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Councillor Graham Hinchey  
Cabinet Member for Corporate Services and Performance  
City of Cardiff Council  
County Hall  
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Dear Councillor Hinchey,

## **POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE 6 January 2015**

Thank you for attending this month's Policy Review and Performance Scrutiny Committee meeting. As Cabinet will be discussing the review of the Voluntary Severance Scheme in the very near future, I will deal with related issues first and write to you separately with regards to Organisational Development.

### **Voluntary Severance Scheme Review**

The Committee would like to thank you for seeking the Committee's view on a number of issues relating to the current Voluntary Severance Scheme. In terms of the points set out in officers' briefing paper, the Committee agreed that the Council should amend the Scheme in order to place greater restrictions on employees leaving with a severance package only to return to a different post within a short time period. Whilst we note that only a small number of officers – nine in the 2013/14 financial year – take such a course, we believe that where this occurs it has the potential to affect staff morale. It could also bring into question the Council's workforce planning, particularly if senior staff are released and then re-engaged. We would therefore recommend that a minimum term of 12 months before re-engagement should be set.

With regards to the use of settlement agreements, Members feel that there is justification for ceasing to use them on a routine basis, if Human Resources officers' advice is that the Council will be adequately protected from future claims.

Finally, Members do not wish to make a recommendation about the Scheme's provisions in terms of the multiplier of the Statutory Redundancy Scheme, the level of weekly pay or the number of weeks of service used for calculating severance payments. We did however note officers' comment that a balance needs to be struck between the future affordability of the scheme and the need to ensure that it remains attractive enough to bring forward volunteers.



## **Control of Employee Costs Scrutiny Research**

Thank you for remaining in the meeting to listen to the presentation of the research which the Committee commissioned into methods used in other local authorities to control employee costs. We commend the report to you. Given the planning assumptions which were put in place in the 2015/16 Budget Strategy to achieve up to £5.75 million of savings, the Committee felt that it was important for Members to understand what options are available to the Council to control this area of expenditure. To an extent, Members were reassured that Cardiff has already implemented many of the recommended practices highlighted by the research: acting to cut down sickness absence levels; reducing discretionary expenditure on travel; and moving to control agency spend and vacancies, for example. We also noted the Chief Executive's statement during an earlier item that a review of the current senior management structure is almost complete.

We recognise however that this leaves a limited number of options for achieving the required level of savings. Members were concerned that negotiations between the Council and Trade Unions were scheduled to take place a few days after we met. We understood that given this, it was not possible to put details of any potential Workforce Agreement into the public domain at our Committee meeting. However, while we note that you are hoping for a constructive dialogue, we would have hoped that negotiations would have progressed further by this point. We look forward to considering these matters further during our February budget meeting.

To sum up for ease, the Committee asks that the following points are addressed:

- The Committee recommends that employees allowed to leave on voluntary severance should not be re-employed for a period of 12 months;
- We recommend that settlement agreements should not be used on a routine basis henceforth, if officers' advice is that the Council will be adequately protected;
- We commend the Committee's research into Employee costs to you and look forward to considering the issues further in February.

Yours sincerely,



**COUNCILLOR NIGEL HOWELLS  
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Councillor Phil Bale, Leader of the City of Cardiff Council  
Paul Orders, Chief Executive  
Anna Freeman, WLGA  
Christine Salter, Corporate Director Resources  
Philip Lenz, Chief Human Resources Officer  
Cabinet Office  
Members of the Policy Review & Performance Scrutiny Committee