

PARTNERSHIP FOR CHANGE: REFORM AGENDA

REPORT OF THE CHIEF EXECUTIVE

AGENDA ITEM: 4

PORTFOLIO : CORPORATE SERVICES & PERFORMANCE (COUNCILLOR HINCHEY)

Reason for this Report

1. To provide Cabinet with an update on discussions with Trade Unions regarding corporate budget proposals for 2015 /16 and putting in place a negotiation framework to assist with the reform of council services.

Background

2. As part of discussions concerning implementation of the workforce package last year, a number of commitments for 2014/15 were made by Cabinet at its meeting on 16 January 2014, namely:
 - Protect the current corporate Voluntary Severance Scheme until 31 March 2015
 - Continue to work with the Trade Unions to avoid compulsory redundancies where possible
 - Protect Single Status Green Book Terms & Conditions for overtime, night working, shift allowances to remain as per 2012 Single Status Collective Agreement until 31 March 2015
 - Retain national terms & conditions for sick pay for 2014/15
 - Guarantee payment of any national pay award agreed for 2014/15 for the staff groups impacted
 - Undertake a review of the Corporate Voluntary Severance scheme and to implement from April 2015
 - Agree to further detailed talks to consider additional savings options for 2015/16 and to present these to Cabinet in September

Current Position

3. Whilst planning assumptions based on reducing employment costs were included in the Budget Strategy report to Cabinet in July 2014 and November's Cabinet Budget Consultation report, it has become increasingly clear that in the current climate these would be difficult to achieve should the Council wish to impact on current terms and conditions of employees' contracts of employment .

4. Whilst the Workforce Package is in place until 31 March 2015, more recent discussions with the Trade Unions have concluded that a longer term, sustainable approach needs to be in place in relation to any savings related to the Council's workforce. Although the Council has put a number of confidential options to the Trade Unions for consideration, the Trade Unions have reinforced their position that they are not prepared to negotiate detrimental changes to terms and conditions of employment for their members.

Partnership for Change

5. In recognition of this, more recent discussions with the Trade Unions have however resulted in a better, shared understanding of the current financial position and a willingness and commitment by both sides to work in partnership in order to achieve any future changes required. This approach is captured in the attached Appendix 1 which sets out the commitments of the Council and Trade Unions in working collaboratively together to address a programme of reform. This will include the cost and management of current working arrangements to ensure that in future they are fit for purpose for the management of a modern workforce
6. Based on the principles of partnership working, the Partnership for Change document attached outlines the challenges faced by the Council, public perception and scrutiny regarding expenditure, acknowledges the headcount reductions already achieved over the last 2 years, highlights the changes that the Council will necessarily need to go through as its role continues to evolve and change, and acknowledges that staff are an integral part of how those changes will be achieved.
7. Appendix 1 sets out a series of Council commitments which have emerged from discussions and include reinstatement of working hours from 1 April 2015, continued support for the Living Wage, protection of jobs where possible, adherence to national pay awards, protection of incremental progression, reduction in layers of management, etc.
8. Additionally, the Council is now also committing to extending new ways of working, retaining enhanced in-house service delivery where possible in terms of there being a business case to do so, establishing a Joint Partnership Board to support the programme for reform and organisational change. It was also agreed that the trade unions would join the council in making joint representations to Welsh Government to argue the case for sustainable and fully funded public services.
9. In terms of Partnership for Change, the future direction of the Council is to move towards a Total Reward approach. By focussing on pay, benefits, career development and work environment, the Council will be able to address current employee costs in a more creative and financially manageable way whilst highlighting the wide range of softer benefits available to employees already in place.

Employment Policy Issues

10. From 1 March 2015, the existing range of voluntary and flexible working arrangements relating to Sabbatical Leave, Voluntary reduction in hours, flexible retirement and home working will be more widely publicised in order that savings can be achieved from increasing their take up. There will also be a new Purchase of Additional Annual Leave Scheme (where staff can purchase up to 10 days additional annual leave) and proposals for this will be brought forward in the near future.
11. The current review of the Attendance & Wellbeing Policy will also be concluded and will now include a Health & Wellbeing Strategy to more actively support employees and to include achievement of the Welsh Government's Gold Corporate Health Standard.

Addressing the 2015/16 Funding Gap

12. As part of the Partnership for Change, it is proposed that the planning assumption of £5.75million will be found by a combination of measures including the following :
 - Revised Voluntary Severance scheme to be considered by Cabinet on 26 January 2015
 - Reduction in amount of Agency Spend
 - Introduction of Recruitment Freeze
 - Reduction in amount of Discretionary Overtime
 - Management De layering
 - Promotion of Voluntary schemes (as above)

The Trade Unions agree to work with the Council towards the achievement of these savings

2016/17 and beyond

13. The Trade Unions and Council have committed to embark on discussions and negotiations around a programme for Reform. These discussions would be concluded by 31 July and put to staff for implementation from 1 April 2016.

Reasons for Recommendations

14. The Partnership for Change agreed with the Trade Unions incorporates the approach required to address the 2015/16 planning assumption and sets out a future strategy to address Reform .as a way of achieving future savings required but importantly also ensuring that the cost and management of current working arrangements are fit for purpose for the management of a modern workforce.

HR Implications

15. The Partnership for Change sets out a range of commitments concerning employment matters which will need to be taken forward in

partnership with the Trade Unions. Proposals for a new Purchasing Annual Leave Policy will be brought forward in due course along with any final proposals for changes to the current Attendance & Wellbeing Policy. In this connection, proposals will be subject to the usual consultation arrangements prior to consideration by Cabinet. The programme of reform and change will be supported by a Total Reward Approach which will also need to be developed.

Legal Implications

16. Appendix 1 sets out a Memorandum of Understanding which is not in itself legally binding but provides both a declaration of intent by all parties and a framework for taking things forward

Financial Implications

17. The report sets out the conclusion of the negotiation with trade unions in respect of the budget planning assumption of £5.75 million from a reduction in employee costs. In the event the outcome of the negotiations has focused on achievement of a longer term approach to reform, the results of which will be implemented in April 2016. In order to bridge the gap for 2015/16 a series of more tactical savings have been agreed as set out in this report. The Council will also look to apply any benefit received in respect of its current application to Welsh Government for capitalisation amounts available for Local Government Service Reform to this issue and will also look to refine its calculations for estimated increases in employee costs in 2015/16

RECOMMENDATIONS

Cabinet is recommended to note the outcome of discussions with the Trade Unions and the commitments secured to work in partnership to achieve budget savings for 2015/16 and beyond.

PAUL ORDERS

CHIEF EXECUTIVE

20 January 2015

The following Appendix is attached:

Appendix 1: Partnership for Change. Reform Agenda

Partnership for Change

Reform Agenda - Memorandum of Understanding

The Council wishes to work with the Trade Unions in partnership on a programme for reform which both sides sign up to via a memorandum of understanding. The principles of this partnership with the trade unions would include the following proposal:

- The Council wishes to proceed on the basis of a deal which creates a level of certainty for staff, however the proposal needs to be affordable in the long term.

The Council and the trade unions will use best endeavours to ensure employment continuity. Change can be very unsettling for staff but as partners we agree to work in partnership.

The Trade Unions are not prepared to negotiate detrimental changes to their members terms and conditions of employment.

The context

The current economic crisis and the subsequent reduction in the Council's budget has resulted in unprecedented change and a significant reduction in jobs. This process has so far been successful in achieving significant savings over the last 2 years. However, this approach has also essentially been silo based and short term. The implementation of a workforce package for the current financial year has impacted on staff in terms of a reduction in pay from 1 August 2014 to 31 March 2015.

In this period, the Council has also reduced in size with headcount reductions in the last two years of circa 650 jobs. In future, our role is likely to change even more, and it is important that we have the ability to make this transition in a seamless and effective way. The Council recognises the dedication and talent of its staff to assist in this change.

It is also important that the Council is seen to be responsive and responsible in its role as a large employer in the city, whose expenditure is subject to public perception and scrutiny.

15 January 2015

The way forward

In light of the above, we need to implement a programme of reform which reflects the total benefits offered in working for the Council and articulates these in a clear, transparent manner.

Our approach is guided by the proposition that we want the right number of people, with the right set of skills, who want to work for us because they feel that they are paid fairly, treated with respect and supportively as individuals with needs and aspirations and are allowed to do their job in the best way for the City of Cardiff Council with the right tools and in a good environment.

The Council has already committed to:

- Protect the low paid - commitment to the **Living Wage**;
- Continue to commit to **National pay bargaining** (Annual Pay Award);
- Reinstate working hours to 37 hours (1 hour = 2.7%) from 1 April 2015;
- **Protect** as many **jobs** as is reasonable for as long as possible;
- Implementation of a Council-wide and consistent approach to **Pay and Reward**;
- **Protect incremental progression** based on satisfactory individual performance reviews;
- **Take account of national and regional policy** and regional trends in the context of local government;
- Review senior management structures to **reduce layers of management** to achieve a flatter more effective structure

Also the Council is committed to:

- **Extending New Ways of Working** across the Council. Reform of services with new ways of working e.g. mobile working technology. The use of technology is supporting the more efficient delivery of services and providing employees with increased flexibility to discharge their responsibilities and deliver services required. This will include providing relevant and timely training to employees impacted.
- Retain where possible **enhanced in house service delivery** arrangements and thereby retain jobs, knowledge, skills and know how within the Council
- Establishing a **Joint Partnership Board** to support the reform agenda and organisational change, including scrutiny and assessment of ideas
- Joint representation to Welsh Government on sustainable and fully funded public services

This programme for reform will be supported through a total reward approach. A total reward approach provides an opportunity to articulate the range of benefits the Council offers to employees that are beyond annual basic pay. In turn, this not only enables employees to look at the long-term value of working for the Council but can also be used as a tool to attract staff and retain them.

15 January 2015

A total reward approach would also enable us to address the current employee costs in a more creative and financially manageable way, whilst highlighting the wide range of softer benefits already in place.

There are four key components of a total rewards approach. These are:

- Pay – including base pay and enhancements;
- Benefits – including pension, holiday entitlement, terms and conditions, flexible and voluntary benefits, car parking;
- Career development – including learning opportunities, upskilling, job design, multi skilling, performance management, role specific training and development, trade union learning reps, Cardiff Council Academy;
- Work environment – organisation climate and culture, staff engagement, leadership, physical environment, work-life balance, corporate health standard.

As part of the programme for reform the Council wishes to continue discussions on the cost and management of working arrangements to ensure that the arrangements are fit for purpose for the management of a modern workforce.

From the 1 March 2015 the Council proposes to establish, support and publicise **voluntary** schemes and save money from the take up of such schemes.

1. **Purchase of annual leave (proposed new scheme)** - Maximum purchase of 10 days per year. Vacant hours not backfilled.
2. **Sabbatical Leave (existing)** - Three months to 2 years unpaid leave. Vacant hours not backfilled.
3. **Voluntary reduction in hours (existing)**- Offer on a temporary basis to maximise take up for a minimum of 12 months.
4. **Flexible Retirement (existing policy)**
5. **Home working (existing policy)**

The trade unions agree to actively support and promote such voluntary schemes to their members.

The trade unions agree to participate in a further review of the Attendance & Wellbeing policy as the Council is unlikely to achieve target of 9.0 FTE days lost per employee for 2014/15. Currently estimates at Q3 forecast an end of year target of approx.10 FTE days lost per employee. Part of this review will include Implementing a **Health & Wellbeing policy** to support employees – the Attendance & Wellbeing Policy contains a commitment to the principle of Wellbeing. As part of the current review of the A&W policy, in response to APSE recommendations and as an integral part of the future Workforce strategy, the Council will develop and implement strategies designed to better support employees including achieving Welsh Government's Gold Corporate Health Standard by 2016.

15 January 2015

The trade unions also agree to support the service improvement agenda.

2015/16

In terms of the funding gap of £5.75million a combination of the following is proposed

Revised Voluntary Severance scheme to be considered by Cabinet on 26 January 2015

Reduction in amount of Agency Spend

Introduction of Recruitment Freeze

Reduction in amount of Discretionary Overtime

Management Delaying

Promotion of Voluntary schemes (as above)

The Trade Unions agree to work with the Council towards the achievement of these savings.

Conclusion

The current financial situation is difficult for employees, the Trade Unions and the Council. The Council has reviewed in detail the Trade Unions' proposal in relation to finding the savings from non employment sources. However the alternative to a programme for reform can only mean a further reduction in jobs and also the opportunity of maintaining in-house services is jeopardised, This Agreement is a serious commitment from both the Council and the Trade Unions to engage with the programme for reform.

Both parties are committed to engaging in further negotiations.

The Trade Unions are not prepared to negotiate detrimental changes to their members terms and conditions of employment.

Discussions on this partnership for change would need to be completed by 31 July 2015 and proposals put to staff for implementation from 1 April 2016.

15 January 2015

Signed on behalf of the Trade Unions

GMB



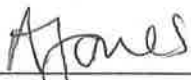
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Date 15/1/2015

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Andrea Jones

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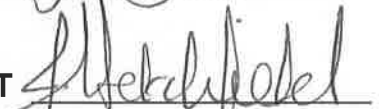
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ANGELA JARDINE.

Date 15/1/2015

NASUWT


Jane Setchfield

Date 15/1/2015

Signed on behalf of the Council



Date 15/1/2015

Cllr Phil Bale
Council Leader, City of Cardiff



Date 15/1/2015

Cllr Graham Hinchey
Cabinet Member for Corporate Services & Performance