

Employees' Consultative Forum

Minutes

11 January 2023

Present:

Chair: Mr D Searles

Councillors: David Ashton
Susan Hall
Graham Henson
Paul Osborn
Mina Parmar
David Perry
Natasha Proctor

Teacher Ms M Lambie - NEU

Representatives:
Unison Ms S Haynes Mr J Royle

Representatives:

GMB Ms P Belgrave
Representative: Ms A Jones

Absent: Anne Lyons

Recommended Item

9. Draft Revenue Budget 2023/24 and Medium-Term Financial Strategy 2023/24 to 2025/26

The Forum received a report of the Director of Finance and Assurance which set out the draft revenue budget for 2023/24 and draft Medium Term Financial Strategy (MTFS) for 2023/24 to 2025/26 and had been considered by Cabinet on 8 December 2022. The budget and MTFS would be submitted to Cabinet in February 2023 for approval and recommendation to Council.

The Portfolio Holder for Finance and Human Resources introduced the report which showed a budget gap of £10.923m for 2023/24, a balanced budget position for 2024/25 and a budget gap of £10.964m for 2025/26. The indicative Local Government Financial Settlement that had been announced on 19 December 2022 had been substantially worse than expected and the objective was now to optimise the resilience of the Council moving forward and to minimise the use of reserves. The Portfolio Holder explained that the challenge was that most of the Council's resources were from Council Tax and that whilst the Council would like to reduce Council Tax this was not currently practical and, taking advantage of the new flexibility, it was proposed to increase it by 4.99% in 2023/24.

The Portfolio Holder advised the Forum that another challenge in the budget was that the inflationary expectations had been set in February 2022 but had been much higher than had been anticipated. The draft budget before the Forum contained reasonable assumptions in terms of salaries moving forward. Whilst it been difficult to prepare the draft budget for the next financial year, he advised that it would even more challenging in years 2 and 3.

In response to a question from a Unison representative in relation to the £10m shortfall in the budget and service standards for residents, the Portfolio Holder advised that he hoped that they would not be impacted but that there was a delicate balance. One of the Council's priorities was to put residents first and therefore improve services.

The representative of Unison questioned the impact on staffing levels and the potential programme for redundancies and restructures and was advised that there was currently no programme. The Portfolio Holder advised that approximately 23% of the Council's staff were agency which was costly. His preference was to have permanent staff in posts which would encourage loyalty both ways. In response to a question in relation to long term agency staff and whether they would be offered permanent jobs, the Forum was advised that this would be subject to a number of factors but jobs would be offered if appropriate.

The Leader of the Council advised that the Administration was considering the senior management structure in terms of the spans of control and reducing duplication with a view to making savings. There were, in his view, too many layers at the top of the organisation. He added that he was also keen to have an apprenticeship programme and that it had been disappointing to have returned funding allocated for the apprenticeship levy.

Further to the comments made by the Portfolio Holder and Leader of the Council, the Chief Executive explained that the workforce was a major cost hence his intention to review and restructure the Council's management structure commencing in February 2023. The current cost of agency staff was £30m but that it should be possible to reduce this through the 'churn' of staff in the organisation. In addition, the development of a workforce strategy and the appraisal process would lead to employees being better looked after. Training and development would also be part of this work as the Council had an aging workforce and it was necessary to commence planning for the next

generation. The Chief Executive advised that, whilst not totally comparable, the apprenticeship scheme at his previous Authority had paid for itself as the levy had met the costs of the training and the organisation's establishment had met other costs. The retention rate had been 97-98% of apprentices and this had resulted in a change in both the face and the dynamic of the Council.

A representative of the GMB questioned whether the proposal to reduce the costs of the managerial level by 10% was still on the table, secondly, if the freeze on recruitment before hiring would continue and also require the approval of the Chief Executive before recruitment could commence and also whether the Chief Executive still believed that the reduction at managerial level could be done via natural wastage. The Chief Executive responded that the recruitment freeze remained in place and, subject to Council approval, the 10% reduction was proposed but that there would be some natural wastage. He was aware however that there may be unintended consequences on some individuals. The process for sign off for recruitment to specific roles would continue to be via the Director, Section 151 Officer and Chief Executive.

In response to a question as to whether consideration was being given to the outsourcing of Council services, the Chief Executive stated that whilst currently there were no plans it was important to keep services modern and improving. The Leader of the Council added that from the Administration's perspective there were no plans to outsource and that his experience of outsourcing was not positive. The Council had a challenging budget situation but he was optimistic that the existing workforce would help to deliver a balanced budget. The Portfolio Holder advised that in terms of service delivery, the best options would need to be considered and that out sourcing could not be ruled out.

Representatives of Unison questioned where the 10% reduction in the managerial level would be taken from and the Chief Executive advised that work with Directors was underway and that there were numerous interim post holders in leadership positions. This work would include revisiting all D and M grades. A representative of Unison challenged that the redundancy of senior graded officers would come at a cost and savings might not be seen for several years. The Chief Executive explained that the size and composition of the leadership cohort needed to be correct and result in an effective Council. The Leader added that it was a 3 year budget and he wanted to get ahead in the process and to give staff some certainty/ stability.

In response to a question as to whether an improved settlement from government could be achieved as it had historically been low, the Leader of the Council advised that whilst the Administration would try he did not envisage local government funding increasing, particularly in London. Union representatives and Council side representatives acknowledged the financial pressures on residents and that some may struggle to pay their Council Tax. It was noted that the Council had a 98% Council Tax collection rate and that Council Tax Support Scheme was available to some residents, although some may fall just outside the threshold for assistance which would prove challenging for those affected.

A Member stated that whilst he and his colleagues had had the opportunity to consider the draft budget and would be asking questions at both Cabinet and Council there were currently large gaps and the 10% reduction in managerial staffing would not meet this shortfall. In his view, the detail of the budget would impact on staff but he acknowledged that the Leader of the Council had offered to speak to the Overview and Scrutiny Committee once the detailed budget was available. The Leader confirmed that he was happy to have a further discussion with both Scrutiny Members and the Unions on the final proposals and that he was keen to work together and to listen to the workforce about savings suggestions. The Portfolio Holder endorsed this sentiment and also encouraged union colleagues to attend the Pension Fund Committee as the discussions impacted on staff.

Resolved to RECOMMEND: (to Cabinet)

That report be noted and the Forum's comments be submitted to Cabinet for consideration.