Discretionary services would be subject to review and the way in which tourism events and venues, leisure and library services were being delivered would also need to be reviewed going forward, along with a range of other proposals. Further reports would be required to enable Members to determine their priorities.

Proposals for an asset rationalisation programme and customer service review were referenced for 15/16 and 16/17 and Members were advised that the budget strategy going forward would be very different.

In summary the Acting Director of Corporate Services confirmed that even if all of the whole Authority including the Corporate Services and HRA savings were taken for 2014/15, a funding gap of £6m would still remain for other Authority services to cover. Members views and comments in order to progress the consultation process were welcomed as they would provide a platform for further proposals going forward.

The Chair thanked the Acting Director for her report and presentation and invited Members comments.

A Member raised concerns in relation to the proposed reduction to the employee mileage rate, particularly when considering the impact on members of staff (particularly low paid staff) where the use of the car for work is an essential element e.g. homecare assistants.

The Chair acknowledged the concerns raised by the Member but as the issue in question would be considered in greater detail under the next item requested that discussion be deferred until this point in the agenda and this was agreed.

Clarification was sought in relation to reference CORP19 - Homeless Packs Budget. Officers confirmed that this budget was used to provide additional support for homeless individuals being housed, specifically in relation to the purchase of items of furniture and was not a statutory requirement. Members were mindful that this saving would impact on the most deprived within the community.

The impact of savings proposed against the upgrading of the Telecare system within Sheltered Housing were discussed and a Member referenced the potential impact for delayed transfer of care, additional staffing and support requirements if the system in place was not sufficient to meet the needs of the prospective tenant. Officers confirmed that the intention would be to deliver the upgrades on a phased basis rather than a blanket installation and would not have a detrimental impact to the service. The Member argued that the suitability of the accommodation would be under question should the system upgrade be delayed and would directly impact on the quality of life and independence of the tenant resulting in extended residential care or hospital stays at additional cost to the authority in excess of that required to make the upgrade. The officer contended that this was very unlikely to be the case.

Members requested that a further analysis be carried out, in order to compare the costs of making the upgrades against those associated with delayed transfers of care or an extended stay in residential services.

Clarification was sought in relation to the identification of possible income streams within Corporate Services. The Officer confirmed that some recharging had been identified relating to schools however there was very little opportunity within Corporate Services for income generation from outside of the Authority i.e. the public.

Reference was made to Customer First services and the nature of the savings that could be made and what areas would be affected. Members were advised that these savings could be achieved through a revision of opening hours, for example adapting opening hours to meet demand, closing earlier in quiet periods and not opening on Saturdays. It was envisaged that Blackwood, Bargoed, Caerphilly and Penallta House centres could be affected by the savings proposals but these more radical proposals were for 2015/16 and 2016/17. Officers confirmed that the mobile service would become operational in April 2014 and this could mitigate the effects of the reduced hours, supplementing the services provided to the public.

Clarification was sought in relation to the DDA cuts and Officers confirmed that they were confident that they could make a 33% saving without a detrimental impact on the service identified as the Council had made a significant investment in this area over past years. It was emphasised that this proposal did not affect the capital programme.

Members discussed asset rationalisation and referenced the proposed saving in respect of the closure of Pontllanfraith House listed for 2016/17. Officers confirmed that a further full report on the range of options for asset rationalisation would be brought forward for Members consideration in the summer. Reducing the asset portfolio had the potential to secure savings of approximately £500k - £1m. However, longer lead in times would be required in order to fulfil the necessary consultation and statutory requirements associated with any building closure.

Clarification was sought in relation to the proposed savings against COR89, PV Panels and Officers confirmed that unless they were incorporated into a new build or as part of an invest to save scheme installations would be brought to an end. However depending on the nature of the spend against the potential income generation consideration would be given to suggestions for one off capital spends dependent on a robust business case.

Concerns were expressed in relation to the reduction of funding to voluntary sector organisations. Officers confirmed that these grants had been held at the same level over the last 2/3 years and cuts in this area had to be considered along with all other proposals.

Members were reminded that the options presented were only proposals for consideration and no decisions would be made at this time. Further more detailed reports would be brought forward to Scrutiny (if an additional Special Scrutiny was requested), Cabinet and finally to full Council for determination.

Members noted the reduction to planned maintenance schedules and the risks of neglecting smaller repairs that had the potential to cause bigger more costly repairs with the passage of time. Officers acknowledged this risk, however, they would look at reducing less essential maintenance in the first instance, for example decoration of office buildings. It was anticipated that as the asset portfolio reduced, there would be less risk.

Clarification was sought in relation to CORP82, non corporate building rationalisation and Members were advised of the intention to analyse the current property portfolio in order to identify the 75 worse performing buildings held within the authority. This list would be further drilled down in order to identify the feasibility of releasing the buildings identified. It was noted that these savings were proposed against the 2016/17 savings requirement as they would require further consultation and reports.

The Acting Director for Corporate Services clarified that the figures listed for 2014/15 were known to be deliverable within that financial year. Figures listed for 2015/16 and 2016/17 were estimated and would require further detailed reports and analysis but requested that Members take a view on the principal of the proposals before them and accept that further reports would be required.

Members agreed that they could support a programme of asset rationalisation if it saved jobs, but requested further information on the types of buildings that would be incorporated and whether there would be any impact on service delivery.

Officers confirmed that a detailed rationalisation criteria would be part of the scrutiny process going forward and would always look to preserve services.

The Deputy Leader and Cabinet Member for Corporate Services thanked Members for their comments and emphasised the crucial role that Scrutiny would play in the difficult times ahead. All comments would be taken into account and further reports would be brought forward to Cabinet with their recommendations to Council for determination at the end of February 2014.

Having fully discussed the report and the issues involved the Scrutiny Committee determined that it would support the recommendation within the Officer's report subject to more detailed information in relation to savings proposals for 15/16 and 16/17.

With regard to the other matters raised Members requested further detail on the cost associated with potential delayed transfers of care/extended residential costs when set against the cost of a universal update of the Telecare systems over a phased upgrade and further detail on the asset rationalisation programme in terms of the criteria and buildings being considered and their impact on service delivery.

3. WORKFORCE STRATEGIES FOR MANAGING THE IMPACTS OF THE MEDIUM TERM FINANCIAL BUDGET SAVINGS.

G. Hardacre, Head of Human Resources and Organisation Development presented the report which outlined a range of options for managing workforce resources in line with the requirements of the medium term financial plan budget savings.

The report encapsulated all possible options going forward in order to allow Members to fully debate the proposals as part of the consultation process. The Officer recognised the work already being done by Heads of Service and others in recognising workforce planning opportunities. Members were also advised that discussions around many, but not all, of the proposals included in the report had commenced with Trade Unions on either a formal or informal basis.

In terms of redeployment and the use of agency staff, a reduction of £1.5m per annum had already been achieved against agency expenditure in recent years. Members were now asked to consider options for reviewing agency staffing and where internal resources could be prioritised in order to afford some form of protection to staff. It was emphasised that this was a workforce planning issue and savings would no be generated.

Members were referred to section 4.4.4 of the report and the proposal to introduce a default retirement age. The Officer advised that whilst there were sound workforce planning reasons for its introduction, particularly in the light of the demographics of the CCBC workforce, there was also the potential for legal challenge and this could prove to be unpopular with older workers.

Options for reducing pay bill costs were detailed and reference was made to possible changes to sickness benefits, including not paying benefits for the first three days, however any changes to the scheme would need to be negotiated with Trade Unions. In terms of savings in relation to expenses costs, Members were asked to consider a reduction to the HMRC rate to 45p per mile. It was estimated that savings of approximately £250k could be achieved as a result of the rate change and would remove a tax burden from some employees. This option had already been introduced by other authorities in Wales.

In relation to possible savings through service changes and business process re-engineering Members were advised of the different options for consideration and a proposal enabling the purchase of additional annual leave was referenced. Possible savings could also be achieved through flexible working, home working, hot desking and other office rationalisation programmes. Pontllanfraith House was referred to as a savings proposal. The transfer of services to third party organisations or externalisation was referenced as an alternative to closure options, however TUPE and other code of practice requirements would need to be considered.

The different options that could be utilised in order to avoid the need for compulsory redundancies were listed which included seeking 85 year rule volunteers, early retirement volunteers, cross matching staff, flexible retirement and voluntary severance.

Finally the Officer advised that if all the measures referred to did not deliver the required savings then compulsory redundancies would be necessary, however full consideration would be given when reviewing any proposed redundancy arrangement, including the level of payments to be provided in order to ensure that this was the only and most cost effective option available.

Mr Gary Enright, Branch Secretary Unison, representing the collective trade unions responded to the report and highlighted their position in relation to the proposals outlined. Mr. Enright assured Members of the commitment of the trade unions to communicate, negotiate and build solid foundations during the difficult times ahead. However they were not prepared to negotiate around any cuts to pay or terms and conditions and were calling for no compulsory redundancies.

Mr Enright requested that Members consider calling for a review of zero hour contracts, agency and casual workers and the areas in which they were being deployed in order to identify the level of reliance upon these options. Members were urged not to consider a cap to the default retirement age as this would bring a collective legal challenge from the Trade Unions. In relation to the reduction to the mileage rate, Members were asked to carefully consider the financial impact on those affected, particularly low paid female workers. The Trade Unions proposed that Members consider a review of all expense payments be conducted and further options such as directorate specific capped expense budgets, more stringent budgetary planning, car share and greater use of video conferencing be explored before considering the proposed reduction. Members were also asked to reconsider the option put forward in relation to the purchase of annual leave, unions felt that take up by staff would be limited due to already stretched household budgets and furthermore might result in a negative perception from employees and impact staff morale.

Confirmation was given that any change to sickness benefit would be opposed by the Trade Unions, as would the option referenced in section 4.6.5 of the report in relation to outsourcing. However the proposed programme of asset rationalisation would be fully supported if it protected jobs and requested that Members consider bringing forward the proposals for the closure of Pontllanfraith House. In terms of 'cross matching' opportunities Members were asked to be mindful of potential indirect discrimination issues and Mr Enright requested further detail be provided on the implementation of this option before pursing the proposal. The Trade Unions would also support options 4.7.4 and 4.7.5 relating to flexible retirement and voluntary severance, however the revised Pension 2014 Regulations would need to be taken into account.

Finally Mr Enright confirmed the Trade Unions opposition to Compulsory Redundancies and asked that Members explore every other avenue before going down this route.

The Chair thanked Mr Hardacre and Mr Enright for their contributions and invited the Acting Director of Corporate Services to respond.

The Acting Director of Corporate Services clarified the areas of spend and the savings requirement that needed to be secured and confirmed that further more detailed reports would be brought forward during the first half of 2014/15. Assurances were given that any and all options would be explored and that nothing would be left off the table.

In relation to the reduction of the mileage allowances, Members were advised that other options were being considered including capping mileage payments for longer journeys, primary undertaken by higher paid Officers. Members were advised that although the asset rationalisation programme would provide some significant savings it would not of itself secure all the savings required and would not be deliverable during 2014/15.

Members were reminded that no decisions were being made at this stage, the proposals before Members represented the first step in the process providing Officers with a measure on Members opinions.

The Chair thanked all parties for their contributions and Members questions and comments were welcomed.

Members expressed concern with regard to any reduction to the mileage allowance, particular reference was made to home care and reablement services where access to a car was an essential element of the post. Members also referenced the loss of the essential car user allowance which directly facilitated the setting of the current 55p allowance and felt that any further reduction to this would unacceptable. Rather than capping mileage allowances for longer journeys Members requested that the use of a pool car or car share options be explored for out of county journeys. Members also requested an analysis of all expense costs in order to get a better understanding of the nature of the expenditure and the figures involved. Member's fully supported the agile work practices referenced within the report.

Members having discussed the issues, felt they could not support the introduction of a council set retirement age but agreed that full support should be provided to those seeking early or flexible retirement subject to any cost or service provision implications. Officers confirmed that any such requests would need to be supported by a robust business case.

The use of casual, agency and temporary staff was discussed at length including issues with regard to continuous service and other contractual implications for the Authority and Members requested their use be reviewed and a more detailed report submitted for their consideration. The Officer confirmed that this detail had been provided within the Workforce Development Report, however further information could be brought forward if appropriate or emailed out to Members if that was their preference. Members requested that a more in-depth report be presented for their consideration.

Members agreed that they could not support the general principle of outsourcing and any proposals to externalise specific services would need to considered on the basis of a detailed business case. A Member referenced the use of Social Enterprises as a possible service provision option for consideration and this was debated at length. Mr Enright was of the opinion that this was simply outsourcing by another name and this was immediately refuted by the Member concerned.

Members agreed that the level of detail presented was not adequate to afford them the opportunity for informed consultation but as this was the first step in the process welcomed the presentation of more in-depth information going forward.

Having fully discussed the report and the issues involved the Scrutiny Committee determined that it was unable to support the proposals in relation to the general principle of outsourcing, the reduction to the mileage allowance, the introduction of a council retirement age and any changes to sickness benefit.

With regard to other matters the Scrutiny Committee requested further detail on the use of casual/agency staff and an analysis of all expenses costs. The Scrutiny Committee determined that it could support the remaining recommendations subject to more detailed information.

The meeting closed at 19:40 p.m.

Approved as a correct record, and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 21st January 2014, they were signed by the Chairman.

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CHAIRMAN