

EAST HERTS COUNCIL

LOCAL JOINT PANEL – 28 JANUARY 2009

REPORT BY SECRETARY TO THE STAFF SIDE

5(A) STAFFING IMPLICATIONS OF THE COUNCIL'S BUDGET PROPOSALS -
EMPLOYEE CONSULTATION

'D' RECOMMENDATION – that (A) the Local Joint Panel include a formal process of budget consultation on staffing matters between the Staff and Employers' Side on an annual basis, before the Council meets to set the Revenue Budget in March; and

(B) the Council reiterates its commitment to retain staff skills and experience within East Herts Council and avoid compulsory redundancies.

1.0 Purpose/Summary of Report

1.1 This report highlights the main concerns of staff in relation to the budget proposals, in particular the £328,000 funding gap, entitled "Management actions to mitigate increased pressures". (See Appendix 'A', pages 5.5 - 5.33 - Consolidated Budget Report)

2.0 Contribution to the Council's Corporate Objectives

2.1 The budget setting process contributes particularly to the following corporate priority:

Fit for purpose, services fit for you

Deliver customer focused services by maintaining and developing a well managed and publicly accountable organization.

3.0 Background

3.1 The budget setting process currently includes a series of consultations to seek the views of key audiences and stakeholders on budgetary matters. However, these key audiences do not include employees of East Herts Council, despite the fact that they are directly affected by many of the proposals. The first indication that redundancies were being considered in order to help meet this gap

was when staff read about it on page 2 of the Observer on 8 January 2008.

- 3.2 Following a request by the Staff Side Secretary, union representatives met with the Interim Director of Internal Services and the Head of Human Resources on 20 January to discuss the budget issues.
- 3.3 It was agreed that a further meeting would take place with Unison and Human Resources at a later date in January in order to debate the issues further and to come up with a series of proposals for achieving savings on which UNISON could consult with union members.

4.0 Report

- 4.1 The Staff Side whilst recognizing the problem, wish to make it clear that if redundancies become necessary in the event of insufficient savings being achieved elsewhere, these should be on a voluntary basis only. There are many alternative ways of achieving savings and redundancies are not necessarily cost effective or in the best interests of an organization.
- 4.2 The CIPD see redundancies as a false economy and is urging employers to plan for recovery by retaining their people, rather than downsizing and risking long-term damage to their business. CIPD Chief Economist John Philpott stated that:

“Businesses are under huge pressure right now and restructuring is a fact of economic life that can never be ruled out. But while making people redundant can seem one of the most straightforward ways of cutting costs, redundancy is itself a significant cost to most organizations with a number of direct and indirect or hidden costs. This is particularly true if redundancies are an employer’s first resort in difficult times and have to be quickly reversed by renewed hiring when economic conditions improve.

“While the average direct cost to employers of making redundancies can reach £16,375, on top of this are hidden or indirect costs resulting from the effect of redundancy on survivor employees, such as higher labour turnover and a fall in staff productivity.

“This is likely to be a conservative estimate and provides a hard business case for why redundancies should be a last resort in the downturn. We urge employers to plan for recovery by investing in

and growing their people, rather than reducing their workforce.”

- 4.3 The Staff Side wish also to protect terms and conditions of employment that have been fought long and hard for over the years and want to avoid a panic reaction to the current economic downturn.
- 4.4 Some of the alternative measures that have already been considered and will be explored in more detail include the following:
- Voluntary reduction in hours
 - Reduction in overtime
 - Flexible/early retirement
 - Stop the use of temps/consultants (unless absolutely essential)
 - Encourage staff to take sabbaticals/career breaks or apply for outside secondments
 - Reduce car journeys between Hertford and Bishop’s Stortford
 - Re-introduce staff suggestion scheme with paid rewards for good staff savings
- 4.5 It must also be remembered that the above savings will be over and above the 3% efficiency savings already identified and the 5% staff turnover factor. As mentioned in paragraph 6.8 of Appendix ‘A’ (Pages 5.5 - 5.33), the Council has to date delivered well against the Gershon Review savings and is optimistic that these targets will be achieved.
- 4.6 Finally, with regard to the list of proposed savings at Appendix ‘B’, pages 5.34 - 5.39 (note B3), there is one measure which the Staff side would wish to have revisited. This is the proposed cessation of the floral displays at the Causeway and Wallfields. The displays were introduced in order to improve the air quality and increase humidity levels in the offices. There have been a number of health issues caused by the dry atmosphere, particularly in Bishop’s Stortford where the windows are sealed units. The Staff Side would not wish to exacerbate existing health problems by removing plant displays. For reference,
Air quality is mentioned in the HEALTH AND SAFETY (DISPLAY SCREEN EQUIPMENT) REGULATIONS 1992.
- 5.0 Consultation
- 5.1 It is important to remember that employees are not only interested parties when it comes to setting the budget, they also have a wealth

of knowledge and ideas that can be put to good use when seeking to achieve cost savings. Effective communication and consultation with employees are essential.

6.0 Legal Implications

6.1 Decisions regarding budget proposals with staffing implications must be made in accordance with employment contractual requirements.

7.0 Financial Implications

7.1 The Council's duty to balance the revenue budget is recognized.

8.0 Human Resource Implications

8.1 As detailed in the report.

Background Papers

None

Contact Officer: Jane Sharp – Staff side Secretary Ext. 2120

Report Author: Jane Sharp