

Corporate Policy Committee

Date of Meeting: 3rd March 2022

Report Title: Update on Workforce Efficiencies and Terms and Conditions Review

Report of: Jane Burns, Executive Director of Corporate Services

Report Reference No: CP/41/21-22

Ward(s) Affected: All Wards

Corporate Plan Priorities	Open	An open and enabling organisation	X
	Fair	A council which empowers and cares about people	
	Green	A thriving and sustainable place	

1. Purpose of Report

- 1.1. The report provides an update for members on the progress to review workforce efficiencies and terms and conditions.
- 1.2. The report also provides information on the current employee relations context and information from the benchmarking exercise recently undertaken.

2. Executive Summary

- 2.1. This Committee on 7 September 2021 recognised the immense challenges faced by our workforce and thanked staff who have worked tirelessly throughout the pandemic. The Council's priority continues to be supporting and developing them to be confident, motivated, innovative, resilient, and empowered.
- 2.2. The pandemic has altered how our staff are working. 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.

- 2.3. The Committee has agreed a new 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 sets out our approach to more permanent agile and flexible ways of working.
- 2.4. 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. The intention is that identified savings will reduce costs over the longer term and protect jobs.
- 2.5. Savings of £758,000 have been agreed by officers from reduced staff travel, enabled through different ways of working. This is the figure now included in the MTFs 22/23 – 25/26. A permanent 30% reduction in average miles claimed across services is one part of that commitment. To date the overall picture is encouraging, however, this relies on permanent changes to behaviours, without which some of the savings may be at risk. Any impact will be considered as part of the regular financial reports.
- 2.6. A review of terms and conditions has been undertaken which has included benchmarking against other Councils in the North West, to ensure that Cheshire East Council is aligned with other Local Authorities in its application of terms and conditions of employment. The findings from the review suggest that the Council is not out of line with other Local Authorities, although there are some areas where we are more generous than our peers.
- 2.7. The employee relations context is sensitive at present as the national employers and trade unions have yet to reach agreement on the 2021/22 pay award and the trade unions have been consulting their memberships on industrial action. Although this does not impact directly on local employee relations it does provide a context and may influence the way that the trade unions choose to respond in any negotiations.
- 2.8. Mindful of the context and the need to balance fairness with affordability, officers are preparing a package of measures which can be negotiated with the trade unions. The package is expected to include proposals to change some terms and conditions as well as proposals to introduce or improve benefits for staff which are linked to new ways of working and the Council's Carbon Neutral ambitions and will include a Staff Travel Plan. This work is currently being scoped/developed.

3. Recommendations

- 3.1. To note progress made in achieving savings arising from staff travel for 2021/22.
- 3.2. To note that the Regular Car User allowance re-application process has been completed and the results are being implemented in accordance with the Council's policy.
- 3.3. To support a revised approach to formal consultation/negotiation with the recognised trade unions with a view to developing a package of measures

which will include changes to staff terms and conditions and improved benefits for staff aligned to the Council's new ways of working and the green agenda relating to staff travel.

- 3.4. To note that authority has been delegated to the Executive Director of Corporate Services to implement any changes following consultation/negotiation.

4. Reasons for Recommendations

- 4.1. To inform the committee of the progress made to date in delivering staff travel related savings.
- 4.2. To inform the committee of the revised approach to the review of workforce efficiencies and terms and conditions, which reflects the current employee relations context.
- 4.3. To provide assurance that the re-application process for regular car user allowance, although a separate piece of work, the implementation of the results of the re-assessment process is vital to achieve the overall savings from staff travel. The total savings allocated to this item in the MTFS is £193k and therefore any shortfall would need to be met from other budgets in services. It is also important to ensure that the Council's policy is being applied fairly and consistently.
- 4.4. Negotiations with the Trade Unions will begin in due course and will need to focus on options that represent a realistic way forward which will deliver savings that are required both in the short term and long term, protect jobs, develop further new ways of working and align with the Council's new ways of working and Carbon Neutral ambitions.

5. Other Options Considered

- 5.1. The Council could focus on making changes that do not need to be negotiated or agreed with the trade unions which could include increasing the reduction in business travel further from 30% to 35% or 40%. This option will prove challenging for some Directorates to meet based on the forecasts that have been provided by some services.
- 5.2. The council has run a voluntary severance programme (MARS) in previous years which could provide some additional savings from workforce efficiencies, this will be considered by officers in due course.

Option	Impact	Risk
Increase the reduction in business travel to 35% or 40%.	MTFS savings would be achieved.	Some services are not able to reduce business travel by 35% or 40% without it having a detrimental impact on service delivery.

Run MARS	Contribute to overall MTFS savings and enable services to re design by allowing some staff to leave voluntarily.	Staff do not volunteer, or services cannot allow staff to leave.
----------	--	--

6. Background

- 6.1.** As reported at Corporate Policy Committee in September 2021, the Medium-Term Financial Strategy savings of £50k in 2021/22 were achieved through reduced travel costs. Corporate Leadership team have since committed to save £758,000 from staff travel budgets through new ways of working, this figure is now included in the MTFS 22/23 – 25/26. As part of this overall savings target it was agreed that staff travel budgets would be reduced by 30% permanently by fully utilising new ways of working, new technology and to contribute to the Council’s Carbon Neutral ambitions. This would have realised a saving of £428k in 2021/22, forecasts from services, however, indicate that this figure is likely to be £371k. The shortfall will need to be made up during 2022/23 and 2023/24 from alternative measures if these figures are confirmed at outturn. A Regular Car User allowance re-application process has been completed and the results are being implemented in accordance with the Council’s policy.
- 6.2.** Discussions with the trade unions will focus on developing a package of measures which include some that will benefit their members as well as some changes to terms and conditions. It is hoped that the trade unions will engage constructively in these discussions and provide additional options which could be considered to reach a negotiated agreement.
- 6.3.** The benchmarking information indicates that there are areas where Cheshire East Council is more generous than other councils. Anonymised details relating to staff travel are set out in Appendix 1.
- 6.4.** It is important to recognise the challenging working environment for our staff over the past two years and it is vital to minimise disruption for the workforce wherever possible. Any decisions must be balanced with impact on Council Taxpayers and overall affordability. It is unlikely that the total savings targets in the MTFS will be achieved without some changes to terms and conditions being agreed. Any changes that are proposed would need to be balanced against a background of rising living costs for staff, recruitment and retention issues in some services and maintaining staff morale.
- 6.5.** The pandemic has resulted in many staff within the council working from home and this has in turn enabled staff through the introduction of new technology to undertake the majority of meetings virtually rather than face to face. It is important that this new way of working is maintained and where possible increased over the medium/long term to achieve the aims of the council’s carbon neutral agenda. Managers will need to review and change the working arrangements for their teams and identify meetings (internal and external) which do not need to be conducted face to face with colleagues and with residents/clients as this will deliver ongoing financial savings in addition to carbon reductions.

7. Consultation and Engagement

- 7.1. Any work undertaken in relation to a review of terms and conditions would require extensive consultation and engagement with staff and the trade unions and where changes to terms and conditions are being proposed these would need to be agreed formally by the trade unions. Trade Union / Staff consultation will be crucial in making any changes to terms and conditions and appropriate consultation and engagement will need to begin at the appropriate time.

8. Implications

8.1. Legal

- 8.1.1. The Council has a consultation process it must adhere to with the recognised trade unions to seek to negotiate and agree any proposed changes to terms and conditions of employment with the trade unions. This process should be commenced as soon as possible to ensure appropriate consultation and engagement can take place to enable the savings to be made.
- 8.1.2. Changes implemented unilaterally without consultation and agreement may amount to a breach of contract and give rise to legal claims against the Council.
- 8.1.3. The most likely claims in this scenario are breach of contract claims, unlawful deductions and potentially Unfair (Constructive) Dismissal claims if the changes are significant. Depending on the outcome of those, this may offset the cost saving benefits of the changes to terms and conditions.
- 8.1.4. In circumstances where agreement cannot be reached on changes to terms and conditions of employment, the Council may dismiss and offer re-engagement on the revised terms. This is known as 'dismissal and re-engagement'. Such dismissals will count as a dismissal in law but can be fair if the Council can show that it had a fair business case for the changes, consent was sought, a full consultation process followed, and that dismissal was a last resort.
- 8.1.5. Early consultation and reaching agreement with the recognised Trade Unions is therefore a key strategy in having the necessary changes agreed by all parties and minimising the risk of such claims arising.

8.2. Finance

- 8.2.1. Officers have committed to find savings of £758,000 from staff travel by making changes to the way we work. This saving commitment replaced staff travel related savings included previously in the Medium-Term Financial Strategy (MTFS) and were then subsequently reflected in the MTFS 2022/23 - 2025/26. The commitment included agreement to permanently reduce business mileage across the council by 30% which aims to achieve a staff travel budget saving of £428,000 from 2021/22; reassess all council staff classified as Regular Car Users reducing the staff travel budget by a further £193,000 from 2022/23; and explore the HMRC rate for casual car use for staff and Members.

- 8.2.2. The council is committed to achieving the full savings of £758,000 by 2022/23, with the full reduction in budgets included in the latest version of the council's MTFs. If savings cannot be delivered in these ways, the alternatives would be needed to offset any shortfall.

8.3. Policy

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

8.4. Equality

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

8.5. Human Resources

- 8.5.1. Trade union and staff engagement conversations will continue to ensure that all views and ideas are considered to develop a package of measures to discuss with the trade unions. Further work involved in engagement/consultation with the trade unions and staff will require appropriate resources to be dedicated from Human Resources, Finance, Legal and appropriate project support.
- 8.5.2. Negotiations and reaching agreement on changes to staff terms and conditions can take time therefore, it is vital that consultation starts as soon as practicable to enable these savings to be achieved in the prescribed years they have been included in the budget.

8.6. Risk Management

- 8.6.1. 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 considered.

8.7. Rural Communities

- 8.7.1. No implications for rural communities.

8.8. Children and Young People/Cared for Children

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

8.9. Public Health

- 8.9.1. No implications for Public Health.

8.10. Climate Change

- 8.10.1. Some changes to staff travel will have a positive impact on the climate change, where for example staff business mileage is reduced. The proposals will produce a projected annual carbon saving of 247.24 tonnes of carbon dioxide equivalent (tCO₂e).

Access to Information	
Contact Officer:	Sara Barker, Head of HR Sara.barker@cheshireeast.gov.uk 01270686328
Appendices:	Appendix 1 – Benchmarking information
Background Papers:	Medium Term Financial Strategy