

EMPLOYMENT MATTERS COMMITTEE

16 SEPTEMBER 2010

BUDGET PROPOSALS AND IMPLICATIONS FOR STAFF

Report from: Neil Davies, Chief Executive

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Summary

This report covers the staffing issues in relation to the current in-year budget reductions and outlines progress since the Employment Matters Committee on 28 July 2010.

1. Budget and Policy Framework

1.1 The staffing implications of budget reductions are a matter for this committee, which can decide on the policies and processes supporting any changes in staffing.

2. Background

2.1 The announcements made in June 2010 by the Chancellor of the Exchequer in respect of the emergency budget reductions have resulted in mid-year reductions in Medway of £6m. The background to these budget reductions is contained in the Cabinet report of 29 June 2010 and, subsequently, in the Full Council report of 29 July 2010.

2.2 The Joint Consultative Committee of Elected Members and Trade Unions discussed the staffing reductions on 13 July 2010 and Employment Matters Committee on 28 July 2010 considered the staffing implications of making these budget reductions.

2.3 This report outlines progress on the consultation with Trades Unions and employees affected and the present position.

3. Consultation Process

3.1 The Chief Executive held an early consultation meeting with trade union representatives on 29 June 2010 prior to the publication of the budget proposals. In addition the Assistant Director, Organisational Services met the trade unions on 5 July 2010 at the commencement of the formal consultation.

3.2 Formal consultation commenced on 5 July 2010 and provided 30 days consultation. The individuals concerned were notified that they were at risk of

redundancy. The posts proposed for deletion or reduction are mainly those covered by the reduction in grant funding. However it was also necessary to identify some posts in other areas of service as some of the funding has been absorbed into the base budget. The original number of posts at risk were 50, although a further 4 posts were subsequently identified due to a more recent notification of the cessation of the Training Development Agency (TDA) grant which supported workforce development in schools (this was reported to Full Council on 29 July 2010). Individuals were also provided with the consultation documentation so that they were able to make individual representations if they wished to do so.

3.3 Service Managers and Assistant Directors met with the teams and individuals affected to outline the proposals and answer any questions. Individual meetings and team meetings continued throughout the consultation period.

3.4 The consultation process for the following areas ended on 4 August 2010:

- Communications, Performance and Partnerships
- Health and Safety
- Workforce Development
- Cashiers
- Revenues and Benefits
- Audit
- Teenage Pregnancy
- Extended Schools
- Children's University
- Supporting People
- Economic Development.

3.5 The consultation period for Schools Workforce Development Team ended on 13 August 2010.

3.6 The consultation period for School improvement (Consultants) does not end until 10 September 2010. A verbal update on progress will be given at the Committee on 16 September 2010.

3.7 In many areas it was possible to identify individual posts providing a service and therefore the post was proposed for deletion and there would be no selection for redundancy amongst a group of employees. In other areas, such as finance, and posts supporting primary and secondary strategy there is a proposed reduction in service and therefore it is necessary to carry out a selection for redundancy. These selections will be undertaken in accordance with the Council's reorganisation procedure and relevant staff and trade unions were consulted on the criteria for selection.

4. Consultation Outcomes

4.1 Consultation responses and alternative proposals (for the areas where consultation periods have ended) have been considered by the Directors, and in the case of Business Support by the Chief Executive. The Directors and the Chief Executive in line with our statutory obligations considered any issues arising from Diversity Impact Assessments in the case of all of the proposals where final decisions have been made.

4.2 No consultation responses or alternative proposals were received for the following areas:

- Workforce Development
- Revenues and Benefits
- Teenage Pregnancy
- Supporting People
- The area in Communications, Performance and Partnerships responsible for the Local Strategic Partnership.

4.2 Taking each remaining area in turn, set out below is a summary of comments and alternative proposals received from individual employees, team or trade union representatives and the decisions made by the relevant Director or Chief Executive, as appropriate, in each case.

4.3 **Communications, Performance and Partnerships – Bidding Unit**

A detailed response was received from an employee within the team with 5 options proposed. These were carefully considered by the Chief Executive and the relevant Assistant Director, who decided that one option might be financially viable. This related to the Unit becoming self-sufficient financially by obtaining funds to cover the costs of the Unit.

It was decided that the feasibility of this proposal be explored further during notice periods. Notice of redundancy has been given due to the need of the Council to make the revenue savings required and the Chief Executive and the Assistant Director will be meeting with the employee early in that notice period to understand what research has been done on the focus and likelihood of success for any bid, feedback from initial discussions with potential funders, and a detailed plan for successfully delivering this counter proposal.

The Council would like to do this as soon as possible, and certainly at the latest within two months. If following those discussions it appears that there is a good chance of success, the Council would negotiate with the 2 employees involved an extension to their notice period to give a reasonable time to work up and submit a bid and get a decision from funder(s). The Council would discuss timescales at that point, but, as the submission acknowledges, the Council requires certainty that it will not be bearing ongoing costs for the unit after the end of the financial year.

4.4 **Health & Safety**

UNISON submitted a response that the part time H&S Adviser should be considered to be “qualified” because the employee’s inability to become fully qualified was directly linked to the employee being female, part time, the age and the caring responsibilities. There were also concerns that the employee had been moved from Housing to Corporate H&S and that, had the employee not been moved, the employee would not have been at risk of redundancy.

These points were carefully considered by the Chief Executive and the relevant Assistant Director, who decided that with time the employee could achieve chartered membership but to do this would take at least 3 years and this was deemed to be too long. The assertion that there was any

discrimination relating to gender, part time status or caring responsibilities was considered but was not accepted. The Council needs to concentrate on providing high-level strategic advice to managers to enable them to manage their services in a safe way. Unfortunately it was decided that this level of advice cannot be provided by an officer who is part qualified. The employee had requested the move from Housing and this was accommodated. The work in Housing does not have the breadth and scope of the corporate roles and the comments from UNISON were therefore rejected.

4.5 Cashiers

The Team accepted the need for budget reductions but challenged the rationale behind removing one cashier post with a view to passing more telephone contacts to Customer First. There were concerns that this was a false economy as more resources would be required in Customer First.

These points were carefully considered by the Chief Executive and the relevant Assistant Director. It was decided that the response submitted was a considered analysis of the role and workloads, but it did not address the key issues nor did it suggest why the proposal would have an adverse effect upon service delivery. There are technology changes that may mitigate this and already Customer First take almost double the volume of payments than those by cashiers. The proposal was therefore rejected as a viable option.

4.6 Audit

The team submitted detailed comments and analysis covering workloads, the valuable work undertaken by the team and the inevitable impact on the amount of work that could be carried out if two posts were to be deleted.

The Chief Executive and the relevant Assistant Director carefully considered these points. It was acknowledged that the team undertake valuable work and that the reduction in posts will mean that there is an inevitability of a commensurate impact upon the number of investigations carried out. However, it was believed that the resources remaining would be sufficient to provide an acceptable level of service. It was decided that the financial imperative to achieve the savings required outweighed the points raised and therefore the original proposal would stand. It would be necessary to prioritise workloads and increase efficiency.

4.7 Extended Schools

UNISON and the team submitted detailed responses including the impact of the proposal on children and families and a submission that there was funding to maintain this service until the end of the financial year.

The Director carefully considered the points raised and accepted that time to develop cluster transition plans which detail the exit strategy at a local level for each cluster would be beneficial to the children and families involved. Flexibilities were identified in the funding stream to enable this service to continue until 31 March 2011. This extension of time would also make it possible for the local authority to commission schools to deliver this agenda.

4.8 Children's University

UNISON and the Project Officer submitted a detailed response and set of counter proposals for alternative ways of funding this project.

The Director carefully considered these submissions and each proposal for possible alternative funding was examined, but it was decided that at a time when significant savings were required, they could not be accepted as a viable and sustainable alternative for the programme.

4.9 Economic Development

The Town Centre Management Team submitted a number of alternative ways to achieve the level of savings required.

The Director carefully considered each point raised and agreed that some of the ideas were worth pursuing further. However, even if implemented, these would not achieve the level of savings required and therefore the original proposal would stand.

4.10 Schools Workforce Development Team

The Team submitted a counter proposal to continue funding three of the four posts within the team until 31 March 2011 from a combination of the Children's Workforce Development Grant and income earned by the team.

These proposals were carefully considered but later information on the further reduction to grants was received which made this option financially unviable. The proposal was therefore rejected.

5. Present Position

5.1 In the areas where individual posts are affected, notice of termination of services on the grounds of redundancy was given between 18 August and 26 August 2010. This involves 13 employees, 3 of whom have already been redeployed into suitable alternative posts and a further 2 have been matched to vacancies and are awaiting meetings with the prospective new manager in the near future. The areas where individual posts are affected are:

- Communications, Performance and Partnerships
- Health and Safety
- Workforce Development
- Children's University
- Supporting People
- Teenage Pregnancy
- Economic Development.

5.2 In the areas where selection for redundancy is required, the selection processes within the 3 teams in Finance are taking place between 6 September and 17 September 2010. These areas are:

- Cashiers
- Revenues and Benefits
- Audit.

5.3 For the School Improvement Team, the consultation period does not end until 10 September 2010.

5.4 In the light of the decisions taken in response to comments and counter proposals within Extended Schools, an extended period of notice of termination of services on the grounds of redundancy has been given until 31 March 2011.

6. Support For Staff

6.1 The Council recognises that this is an unsettling time for everyone and is making every effort to support staff. In addition to the individual meetings with managers the HR service is providing support for affected employees and wherever possible we will redeploy individuals into new roles. An independent organisation, Next Step has been engaged to provide guidance on CV writing, interviewing skills and career advice. Next step is funded by a Government initiative. Workshops took place in August and September 2010, and these included sessions on specialist financial advice.

6.2 The Council's employee assistance provider (Care First) provides a free counselling and information line 24/7, 365 days a year. The Care First information line is managed by Citizen Advice Bureau trained advisers and can offer advice on a wide range of issues, which affect daily life such as employment, benefits, housing, debt etc. Care First will also be providing a set of lunchtime learning sessions for managers in managing change. We also encourage staff to talk to their trade unions to ensure that they get the necessary support. Rev. David Helms, Industrial Chaplain will also be providing opportunities for staff to contact him for support.

6.3 There have been regular communications with all staff to keep them up-to-date with the budget proposals. The Chief Executive sends out regular e-mails and there have been articles in *The Headlines* (staff newsletter), a bespoke "Achieving Better for Less" website for communicating progress of the review to employees is to go live on 10 September. There is also an employee consultation email address where staff can make their comments, suggestions for saving money and ask questions. Line managers have been encouraged to brief staff on a regular basis.

7. Risk management

7.1 The risks in relation to these changes relate to both the services and staff involved. For the purposes of this report it is important to focus on the risk to staff. In addition to the personal implications for employees there are also some risks in losing highly valued skills. The proposal to review recruitment arrangements and redeploy individuals may go some way to mitigate these risks. In addition discussions will be held on increasing the flexibility of current staff to increase the ability for individuals to move around the authority where the need for services change.

8. Financial and legal implications

- 8.1 The full budget changes are outlined in the Council report of 29 July 2010 and the costs of any redundancies will be met from reserves. It should also be noted that there will only be a part year effect of any savings in staffing.
- 8.2 The proposed redundancies will be carried out in accordance with the Council's reorganisation procedure, and formal consultation with the trade unions and staff has taken place. The equalities implications of staffing changes are being closely monitored and an analysis of impact has already commenced. However as there are a number of teams where a selection for redundancy needs to take place it is not possible to confirm the implications until the selection is completed.
- 8.3 The Council must ensure that the process for any proposed redundancies complies with the required statutory obligations to inform and consult employees both collectively and individually under Section 188 of The Trade Union and Labour Relations (Consolidation) Act 1992. The Council is also under a duty to inform the secretary of state under Section 193 of the above Act about proposed redundancies.
- 8.4 The process adopted must be in accordance with the council's redundancy procedure and comply with the general principles of fairness to avoid the risk of unfair dismissal claims.

9. Recommendation

- 9.1 The Employment Matters Committee is asked to note:
- The outcomes of the consultation process.
 - The present position.
 - The support arrangements for staff.

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Background papers

Cabinet Report - Public Spending Reduction 29/06/10
Employment Matters Committee 28 July 2010
Council Report – 29 July 2010