



POLICY AND RESOURCES SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON TUESDAY, 5TH AUGUST 2014 AT 5.30 P.M.

PRESENT:

Councillor H.W. David - Chair
Councillor S. Morgan - Vice Chair

Councillors:

Miss E. Forehead, J.E. Fussell, D.M. Gray, C. Hawker, Ms J.G. Jones, G. Kirby, A. Lewis, C.P. Mann, D. Rees, Mrs J. Summers

Cabinet Members:

Mrs C. Forehead (Cabinet Member for HR and Governance/Business Manager), Mrs B. Jones (Corporate Services)

Together with:

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), G. Hardacre (Head of Workforce and Organisation Development), J. Jones (Democratic Services Manager) and R. Barrett (Committee Services Officer)

Also present:

G. Enright (Unison Branch Secretary)

1. APOLOGIES

Apologies for absence were received from Councillors L. Binding, C.J. Cuss, R. Saralis and J. Taylor, together with Cabinet Member G. Jones (Housing).

2. DECLARATIONS OF INTEREST

Councillor Ms J. Jones declared an interest in Agenda Item 7(1) - Workforce Flexibilities. Details are minuted with the respective item.

Councillor Miss E. Forehead declared an interest in Agenda Item 7(2) - Six Month Progress update of Improvement Objectives - Caerphilly Passport Programme Update. Details are minuted with the respective item.

3. MINUTES – 27TH MAY 2014, 3RD JUNE 2014 AND 17TH JUNE 2014

RESOLVED that the minutes of the Policy and Resources Scrutiny Committee meetings held on 27th May 2014 (minute nos. 1 - 3, on page nos. 1 - 3), 3rd June 2014 (minute nos. 1 - 14, on page nos. 1 - 9) and 17th June 2014 (minute nos. 1 - 8, on page nos. 1 - 6) be approved as a correct record and signed by the Chair.

4. CALL-IN PROCEDURE

There had been no matters referred to the Scrutiny Committee in accordance with the call-in procedure.

5. CABINET REPORTS

There had been no requests for any of the Cabinet reports to be brought forward for discussion at the meeting.

6. REPORT OF THE CABINET MEMBERS

Councillor Mrs C. Forehead, Cabinet Member for HR and Governance/Business Manager, presented her report to the Committee and advised Members that the collective Trade Unions had recently balloted for industrial action as a result of the ongoing pay dispute. The first of a number of anticipated strike days took place on 10th July 2014.

The Authority recently received notification that Trade Unions have arranged for further industrial action to take place on 14th October 2014. Arrangements have been put in place to ensure that essential services are provided during the period of industrial action. Members were advised that they would be kept informed of any progress with regards to the pay dispute.

The Cabinet Member also advised that the Authority had recently received a press enquiry with regards to workforce flexibilities and the number of staff made redundant by the Authority over the past year, and was pleased to announce that with 4 voluntary redundancies and 1 compulsory redundancy made, the total number was very low.

Councillor Mrs B. Jones, Cabinet Member for Corporate Services, advised Members that work was currently being undertaken by Officers on the next stage of the public consultation exercise regarding the Medium Term Financial Plan.

Members raised a query regarding Caerphilly Council's annual Big Cheese event amidst rumours that it could be cancelled as part of savings relating to the Medium Term Financial Plan. The Cabinet Member replied that all savings options were currently up for discussion, and that whilst she was hopeful that the event would continue, it was dependant on the results of the public consultation exercise.

REPORTS OF OFFICERS

Consideration was given to the following reports.

7. WORKFORCE FLEXIBILITIES

Councillor Ms J. Jones declared a personal interest in this item, in that she has a family member who is employed by the Authority. Clarification was provided in regards to Members'

declarations of interests and as the interest was of a personal and not prejudicial nature, Councillor Jones was not required to leave the room during discussion of this item.

The Chair introduced the item and it was arranged that Gareth Hardacre, Head of Workforce and Organisational Development, would present the report, followed by a response from Gary Enright, Unison Branch Secretary, on behalf of the collective Trade Unions. Questions and discussion by Members on the schemes would then follow, prior to individual consideration of each of the report recommendations.

Mr Hardacre presented the report, which sought the view of Members on a range of schemes to allow workforce flexibility. It was explained that these schemes were being proposed in order to meet the challenges of the Medium Term Financial Plan (MTFP). Members were reminded that the financial predictions previously provided by the Welsh Government had significantly worsened, with the subsequent impact likely to be that the Council would need to downsize the workforce in greater numbers than previously estimated and within a shorter timescale.

It was explained that this situation presented a number of challenges and considerations for the Authority, including the reduction of the workforce in the most cost-effective way, delivering savings within realistic timelines, the cost of releasing staff versus savings achieved, the impact of such reductions on employee morale, and consideration of the Wales Audit Office and public views of severance payments and packages.

With the aid of a slide presentation, Mr Hardacre explained to Members the current workforce demographic, which showed that a significant proportion of the Authority's workforce were over the age of 55 (22% excluding school employees). He then outlined a number of initial options to increase savings within the workforce, many of which had already been utilised, including the review of agency workers, the review of fixed term contracts and the consideration of reductions to contract hours, the redesigning of service provision as employees leave, and cross-matching/redeployment measures. It was explained that whilst these measures had worked well as initial efficiency savings, the financial situation had worsened and subsequently more strategic measures were now required.

A number of options and related draft proposals were outlined to Members, including the existing 85 Year Application, the Early Retirement Scheme (previously considered by the Policy and Resources Scrutiny Committee on 3rd June 2014), a Flexible Retirement Scheme, Voluntary Severance Scheme and Redundancy Scheme (including both Voluntary and Compulsory Redundancy situations). During presentation of these options, the costs, benefit to employees, benefit to the Council, and considerations (including any associated risk) of each of the proposals were outlined to Members.

In summarising the schemes, Mr Hardacre stated that it was likely that a combination of measures would be required to achieve the required savings. He explained to Members the importance in considering the cost of such schemes to the Authority versus achievable savings, and the impact of the latter schemes on employment morale. It was explained that whilst introducing some of the strategies would be straightforward, other measures incorporated long-term strategies and that Members needed to be mindful of the need to deliver savings in a timely manner.

It was explained that the consultation process was ongoing with the Trade Unions and that further consultation would take place with them following recommendations from Members. Following this process, the final schemes would be drawn up and reported to Cabinet on 29th October 2014. The schemes would then be presented at Full Council and, subject to Members' approval of these schemes, the Greater Gwent (Torfaen) Pension Scheme would then require one month's notice to implement the relevant changes.

It was arranged for a copy of the presentation to be provided to Members.

Mr Gary Enright, Unison Branch Secretary, was then invited to respond to the report on behalf of the collective Trade Unions and to highlight their position regarding these proposals.

Mr Enright referred to the workforce demographics included in the presentation, in that the Trade Unions had requested data regarding the number of CCBC employees aged 60 and over (as opposed to 55 and over), and stated that it would be helpful for a further breakdown of the ages of staff within the workforce to be provided i.e. those aged 55-60, 60-65 and over 65. The Trade Unions were also seeking information on the number of employees that were eligible to retire under the 85 Year Rule.

Mr Enright made reference to paragraph 2.3 of the report, which outlined the recent Wales Audit Office review of severance packages and payments, and the duty of the Council as a public body to ensure that the severance arrangements and costs are proportionate and defensible against public scrutiny. Mr Enright asked Members to be mindful of this during their consideration of the proposals.

Members were advised that following extensive consultation, the Trade Unions were supportive of all the proposed schemes detailed within the report, with the exception of Compulsory Redundancies. However, there were a number of options and recommendations contained within the report where amendments were proposed by the Trade Unions and these were detailed therein by Mr Enright.

In relation to the proposals regarding Voluntary Severance, the Trade Unions favoured the offer of 60% of an employee's salary (as opposed to the 50% recommended in the report) in order to make the scheme more attractive, and proposed that this level be reviewed in a periodic manner. The Trade Unions supported the recommendation in principle to cap the voluntary severance payment at the top of the Hay Grade C scale. With regards to the Redundancy Scheme, the Trade Unions supported the revised wording within the scheme, and also supported consultation of a proposed review of the Redundancy Selection Criteria.

Mr Enright referred to the timeframes indicated within the proposals, with the Trade Unions proposing that the implementation date of the schemes be brought forward from 1st January 2015 to December 2014. The Trade Unions were in agreement that a 6 month period of flexible retirement was prudent, but highlighted several of the application processing times indicated within the schemes and proposed that they be reviewed and shortened.

Reference was made to paragraph 29 of the Draft Flexible Retirement Scheme detailing the payment of a loyalty bonus to former Rhymney Valley District Council employees. It was the view of the Trade Unions that this paragraph bore no relevance to the rest of the scheme and that it should be removed from the document.

In closing, and as indicated in the draft proposals and report recommendations, Mr Enright called for further discussions between the Trade Unions and CCBC Officers to finalise the details contained within the draft proposed schemes and to prepare them for implementation.

Detailed discussion followed regarding the report and the draft workforce flexibility schemes detailed within, with Officers and Mr Enright responding to Members' queries.

The possible impact of the Flexible and Early Retirement and Voluntary Severance Schemes on various Service Areas was queried, with it confirmed that Heads of Service would be required to complete a Business Case to demonstrate that the Service Area was able to accommodate such requests both operationally and financially. Such Business Cases would be applied to both those requests made by individual employees and groups of employees within a Service Area. Officers explained that a number of competency frameworks would be used in the assessment of these Business Cases.

Queries were raised regarding the information contained within the workforce demographics and Officers confirmed that it was possible that further cross-matching exercises regarding

this data would be carried out in the future. It was explained that the figure of 1754 employees over the age of 55 referred to a headcount of posts and not individuals in that some employees held multiple posts across the Authority, and therefore the actual number of individuals employed within the Authority was less than the figure presented in the demographics.

Discussion turned to the draft Flexible Retirement Scheme which detailed the payment of a loyalty bonus to former Rhymney Valley District Council employees upon leaving the Authority. It was confirmed by Officers that this related to an ever-decreasing band of employees (131 across the Authority) and represented minimal cost, with a maximum of £1000 added to the pensionable payment upon leaving the Authority. In addition, employees were only entitled to this payment in a 'no fault' situation, in that the payment would be waived in a number of circumstances, including if the individual left the Authority to work for another employer.

Officers advised that the reference to the loyalty payment be retained within the draft Flexible Retirement Scheme, as queries were regularly received from staff regarding this payment and it was important that the payment continued to be acknowledged within the Authority's corporate schemes.

Members queried the time limits relating to the proposed Flexible Retirement Scheme, and Officers confirmed that a period of 6 months was felt to be reasonable in view of the revised financial position of the Authority, in that a shorter retirement period equated to reduced cost to the Council. Members also queried the monetary impact to employees regarding the Flexible Retirement proposal to reduce an individual's salary by two grades without the need for a reduction in hours. Officers provided a number of scenarios as examples and clarified that the required reduction was a minimum of two grades, with the boundaries flexible dependant on the employee's substantive post and Service Area.

A query was raised regarding the reasoning for capping voluntary severance payments at the top of the Hay Grade C, with it confirmed by Officers that the payments needed to be cost-effective to the Authority in view of the required efficiency measures arising from the MTFP.

Members queried the methods by which these schemes would be introduced and Officers confirmed that this was dependent on the future situation relating to the MTFP, with a number of decisions due to be made in the autumn of 2014 to determine savings and efficiencies within individual service areas. It was explained that rather than a blanket introduction of all the schemes across the Authority, a review would take place to determine the appropriate schemes to be utilised within service areas affected by the outcomes of the MTFP.

The effectiveness of the proposed schemes in meeting the challenges of the MTFP was queried and Officers reiterated that this was subject to a number of decisions that had yet to be made, and that it was likely that a combination of measures would be required to achieve the required savings

Having fully discussed the report and the proposed workforce flexibility schemes, Members discussed and considered each of the report recommendations in turn.

An amendment to recommendation 9.1 of the report was moved and seconded, in that instead of 29th October 2014, the final schemes be reported to Cabinet as soon as reasonably possible. By a show of hands, this was unanimously agreed and the amendment was declared carried.

An amendment to recommendation 9.6 of the report was moved and seconded, in that the voluntary severance payment be 60% of an employee's salary with the cap set at the top of the Hay Grade C scale, and that this payment be reviewed in a periodic manner. By a show of hands, this was agreed by the majority present and the amendment was declared carried.

In accordance with Rule of Procedure 15.5, Councillor C.P. Mann wished it recorded that he had abstained from voting on this amendment.

Following discussion on the content of the report, and taking into account the amendments carried, it was moved and seconded that the following recommendations be referred to Cabinet for consideration. By a show of hands, these was unanimously agreed.

RECOMMENDED to Cabinet that:-

- (i) The final schemes be drawn up and reported to Cabinet as soon as reasonably possible;
- (ii) With regards to the Flexible Retirement Scheme, the reduction in hours be a minimum of 40% of the employee's contractual hours;
- (iii) With regards to the Flexible Retirement Scheme, there be a reduction of two grades without the need for a reduction in hours;
- (iv) The revised wording in the draft Redundancy Scheme be supported with regard to the payments to those employees who are over 60 and can access their pension at an unreduced rate, without a cost to the Authority;
- (v) Consultation with the Trade Union be supported to clarify their concerns with regard to the Redundancy Selection Criteria and negotiate an agreed criteria for reference to Cabinet;
- (vi) Officers consult with the Trade Unions and draw up options for alternative levels of payment for redundancy to support the MTFP.

In that the recommendations were taken individually, it was moved and seconded that the following recommendations be referred to Cabinet for consideration. By a show of hands, these were agreed by the majority present.

RECOMMENDED to Cabinet that:-

- (i) The recommendation for the period of flexible retirement be 6 months (with a 3 month extension in exceptional circumstances);
- (ii) The voluntary severance payment be 60% of an employee's salary with the cap set out at paragraph 4.25 of the report. In accordance with Rules of Procedure 15.5, Councillors C.P. Mann and J.E. Fussell wished it noted that they had abstained from voting on this recommendation;
- (iii) The voluntary severance payment be capped at the top of the Hay Grade C scale i.e. £53,533. In accordance with Rules of Procedure 15.5, Councillor J.E. Fussell wished it noted that he had abstained from voting on this recommendation.

8. 6-MONTH PROGRESS UPDATE OF IMPROVEMENT OBJECTIVES – CAERPHILLY PASSPORT PROGRAMME UPDATE

Councillor Miss E. Forehead declared a personal interest in this item, in that she has a family member who is employed within the Passport Programme. Clarification was provided in regards to Members' declarations of interests, and as the interest was of a personal and not prejudicial nature, Councillor Forehead was not required to leave the room during discussion of this item.

The report provided Members with an update of the Improvement Objectives relating to the Caerphilly Passport Programme, and also provided a wider Passport update in line with reporting requirements.

Members were informed that good progress is continuing with the Passport Programme, with a large number of positive outcomes and 559 young people referred into the scheme to date. 176 work placement opportunities were delivered as at 31st March 2014, together with the creation of 25 apprenticeship and 68 employment opportunities, which met or exceeded the targets set as part of the Improvement Objectives. When asked at their final review, all participants felt that the scheme had enabled them to become 'more work-ready'. Of those completing the scheme, 77% gained employment or returned to full-time education.

Members were informed that Wavehill Ltd is currently undertaking an independent evaluation of the programme, assessing the satisfaction levels of participants and employers involved with the scheme. The majority of feedback received to date has been positive, with only one employer issue raised regarding the paperwork involved in the scheme. The Passport Programme has also been selected for an ESF National Team Audit in Spring 2014, and all audits of the scheme to date in terms of paperwork and record-keeping have been completed successfully with just two minor issues picked up.

In terms of future challenges, Members were informed that the most significant would be to secure future funding for the Passport Programme. There is the possibility that there could be no funding available from January 2015 for up to 12 months, due to delays with the next round of European Social Fund (ESF) funding. It was hoped that the Passport Programme could be a part of the bigger regional activity for the 2015-20 ESF funding round

In regards to other challenges, a number of additional ESF placements had been secured from the Welsh Government and needed to be used by the end of September 2014. A number of Job Growth Wales placements have also been awarded to support young people living in Community First clusters. This allocation needs to be managed differently to the Passport Programme, but concerns have been raised by the Welsh Government that in doing so, there is a risk of treating participants within the two schemes differently, and Officers are currently assessing the best course of action to take.

A number of meetings have been held with other local authorities to explore the regional opportunities for Passport, with a draft paper for Torfaen and Blaenau Gwent produced to consider support for a Passport pilot in these areas. If this commences, additional Jobs Growth Wales placements will be requested for these projects. The model has also been cited as the case study for a section in the Welsh Government document on the Youth Engagement and Progression Framework.

Officers responded to Members' queries regards to the differing types of funding involved in the Passport Programme and the processes involved in the allocation of these funds. Members queried the possible funding shortfall due to the delays in ESF funding and it was confirmed that whilst difficult to differentiate between the funding pots due to a mixture of regulations, combined funding from the European Social Fund and Job Centre Plus totalled in the region of £400,000. Reference was made to the recent special Scrutiny meeting to discuss options relating to the Medium Term Financial Plan, including the discretionary budget of £485,000 cited in the report, with it confirmed that this amount was still factually correct. It was confirmed that the cost of the independent evaluation by Wavehill was included as part of the original funding for the Passport Programme.

Officers confirmed that they worked closely with other departments, including Communities First, in regard to monitoring the relationship and satisfaction levels between Passport Programme participants and external employers. It was arranged for a further breakdown of information regarding placements (such as occupation and residential location of participants) to be provided to Members.

Members were in agreement that the self-assessment of the success of the Passport Programme against the Improvement Objective was accurate, and noted the progress made to date.

9. REQUESTS FOR REPORTS TO BE INCLUDED ON THE NEXT AVAILABLE AGENDA

1. Councillor D. Rees requested a report on the feasibility of investing in Compulsory Purchase Orders of empty properties within CCBC, suggesting that apprenticeships could be created and re-sale profits of properties could assist in funding the MTFP shortfall. He advised that a similar scheme is already operated by Birmingham City Council.

10. INFORMATION ITEMS

The Committee noted the following items for information, full details of which were included within the Officers reports. There were no items brought forward for review.

- (1) Workforce Information Report;
- (2) Treasury Management and Capital Financing Prudential Indicators Outturn Report for 2013/14;
- (3) Fairtrade Products;
- (4) Discretionary Rate Relief Applications;
- (5) Caerphilly Local Service Board Minutes - 12th February 2014;
- (6) Pensions/Compensation Committee Minutes - 3rd June 2014;
- (7) Pensions/Compensation Committee Minutes - 1st July 2014;
- (8) Caerphilly Homes Task Group Minutes - 16th April 2014;
- (9) Caerphilly Homes Task Group Minutes - 22nd May 2014;
- (10) Policy and Resources Scrutiny Committee Forward Work Programme.

The meeting closed at 7.33 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 30th September 2014, they were signed by the Chair.

CHAIR