

EAST HERTS COUNCIL

LOCAL JOINT PANEL – 18 MARCH 2009

REPORT BY SECRETARY TO THE EMPLOYER'S SIDE AND STAFF
SIDE

6A STAFF IMPLICATIONS ON THE MEDIUM TERM FINANCIAL PLAN

“ D” RECOMMENDATION - to note and comment upon the options put forward by Employer's side and Staff side to support the Medium Term Financial Plan

1.0 Purpose/Summary of Report

1.1 This report details the initial management actions to mitigate increased pressures in the Medium Term Financial Plan.

2.0 Contribution to the Council's Corporate Objectives

Fit for purpose, services fit for you

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

3.0 Background

3.1 The Medium Term Financial Plan for 2009/10 to 2012/13 has been produced. It provides a clear indication, expressed in financial terms of the significant challenges faced by the council over the four year period if it is to deliver its priorities in the medium term. The savings identified as 'management actions to mitigate increased pressures' have yet to be identified. The total saving required are £328k in 2009/10 rising to £1,043k by 2012/13.

3.2 An update on management actions to mitigate increased pressures was reported to The Executive on 10 February 2009. 'The budget 2009/10 contains a requirement to find £328K in 2009/10 from management actions in order to balance the budget. Work so far has identified possible savings of £124K.

3.2.1 This leaves a further £204K to be found. Areas being examined include:

- Further inefficiencies and challenges to pressures;

- Reduce the numbers of temporary/fixed term staff;
- Natural wastage and freezing of vacancies;
- Reviewing all vacant posts;
- Reviewing benefits;
- Selective ban on overtime;
- Consistent terms and conditions;
- Redeployment

3.2.2 In the event that insufficient savings are found from the above, redundancies will then be considered.

3.3 The Council's management team have reaffirmed their commitment to ensure that the Council takes all possible steps to avoid redundancies and, where potential redundancies become necessary for unavoidable business reasons, to keep the number of redundancies to a minimum. Alternative courses of action being looked at are:

- Establishment list to be reviewed and savings made;
- A selective ban be placed on recruitment dependant on business need;
- Temporary, fixed term staff and consultants to be reduced or a business case approved;
- Overtime to be limited;
- To explore options with staff in accordance with the Council's policies on reducing hours, career breaks, flexible retirement;
- To agree an early retirement policy;
- Create a flexible workforce, redeploying staff from non priority areas to priority areas;
- Review market supplements to establish whether they are still needed;
- To ensure claims and expenses are processed consistently throughout the Council;
- To review terms and conditions of employment;
- To encourage staff to identify saving ideas;

4.0 Report

4.1 Establishment List

4.1.1 The current Establishment list has been reviewed. It provides a breakdown of vacant posts by directorate and service areas. It also combines the analysis completed by Finance Support Services, which identifies service areas that have spare workforce hours or

balances from savings already offered up as part of the 2009/2010 budget process. The initial savings identified is £21,294.

4.1.2 Further reviews will be completed on the establishment throughout the business year to support the Medium Term Financial Plan.

4.2 Recruitment Freeze

4.2.1 A temporary ban has been placed on recruitment. This will include permanent, temporary, fixed term staff and consultants. This will be enforced as follows:

- Live posts that have been advertised, placed with an agency or at interview stage can proceed.
- Heads of Service (HOS) wishing to proceed with new recruitment will need to put a business case to Corporate Management Team (CMT) via Head of HR for approval.
- HOS are asked to review whether temps, consultants or fixed term staff should continue. HOS will be required to complete a business case for continuation.
- All vacancies will be advertised internally first, to encourage flexibility of staff, moving staff from non-priority to priority areas and reduce recruitment costs.
- In accordance with the Redeployment Policy before any external recruitment commences employees on the redeployment list would be considered.

4.2.2 Unison's comments: This should be monitored carefully to ensure that staff are not put under undue pressure and that service delivery doesn't suffer. There is also a need to agree the criteria for determining exactly where the priority areas are.

4.2.3 The Council has recently agreed a contract with Hertfordshire County Council (HCC) and Manpower for the provision of recruitment services. This will proceed with a launch date 1 April 2009 as it is recognised that this new partnership will drive out costs.

4.3 Overtime

A selective ban on overtime has been agreed and enforced. Overtime already agreed for 2008/2009 will be approved. A further review will be completed to understand the reasons for overtime and the costs incurred.

4.4 Flexible working options

The Council has a policy on flexible working options, which the Council will encourage staff to explore. As part of the C3W Programme staff have been completing 1:1 employee consultation forms. The consultation form used records whether staff are interested in exploring career breaks, secondments, flexible retirement and part time hours. This information will be explored by the HOS with staff, taking into consideration service needs and cost to the Council.

4.5 Early Retirement

The Council's Early Retirement Policy is based on a case by case basis and is not set out in a published statement. It is necessary to update the Council's Retirement Policy to comply with the LGPS that states Councils must set out their policy on early retirement in a published statement.

4.6 Flexible Workforce

- 4.6.1 The Council needs to create a flexible workforce to support the Customer Service Improvement and Business Improvement outcomes of the C3W programme. It is important that the Council utilises its current workforce and has the flexibility of moving staff from non priority to priority areas. This will support the Council's aim of taking necessary steps to avoid redundancies.
- 4.6.2 This can only be achieved by ensuring the Council invests and develops staff, encouraging staff to learn new and update current skills. This will create a greater capacity in the Council.
- 4.6.3 To support this flexibility staff will be encouraged to look at job opportunities in the Council and develop their skills and knowledge in discussion with their line manager at 1:1's and performance development review (PDR) meetings. All staff will have a PDR and a learning and development plan and the Council's workforce plan will be updated to support and encourage flexibility of workforce.

4.7 Review of benefits

- 4.7.1 It is important that the Council utilises its benefit scheme, in terms of balancing attracting and retaining staff and getting value for money and ensuring that the benefit scheme is fit for purpose.

- 4.7.2 It has been agreed, as part of the HR Service Plan, to complete a review on terms and conditions of employment, to identify whether costs can be driven out to support the Medium Term Financial Plan and to modernise pay systems to reflect new structures, new priorities and new ways of working. Ensuring value for money and to reinforce high performance including encouraging a total rewards approach.
- 4.7.3 Unison's comments: terms and conditions of service are based on NJC 'Green Book' terms. National terms and conditions apply unless there is a local agreement to vary these. Unison has made it clear that they will not agree to varying any local terms and conditions if this is to the detriment of employees.
- 4.7.4 A number of inconsistencies have been identified in the processing of claims and expenses. A review is to be completed to ensure consistency of understanding and application across the Council.
- 4.7.5 Unison supports a review of market supplements (e.g. planning and building control retention bonuses) to establish whether they are needed or not and to ensure claims and expenses are processed consistently throughout the Council.

4.8 Redundancies

- 4.8.1 The Council has a procedure for achieving organisational change which sets out the redundancy process. Should the Council need to proceed with this route then full consultation would need to be carried out with Unison and staff in accordance with the policy setting out:
- The reason for the proposed redundancies
 - The number of posts affected and the likely number of redundancies
 - The total number of similar posts within the Council
 - The selection criteria for redundancy (as agreed in the policy)
 - Skills
 - Experience
 - Work performance
 - Aptitude for work
 - Disciplinary record
 - Attendance record

- The proposed method of carrying out the dismissals having regard to the agreed procedure including the period over which the dismissals are to take effect (as agreed in the policy).
- The method of calculating the redundancy payments for redundant employees (as agreed at HR Committee December 2006)

4.8.2 At present as part of the C3W Programme, HOS are requested to consider the changes to their service to improve customer service and business efficiencies. Employee consultations have been carried out during Dec/Jan 08/09. This information will support HOS to make decisions on how their service will change. Part of this work will be to identify and drive out costs.

4.8.3 The C3W Change Management Toolkit details how HOS need to manage the change process including any redundancies. The Toolkit has been consulted on and approved with Unison. The Business Improvement process will also support HOS achieving efficiencies and driving out costs.

4.9 Voluntary Redundancy

4.9.1 The Council's policy on Achieving Organisational Change allows the option of voluntary redundancy to be considered. It states that 'part of the consultation process will be deciding if it is appropriate to seek voluntary redundancies. When making this decision points to consider are:

- Is the manager seeking a reduction in the number of staff;
- Retention of skills to deliver services;
- Organisational priorities (and the skills that are needed to deliver these);
- Cost of redundancy versus redeployment.

4.9.2 The policy continues 'applications for voluntary redundancy will only be approved if it is considered to be in the Council's interest. There will be no right of appeal against a decision not to grant an application for voluntary redundancy.'

4.9.3 The Council therefore has the flexibility to seek voluntary redundancies in the service areas it wishes to cut costs, with no obligation to accept applications. The decision as to whether or not to accept a particular application can depend on the Council's need to retain the types of knowledge and skills that are believed to be

essential to meet its future business aims, the need to retain a balance of people with different skills, and the overall situation at the time. Management's decision on whether or not to accept or reject any particular application would be final.

4.9.4 The Council will consider voluntary redundancy in accordance with the policy.

5.0 Consultation

5.1 This report has been prepared with Unison and full consultation has been carried out. Heads of Service have been consulted.

6.0 Legal Implications

6.1 Various issues will need to be considered as part of the employee consultation process. Effective communication with employees is essential to comply with Employment contractual requirements and best practice.

7.0 Financial Implications

7.1 As detailed in the report.

8.0 Human Resource Implications

8.1 As detailed in the report

9.0 Risk Management Implications

9.1 As detailed in the report

Background Papers

Consolidated Budget report – Probable Outturn 2008/09: Revenue Budget 2009/10 (Medium Term Financial Plan) 2009/10 to 2012/13

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