

## **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.**

#### **ITEM 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 pursuing 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 be 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.