

EMPLOYMENT AND APPOINTMENTS COMMITTEE

Special Meeting on Thursday, 7 February 2013

Present: Councillor P Doughty (Chair)

Councillors G Davies AER Jones
P Davies P Kearney
JE Green AR McLachlan
M Johnston

59 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Councillors J Green, M Johnston and G Davies all declared disclosable non-pecuniary interests as they each had family members who worked for Wirral Council.

60 PROPOSAL TO CHANGE THE COUNCIL'S ENHANCED DISCRETIONARY SEVERANCE SCHEME

A report by the Chief Executive informed the Committee that the Council was facing a considerable financial challenge to reduce its net budget. The current position was that the Council was facing a budget deficit of approximately £109m over the next three years. The projected deficit for 2013/14 was currently £39m, with exception items at £38.4m, giving a total of £77.4m for 2013/14. Consequently, this would necessitate significant changes to the manner in which the Council conducted its business and this would impact on the Council's workforce.

The Council currently employed its workforce on national and local conditions of service. The local conditions of service were subject to local agreement through a collective agreement with recognised Trade Unions (NJC Recognition Agreement with Trade Unions). The Council had a legal obligation to consult with recognised Trade Unions and staff on options to reduce the cost of the workforce and so reduce the potential numbers of job losses. The requirements for consultation were laid out in the Trade Union and Labour Relations (Consolidation) Act 1992 (TULRCA).

As part of the consultation, the Council was required to consult on the terms of the Enhanced Discretionary Severance Scheme. Consultation in relation to the proposal to change the Council's Enhanced Discretionary Severance Scheme had begun on 12 November 2012. During this period of consultation, the Council had met with the recognised Trade Unions through a series of regular meetings, with the aim of seeking agreement and to consider the Trade Unions feedback in relation to the Council's budget shortfall for 2013/14.

All employees affected by the proposal to change the Council's Enhanced Discretionary Severance Scheme had received a letter on 23 November 2012. The letter had informed that the Council had opened consultation with the Trade Unions in relation to changing the current Scheme to a Scheme that was more affordable for the Council.

The Cabinet at its meeting on 7 February 2012 had received a report titled: Proposal to Change the Council's Enhanced Discretionary Severance Scheme. The report had provided the Cabinet with a range of options to change the Council's Enhanced Discretionary Severance Scheme, including an update on the consultation process in relation to this. The Cabinet had considered the options and the consultation feedback. It had considered that the Council's current Enhanced Discretionary Severance Scheme was unsustainable going forward and had made recommendations to the Employment and Appointments Committee to change it by applying a 1.8 multiplier instead of the 2.2 multiplier that was currently applied. (Minute No. 183 refers)

The Chief Executive introduced his report and informed that the Council had a duty to keep its Scheme under review and ensure that it was both practical and affordable. He advised that the application of the 2.2 multiplier was not practical or feasible. The Council would have to make deeper cuts to finance the current scheme, placing further pressure upon the Council's budget. Appended to the report were a range of options, with costs, for the Council's Enhanced Discretionary Severance Scheme – based on 10% and 15% of the workforce for Members' information.

The Chief Executive reported that there had been a number of meetings with the Trade Unions as part of the consultation process. The Department for Communities Local Government (DCLG) had been approached with regard to the Council being allowed to capitalise the statutory element of any redundancy costs that became payable. The DCLG was considering this matter but had given a positive indication that it may allow the Council to capitalise up to £5m. The Chief Executive however emphasised that a firm decision had not yet been made but he was optimistic of a positive outcome.

It was however still necessary for the Council to review and make a decision on its Enhanced Discretionary Severance Scheme as budget options could not fully be considered or implemented until a firm decision had been made. Delaying a decision on this would come at a cost to the Council and this would need to be balanced against the risk of not being granted permission by the DCLG to capitalise the statutory element of any redundancy costs. Moreover, potentially affected employees needed to understand what the financial implications could be to them. The Chief Executive informed the Committee that it was his view, and that of the S151 Officer, that it would be inappropriate for the Council to support an Enhanced Discretionary Severance Scheme that was above the statutory minimum.

Members asked a number of questions and Officers responded as appropriate. A discussion took place in relation to the recent history of the Enhanced Discretionary Severance Scheme and its application. The Committee noted that normally the DCLG would only allow Councils to capitalise the statutory element but the Council had made out a special case to the DCLG to capitalise both elements up to a total amount of £5m. This was because of the extreme difficulties and unprecedented position the Council had found its self in.

Councillor P Davies reported that in the circumstances the formula proposed at the Cabinet meeting was fair and allowed the Council to do what a good employer would do, consider its staff because they were an important resource and Members relied upon them to deliver the Council's services. A multiplier of 1.8 was reasonable and demonstrated that the Council was doing all that it could to avoid compulsory redundancies and minimise job losses.

Councillor M Johnston enquired about the consultation with the Trade Unions and the feedback received. Joe Taylor, Unison's branch secretary was invited to address the meeting to inform in respect of a question on what his members felt about the Cabinet's recommendation. Mr Taylor informed the Committee that adopting an Enhanced Discretionary Severance Scheme that involved applying a multiplier of 1.8 was considered a positive move. His membership appreciated the Council's financial situation and that as a consequence there would have to be a loss of posts but the provision of such a Scheme would encourage some employees to volunteer for redundancy and may, therefore, avoid compulsory redundancies. Mr Taylor informed that If the Committee decided to adopt the statutory Scheme Unison members would be balloted on strike action.

Councillor M Johnston questioned Officers about the position of those employees who had applied for voluntary severance or redundancy under the previous scheme. The Chief Executive reported that those members of staff who had volunteered for severance or redundancy previously and had been refused because they were in key posts etc. would have to reapply under the new Scheme if they still sought severance or redundancy. Members noted that it was not possible to revisit previous decisions.

Councillor J Green questioned Mr Taylor on the Trade Unions' views on compulsory redundancies. Mr Taylor informed that the adoption of the proposed new Enhanced Discretionary Severance Scheme was seen as a help. If there were to have been compulsory redundancies and the Statutory Scheme had been adopted Trade Union Members would have been balloted on strike action.

Councillor J Green told the Committee that he understood the desire to put in place an Enhanced Discretionary Severance Scheme and that in his view the present one using the 2.2 multiplier was unsustainable going forward and

should not have been reintroduced last year. He continued with that view in respect of the proposed new Scheme using the 1.8 multiplier given that the funding was not yet confirmed, his Group was unable to support this proposal.

It was noted that any new Enhanced Discretionary Severance Scheme that was adopted would be reviewed in December 2013.

The Chief Executive was unable to provide the figures in respect of the ongoing income of the proposed capitalisation but promised to do so in the next day or so.

RESOLVED: (on a majority vote of 6 for and 2 against)

That

- (1) this Administration is committed to avoiding compulsory redundancies as far as possible;**
- (2) in the light of the Council's extremely difficult financial position Cabinet cannot commit to discretionary costs without identifying where the funding will come from;**
- (3) discussions have taken place with the minister and senior officials from the Department of Communities and Local Government regarding how the cost of severance can be met. The Council has received indications that DCLG may support a £5 million capitalisation of severance costs. Any additional funding would require us to make further savings and possible job losses.**
- (4) the Cabinet notes the advice of the Chief Executive to limit the cost of severance to the level of a statutory uncapped scheme. Cabinet has also listened to representations from staff and the Trade Unions to operate a severance scheme which is as generous as possible in order to avoid compulsory redundancies;**
- (5) as part of this Administration's commitment to avoiding compulsory redundancies and in recognition of the commitment of our staff, Cabinet is proposing to maintain an enhanced severance scheme over and above the statutory minimum and also to maintain a scheme which is uncapped;**
- (6) the Cabinet would therefore recommend to the Employment and Appointments Committee, which meets on the 7th February 2013, that the Council's Enhanced Discretionary Severance Scheme should be as follows:**
 - (a) it will be based on the statutory scheme;**

(b) it will be subject to the following enhancements:

- (i) the weekly sum in the calculation will be uncapped;**
- (ii) the final sum of the statutory calculation (at an uncapped salary level) will be multiplied by 1.8 to a maximum of 54 weeks.**

(7) The Cabinet reaffirms its support for an enhanced severance scheme and believes that the proposal set out above is the maximum the Council can afford at this time. To go any further would, we believe, require additional cuts and additional job losses. The proposal set out above means that Wirral Council will still have one of the most generous local government severance schemes in Merseyside and the North West.

(8) as part of our requirements under the Regulations to operate a severance scheme that is 'workable, affordable and reasonable having regard to the foreseeable costs', Cabinet further recommends that a review of the scheme proposed above takes place in December 2013.

61 ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1) - PROPOSED SPECIAL MEETING ON 18 FEBRUARY 2013

The Committee was asked to consider calling a Special meeting on 18 February 2013 to consider and make decisions on employees' terms and conditions of service.

RESOLVED:

That no Special meeting of the Committee be called for 18 February 2013 and instead a report be presented to the Budget Cabinet meeting scheduled for 18 February 2013, for debate and determination which will form a recommendation to the Council.