

Corporate Policy Committee

Date of Meeting: 7th September 2021

Report Title: Workforce Efficiencies and Terms and Conditions Review

Report of: Jane Burns, Executive Director of Corporate Services

Report Reference No: CP/15/21-22

Ward(s) Affected: All Wards

1. Executive Summary

- 1.1.** In recognition of the challenges faced by our workforce who have worked tirelessly throughout the pandemic, our priority continues to be supporting and developing them to be confident, motivated, innovative, resilient, and empowered.
- 1.2.** This builds upon the positive attitudes, delivery, and successes of all of our staff during the unique challenges presented by the pandemic.
- 1.3.** The pandemic has altered how our staff are working. In line with the Covid restrictions and requirements from March 2020, those staff who are able to work from home have been encouraged to do so. Whilst these arrangements are not permanent, they have provided an opportunity to review ways of working and have dramatically reduced the need to travel and therefore costs.
- 1.4.** We are working on a Future Workplace strategy, informed by the lessons learned from Covid, feedback from both Pulse Surveys of staff, in-depth engagement with service areas and discussions with the Trade Unions. This will set out our approach to more permanent agile and flexible ways of working.
- 1.5.** The Medium-Term Financial Strategy agreed by Council in February 2021 recognised the unprecedented financial challenges facing the Council. One of the approved proposals is a review of ways of working, looking at opportunities for efficiencies and, potentially, changes to terms and conditions of employment where benchmarking shows Cheshire East

Council has more favourable terms when compared to other councils. The intention is that identified savings will reduce costs over the longer term and protect jobs.

- 1.6. This report outlines a programme of work to achieve these savings whilst supporting and developing our current employee offer. In addition, it seeks agreement to commence consultation/negotiation with the recognised trade unions and staff on potential changes to staff terms and conditions of service across all service areas to ensure that the Council is aligned with legislative changes, best practice and other councils, including those in the North West.
- 1.7. Most local authorities' employee pay and conditions are negotiated nationally. Some terms and conditions are set locally and can therefore vary. We know that some Cheshire East Council terms and conditions are not consistent with those of other local authorities. Benchmarking will be undertaken to determine this and support our wider employment offer prior to any formal engagement with the trade unions.
- 1.8. The review will contribute to the strategic aims and objectives in the Council's Corporate Plan 2021-25, supporting a sustainable financial future for the council. Through service development, improvement and transformation and support, our workforce will be confident, motivated, innovative, resilient, and empowered. The changes will be aligned closely to new ways of working which have already delivered significant savings.

2. Recommendations

- 2.1. Support the ongoing engagement with trade unions and staff on new ways of working and other workforce initiatives.
- 2.2. Approve the commencement of formal consultation/negotiation with the recognised trade unions on changes to a range of terms and conditions of employment at an appropriate time following a review of how the Council's terms and conditions compare to other authorities, including those in the North West.
- 2.3. Delegate authority to the Executive Director of Corporate Services to implement any changes following consultation/negotiation.
- 2.4. Note that the Medium-Term Financial Strategy savings of £50k in 2021/22 will be achieved through reduced travel costs.
- 2.5. Request a further update on the options to deliver the Medium-Term Financial Strategy savings of £350k in 2022/23 and £100k in 2023/24 at a future meeting.

3. Reasons for Recommendations

- 3.1. Our workforce is our major asset who deliver our Corporate Plan. It is essential to ensure our resources are sufficient to deliver our outcomes

through increased productivity and effective workforce planning whilst meeting our statutory obligations.

- 3.2.** The Corporate Plan includes targets which are linked to our workforce transition to working more remotely and flexibly. This will have an impact on the costs associated with business travel. In addition, new ways of working and potential reduction to business mileage and commuting will also contribute to the Council's Carbon Neutral ambitions. Work will continue with staff and trade unions to redesign and modernise services and structures to drive efficiency and value for money and fully utilising the latest technology. This also aligns to the Future Workplace programme, post Covid restrictions lifting.
- 3.3.** As the Council transitions to a more permanent flexible working model alongside recent investment in new technology, it is likely that further savings can be realised. In addition, it is timely to revisit terms and conditions to consider changes which better reflect more modern working practices. Further savings may be achieved through additional efficiencies in workforce planning and resourcing. As part of this programme of work, a review of terms and conditions is being proposed to ensure that the Council is aligned with other Local Authorities. Making changes, where appropriate, may enable savings to be made by reducing costs and thereby protecting jobs.
- 3.4.** The trade unions have been consulted previously on some proposed changes to terms and conditions but have been unable to agree contractual changes. However, the opportunities presented by Covid and the ongoing budget pressures across the Council means that this will be revisited, based on evidence of how Cheshire East compares to its neighbours.

4. Other Options Considered

- 4.1.** At this stage, a broad range of potential changes to terms and conditions could be considered which would generate more savings. However, there are already savings associated with restructures and service re-design, so double counting must be avoided. The Council will engage constructively with the trade unions, aspiring to reach a collective agreement on any changes to terms and conditions. It is important to recognise the challenging working environment for our staff over the past year and it is vital to minimise disruption for the workforce where possible. The payment of regular car user allowance to some staff is subject to a re-assessment process in early 2022, which is expected to realise savings. However, further proposals may be developed in relation to this which results in regular car user allowance being included in the terms and conditions review.
- 4.2.** In addition to the reductions in mileage there is likely to be savings from workforce planning changes which are already included in the MTFS.

5. Background

- 5.1.** As a result of the COVID-19 pandemic the Council has changed its working practices and adopted different working arrangements, embracing new technology and mobile working. It is vital that the good practice and more efficient ways of working continue to be embraced to deliver effective and efficient services.
- 5.2.** Terms and conditions have not been refreshed and modernised for 10 years since 2011 when the Council introduced the Harmonisation Agreement following Local Government Reorganisation. It is opportune to review and ensure that the Council is paying its staff appropriately and delivering value for money to our residents. Benchmarking will be undertaken to identify areas where the Council has variances with other authorities in the North West. This work will be completed prior to the commencement of consultation with the trade unions.
- 5.3** Initial engagement and dialogue with the trade unions and staff, alongside benchmarking and financial analysis, will provide a range of potential savings options, including terms and conditions that can be considered for discussion with the trade unions. Trade unions and staff will be asked for suggestions that could realise savings. All potential changes will need to be assessed to determine business and equality impacts alongside financial benefit.

6. Consultation and Engagement

- 6.1.** Early engagement and a series of conversations with staff have begun, including a Pulse Survey which was reported to this Committee in July. These will inform future ways of working and potential efficiencies savings. This work will be aligned to our Future Workplace Strategy as this evolves in the forthcoming months.
- 6.2.** Formal consultation, engagement and negotiation will be undertaken with the trade unions and staff as required with a view to reaching a collective agreement on any proposed changes to terms and conditions. Other potential savings will be identified from workforce planning and other efficiencies.
- 6.3.** Benchmarking with other authorities will be carried out over the summer with consultation beginning in October with the aim to reach a conclusion by June/July 2022.
- 6.4.** Further update reports will be provided to the Corporate Policy Committee.

7. Implications

7.1. Legal

- 7.1.1.** The clear intention is to negotiate any changes to terms and conditions following the appropriate legal processes. Any contractual changes need to be agreed by both parties. Changes implemented without

agreement may amount to a breach of contract and give rise to legal claims against the Council.

- 7.1.2.** There is a legal risk that breaches of contract may give rise to claims of Unfair (Constructive) Dismissal and/or discrimination claims, amongst others. Depending on the outcome of those, this may offset the cost saving benefits of the changes to terms and conditions.
- 7.1.3.** Consultation and reaching agreement with the recognised Trade Unions is a key strategy in having the necessary changes agreed by all parties and minimising the risk of such claims arising.

7.2. Finance

- 7.2.1.** Savings relating to workforce efficiencies and terms and conditions totalling £500k are included in the MTFS to be achieved as follows: £50k in 2021/22, £350k in 2022/23, and £100k in 2023/24. In addition, three further saving proposals for 2021/22 within the People Directorate totalling £182k were identified as referring to changes to the ways of working which included reduced mileage. To avoid duplication, officers have reviewed all of the proposals, resulting in total savings of £682k to be identified.
- 7.2.2.** In line with the COVID-19 restrictions and requirements from March 2020, those staff who are able to work from home have been encouraged to do so. Analysis of mileage travelled and claimed by staff in 2020 calendar year was 41% down on 2019, with over 1.2m fewer miles being claimed, and actual mileage payments to both regular and casual users across the council were 53% down in 2020/21 compared with 2019/20, this equated to approximately £927k less being paid for mileage claims in the last financial year. Whilst these arrangements are not permanent, they have provided an opportunity to review ways of working and have dramatically reduced the need to travel. Senior officers have committed to permanently reduce business mileage across the council by 30% which could result in a staff travel budget saving of £428k from 2021/22.
- 7.2.3.** All council staff classified as Regular Car Users are being reviewed, in line with the existing policy. Work already undertaken by HR indicates that this could reduce the number of staff who are eligible for the allowance by 80%, reducing the staff travel budget by a further £193k from 2022/23.
- 7.2.4.** Subject to consultation and agreement with the Trade Unions, further savings could be achieved in relation to travel and mileage. Accounting for the above changes, and a further saving of over £130k on staff travel budgets from 2022/23, all three changes could save a total of over £750k which is over £70k more than the combined savings in the MTFS.

7.3. Policy

- 7.3.1. Any changes to terms and conditions will require the appropriate policy to be updated.

7.4. Equality

- 7.4.1. Any changes to terms and conditions will require the completion of an Equality Impact Assessment.

7.5. Human Resources

- 7.5.1. Trade union and staff engagement conversations will take place to ensure that all views and ideas are considered prior to the development of formal consultation proposals. The work involved in undertaking the benchmarking analysis and engagement/consultation with the trade unions and staff will require appropriate resources to be dedicated from Human Resources, Finance, Legal and appropriate project support.
- 7.5.2. Negotiations and reaching agreement on changes to staff terms and conditions can take a considerable length of time therefore, it is vital that consultation starts as soon as possible to enable these savings to be achieved in the years they have been included in the budget. Failure to start negotiations in a timely manner could result in delays to achieving the required savings placing further pressure on the council's budget.

7.6. Risk Management

- 7.6.1. There is a risk savings are not realised from future ways of working or efficiencies in working practices. In addition, if changes to terms and conditions cannot be agreed with the trade unions, there is a risk that savings identified in the MTFS will not be delivered and alternatives would need to be put forward.
- 7.6.2. Some potential changes such as overtime rates may have a detrimental impact on a particular staff group where overtime working is used to ensure effective front line service delivery and staff volunteer for the overtime due to the enhanced rates that are paid.

7.7. Rural Communities

- 7.7.1. No implications for rural communities.

7.8. Children and Young People/Cared for Children

- 7.8.1. No implications for Children and Young People/Cared for Children.

7.9. Public Health

- 7.9.1. No implications for Public Health.

7.10. Climate Change

7.10.1. Some changes to staff travel will have a positive impact on the climate change, where for example staff business mileage is reduced.

Access to Information	
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Appendices:	None
Background Papers:	Medium Term Financial Strategy