

	<p>General Functions Committee</p> <p>03 December 2014</p>
<p style="text-align: right;">Title</p>	<p>Business Planning 2015/16 - 2019/20</p>
<p style="text-align: right;">Report of</p>	<p>Chief Operating Officer Director for Human Resources</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A – Cover Report for the Policy and Resources Committee (2 December 2014) Appendix B – Commissioning Plans Appendix C – Medium Term Financial Strategy Appendix D – Budget savings 2015 – 2020 Appendix E – Capital programme additions Appendix F – Transformation programme Appendix G – Write offs Appendix H – Review of reserves</p>
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<p>Summary</p>
<p>This report asks the General Functions Committee to note the impact of the decisions of the Policy and Resources Committee (subject to any amendments by the Committee) of the 2 December 2014; and to note the actions to be taken by chief officers under Delegated Powers to implement the decision of the Policy and Resources Committee. The proposals will result in the net reduction in workforce numbers (FTE) to discharge the Council's functions.</p> <p>The Committee are also being advised of actions taken during 2014/15 in anticipation of budget allocations for 2015/16 where full year savings are required to meet budget allocations.</p>

Recommendations

That General Functions Committee:

- 1. Note the decisions of the Policy and Resources Committee 02 December 2014 and the impact of staffing numbers.**
- 2. Adjust the Council's workforce establishment in 2015/16 to reflect the proposals agreed by the Policy & Resources Committee and delegate to officers the necessary actions to implement these proposals (subject to functions and decisions reserved to Full Council or the General Functions Committee in respect of terms and conditions of employment). The proposed reduction is set out in Section 6 of this report.**
- 3. Note the requirements for statutory consultation and collective bargaining where there are changes proposed to terms and conditions potential impacts on individual roles or groups of staff.**
- 4. To note the impact on performance, staff and equalities as set out in section 6,7, 9 and 10 of the report (Appendix A).**

1. WHY THIS REPORT IS NEEDED

- 1.1 The annual business planning cycle enables Members to set the strategic direction of the Council. As part of this, the Council's theme Committees have been reviewing commissioning intentions and options to ensure the Council operates within the resources it has, as set out in the Medium Term Financial Strategy.
- 1.2 Prior to Full Council setting the budget for 2015/16, the General Functions Committee is being appraised of the total impact of the proposals on the workforce as the Committee with responsibility for 'staff matters' (Section 15, Council Constitution). In this case, staff matters includes proposed changes to the overall establishment of the Council through reductions in the workforce that may lead to redundancies, transfer of employees to other employees (TUPE transfers) or reorganisation of functions, including staffing. Such changes being made with regard to the Council's obligations under statute, contract our HR Regulations to ensure full consultation with employee representatives (trade unions) and with the workforce at the appropriate time.
- 1.3 Before entering into consultation with trade unions and employees, the General Functions Committee are being advised of the proposals.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The Council is legally obliged to set a budget each year that must balance service expenditure against available resources. Resulting from these proposals are proposed changes to terms and conditions and staffing numbers requiring consultation and implementation at a later date.

4. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 4.1 Appendix A sets out a range of options across the Council's remit to meet the budget challenge. This includes proposals for workforce savings, as well as generating income from new business. Alternatives to this could include more significant cuts to services the Council provides, but these are not included in this report.
- 4.2 The Council is already reducing the use of agency staffing as a means of controlling workforce costs. We have considered reducing agency usage further however it is not recommended to be taken forward as a specific proposal as agency staffing reductions do not always result in revenue savings; agency posts are useful when seeking to avoid redundancies by prioritising employees into posts filled by temporary employees. Agency workers can provide a flexible workforce at a time of significant change.
- 4.3 The Council has in place a redeployment pool to mitigate and avoid the cost and impact of redundancies. Potential redundancies are identified through service specific consultation with trade unions and employees. The Council could issue a single consultation at this point, although this is not recommended given the breadth and timetabling of the proposals. Additionally, to ensure meaningful consultation is undertaken, detailed proposals would be required.
- 4.4 Consideration has been given to retaining services in-house. As part of the theme Committees' work for alternative delivery models, in-house provision will continue to be considered next to other options for service provision.

5. POST DECISION IMPLEMENTATION

- 5.1 Following the decision of the Committee to amend the establishment, officers will consult with trade unions and employees about the budget proposals. At the same time, in preparation for Council approval of the budgets, where there is a lead in time to achieve full-year savings, officers will undertake work under delegated powers to consult with staff and trade unions on specific proposals for implementation from the 1st April 2015.

6. IMPLICATIONS OF DECISION

6.1 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

6.1.1 As a result of the decision, the reduction in staffing establishment will reduce the resources allocated to the Council's establishment.

6.2 Revenue

6.2.1 The MTFS (**Appendix C**) sets out the £73.5m savings target for the Council based on a number of assumptions. This includes the pay award agreed by the national Joint Negotiating Committees for local government employees, teachers and staff on other terms and conditions of employment. It should be noted that the recently agreed pay award for local government workers is greater than the assumptions

6.2.2 The revenue budget proposals plan (**Appendix D**) will enable the Council to meet its £73.5m savings target as set out in the MTFS (**Appendix C**).

6.3 Capital

6.3.1 There are no direct implications on the capital budget for staffing matters arising from the budget proposals for 2015/16.

6.4 Staffing

6.4.1 The budget proposals in this report will have an impact on staffing across the organisation and a reduction in the Council's establishment. A number of budget proposals will result in a reduction in posts in the organisation. For 2015/16, this impact is set out in **Appendix E** to the report, and is summarised as follows:

	FTE reduction
Adults and Communities	6
Family Services	28
Streetscene	29
Commissioning Group	4
Total	67

6.4.2 The savings in **Family Services** related to proposals previously agreed by the General Functions Committee to achieve full-year savings in 2015/16.

Consultation with employees and trade unions has been completed, including the extended period agreed by this Committee for further representations relating to the 'virtual school' proposals. We are now in the process of preparing for the implementation of the proposals with effect from the 1st April 2015. As part of this, there is expected to be between 20 and 40 employees placed at risk of redundancy.

- 6.4.3 In addition to the above, other functions within **Family Services** and **Education and Skills** will be subject to review and consultation including proposals for changes to nursery provision and early years settings. Additionally, the Council is currently consulting residents and employees about the future operating model for library services that may have implications for staffing structures within the service. These proposals are likely to be implemented in 2016/17, with a substantial amount of work and preparation, including consultation, in 2015/16.
- 6.4.4 The Council is has been consulting with residents and other stakeholders, about proposals for alternative models of delivery for functions within the **Education and Skills** delivery unit. This includes school support services, improvement, network inspectors, catering and other services. The public consultation is expected to close on 1st December 2014. Initial proposals have included a joint-venture, outsourcing to an external provider, social enterprise (or partnership with schools). As a result of early views provided by trade unions, we are also now considering the option of in-house provision. The specific proposals and future operating model will require consultation with employees and trade unions.
- 6.4.5 **Adults and Community Services** are reviewing administrative, clerical and support functions to further improve the delivery unit efficiencies and performance. Specific proposals and consultation will take place prior to 1st April 2015, to allow for full year savings.
- 6.4.6 The **Commissioning Group**, including functions for commissioning, assurance, financial strategy, commercial and customer strategy and the Council's policy and strategy has already completed the reorganisation and reduction of senior management positions (and the associated administrative support functions) and is now in a transitional phase prior to the go-live date of 1st April 2015, in order to deliver full-year savings for 2015/16. We have now started the initial phase of 'strengthening commissioning' through reviewing commissioning functions across the Council. This will result in movement of posts from delivery units in to the Commissioning Group. At this stage there are no proposals for structural changes although it is anticipated that this will be required.

- 6.4.7 **Streetscene** Services will consult on proposals for savings in 2015/16 relating to street services through route optimisation and changes in how services are delivered. At the same time, waste and recycling services will be consulting on the introduction of harmonised structures and management arrangements.
- 6.4.8 **Council-wide** proposals for a reduction in the overall cost of terms and conditions through a review of enhancements, pay protection, incremental progression and occupational schemes (such as sickness, parental leave) are currently being negotiated with trade unions. There is no proposal to reduce basic pay, although the introduction of a new pay and grading model will impact some employees, for which the Council will be consulting with trade unions on how to support employees detrimentally affected by the proposals.
- 6.4.9 For 2015/16, consultation with staff will take place in accordance with the Council's HR Regulations and policies. As part of this, trade unions will receive the Council's budget proposals (Appendices B to H) and will be asked to meet with senior managers of the Council. We are also currently in negotiation with trade unions about the terms and conditions savings.
- 6.4.10 For proposals affecting teams within individual delivery units, consultations will take place at a local level with employees and trade unions, normally for a period of between 30 and 45 days. For restructures affecting 20 or more employees, the outcome of the consultation and the recommended structures will be put to the General Functions Committee for approval.
- 6.4.11 Proposals once determined could potentially have workforce implications which may result in redundancies. The Council will seek to mitigate redundancies through the redeployment process and a reduction in agency usage. Any substantial changes are subject to consultation as guided by Council's Managing Organisational Change Policy and will be subject to consultation with employees and trade unions and equality impact assessments before implementation.

7 Legal and Constitutional References

- 7.1.1 All proposals emerging from the business planning process must be considered in terms of the Council's legal powers and obligations, including its overarching statutory duties such as the Public Sector Equality Duty.
- 7.1.2 Functions relating to staffing matters are set out in Section 15 (Responsibilities for Functions) of the Council Constitution. Functions delegated to officers are set out in the HR Regulations of the Council Constitution.

- 7.1.3 Any decision made should be made after appropriate consultation and consideration of equality impacts.
- 7.1.4 Decision makers should have due regard to the public sector duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. Consideration of the duties should proceed the decision. It is important that decision makers have regard to the statutory grounds in the light of all available material.

Consultation

- 7.1.5 There will be staff consultation about these proposals in compliance with s188 of the Trade Union & Labour Relations (Consolidation) Act 1992. The Council may be required to publish a statutory notice to the Secretary of State and undertake consultation should we reach the minimum thresholds for potential redundancies resulting from these proposals.
- 7.1.6 The Council has in place a Managing Organisational Change Policy to guide it in consultation with employees and trade unions for proposals relating to the organisation of functions (including job functions and structures).
- 7.1.7 Where proposals affect the terms and conditions of employees, the Council has in place collective bargaining mechanisms with recognised trade unions for the purposes of negotiation.
- 7.1.8 The Council is required to consult and provide information to trade unions where there is a potential transfer of employees from the Council to another employer.

Public Sector Equality Duty

- 7.1.9 The general duty on public bodies is set out in section 149 of the Act.
- 7.1.10 A public authority must, in the exercise of its functions, have due regard to the need to:
- (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.1.11 Having due regard to the need to advance equality of opportunity between

persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and
- (c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

7.1.12 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

7.1.13 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, the need to:

- (a) Tackle prejudice, and
- (b) Promote understanding.

7.1.14 Compliance with the duties in this section may involve treating some persons more favourably than others but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

7.1.15 The relevant protected characteristics are:

- Age;
- Disability;
- Gender reassignment;
- Pregnancy and maternity;
- Race;
- Religion or belief;
- Sex; and
- Sexual orientation.

7.1.16 It also covers marriage and civil partnership with regard to eliminating discrimination.

7.1.17 Through the consultation with employees and trade unions, the Council will provide an Equalities Assessment. Changes proposed should support the objectives of the Council through proportionate and legitimate means.

8 Risk Management

8.1 There is a risk that the savings and efficiencies proposed for the 2015/16 are not delivered either on –time or through changes to proposals. To manage this risk,

each delivery unit is responsible for ensure meaningful consultation is undertaken to explain the objectives, the impact and to seek views from employees and trade unions on alternatives to the proposals to achieve savings.

8.2 There is a risk of legal challenge or dispute should the Council not undertake consultation at the appropriate point or for a reasonable length of time. The Council has in place a Managing Organisational Change Policy that provides guidance to avoid such challenge.

8.3 Through the Council's employee relations mechanisms, we seek to avoid dispute through regular local meetings between trade unions and senior managers. There is also a regular monthly meeting between trade unions and the HR Director. Should matters reach a potential dispute, the Council's People Management Group (PMG) and the General Functions Committee are points of escalation. Through such mechanisms we seek to avoid disputes and challenge.

9 Equalities and Diversity

9.1.1 The Council will undertake an Equality Assessment when entering into each consultation. The impact assessment will take place:

9.1.1.1 At the start of consultation, as part of the local consultation documents

9.1.1.2 At the end of consultation, prior to publishing final proposals.

10 CONSULTATION AND ENGAGEMENT

10.1.1 The Council has recently been improving internal communication and engagement with employees and proposed changes affecting the Council, functions of the Council or their specific area.

10.1.2 Our duty is to consult with employee representatives (trade unions) in compliance with s188 of the Trade Union & Labour Relations (Consolidation) Act 1992. Collective consultation with the trade unions, and directly with employees, will take place following decisions by the Policy & Resources Committee and the General Functions Committee in the first week of December 2014.

10.1.3 Consultation will take the form of the provision of the full set of documents made available to the Committee today, staffing data including vacancy reporting, agency usage and turnover. A meeting will be convened with trade unions to receive representations, comments and a formal response before the end of January 2015.

11 BACKGROUND PAPERS

Relevant previous decisions are indicated in the table below.

Item	Decision	Link
Corporate Plan priorities and Medium Term Financial Strategy 2015-16 – June 2014	To approve 5 year Commissioning Plan and, proposals for meeting financial targets set out in the Medium Term Financial Strategy (MTFS)	http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=7360
Finance and Business Planning – Capital Programme and Review of Reserves	Agree the process for theme Committees to review the capital programme and the development of capital programme priorities for the period 2015-20. Agree the process for the review revenue reserves which will come back to this committee in December 2014	http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=8075
Education and Skills – Future Delivery of Services	Children, Education, Libraries and Safeguarding Committee note that the draft outline business case will be referred to the Policy and Resources Committee for approval of the consideration to set up a separate legal entity to deliver education and skills services	http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?AllId=7861

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