

DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

PERSONNEL COMMITTEE

MINUTES OF THE MEETING HELD ON THURSDAY, 30 JUNE 2016

Councillors Present: Pamela Bale (Chairman), Dennis Benneyworth, Paul Bryant (Substitute) (in place of Richard Crumly) and Mollie Lock

Also Present: Robert O'Reilly (Head of Human Resources), Stephen Chard (Policy Officer) and Moira Fraser (Democratic and Electoral Services Manager)

Apologies for inability to attend the meeting: Councillor Richard Crumly

Councillor Absent: Councillor Ian Morrin

PART I

4. Minutes

The Minutes of the meetings held on 05 October 2015 and 19 May 2016 were approved as true and correct records and signed by the Chairman subject to the inclusion of the following amendment:

Meeting 05 October 2016: Item 5 (Review of the Redundancy Multiplier) Page 6, Paragraph 2:

Councillor Mollie Lock asked that the words "but added that she thought that it was unfair for employees that had worked at the Council for many years to suffer as a result of the decision." be inserted after "Councillor Mollie Lock concurred with this view."

It was noted that as Councillor Mollie Lock was the only Member of the current Committee that was also present at the October 2015 meeting, the Chairman asked her to confirm that they were an accurate record of the meeting. Councillor Lock confirmed that subject to the inclusion of the amendment set out above they were and, on that basis, Members voted to approve the amended minutes.

5. Declarations of Interest

There were no declarations of interest received.

6. Review of Discretionary Compensation for Redundancy (PC3139)

Prior to the start of the discussion Councillor Pamela Bale stated that, as with any organisation she had worked at, the staff at West Berkshire Council (WBC) were one of its greatest assets. However, Members had to balance the needs of the organisation, the requirements of staff and the Council's financial position. This situation was exacerbated as the Council did not manufacture goods that it could sell but was instead reliant on income from Council Tax, Business Rates and Central Government Grants.

The Council had recently had to make a number of difficult decisions in order to balance income and expenditure. The decision presented to Members at this meeting was not an easy one for them to make but any costs incurred by the Council, including staff costs, had to be realistic and affordable. She stated that if Members were minded to approve the Officer's recommendation then it should not be seen to be indicative of Members not

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valuing staff. The Committee was being asked to ensure that employees received a reasonable level of compensation when asked to leave the organisation.

Robert O'Reilly introduced the report which considered a change to the way in which the Council used its discretion to enhance redundancy payments. He explained that the report also addressed issues that had been raised at the October 2015 meeting including queries around augmentation and insufficient detail in the Equality Impact Assessment.

He explained that the cost of making local authority employees redundant was based on the redundancy payment (which local authorities had the discretion to enhance beyond the statutory minimum) and any costs incurred by the pension fund for automatic early retirement of pension scheme members aged 55 or over. Each local authority had to publish its policy on how it would use these discretions. The key discretions available were to calculate the payment using actual weekly pay rather than the statutory maximum (which was £479 per week in 2016), and to pay an amount up to 104 weeks' pay (the statutory maximum was 30). Statutory redundancy pay for each individual would depend upon age and length of continuous local government service.

West Berkshire Council had initially used its discretion to use actual weekly pay and to multiply the statutory number of weeks by three (making the maximum payment 90 weeks' pay). In 2011, it reduced the multiplier to two, making the maximum payment 60 weeks' pay.

In Spring 2016, a survey of 33 neighbouring authorities was undertaken to establish their approach to discretionary compensation for redundancy. Twenty authorities had responded and the responses were summarised in Appendix D to the report. Practice varied in relation to using actual week's pay, applying any enhanced weeks to volunteers for redundancy, or those who were entitled to an immediate pension, and to whether a flat rate of weeks or a multiple of the statutory number of weeks was used. A mean average 'redundancy multiplier' was calculated using only the 13 local authorities which used actual weekly pay and a multiple of the statutory weeks. The average multiple of statutory weeks used was 1.42.

In 2015/16 the total cost of redundancies was £155,695 and had included four early retirements. The Head of Human Resources (HR) explained that although the report stated that if the redundancy multiplier used had been 1.5 instead of 2, then the Council would have saved £28,351 (18% of the cost), after the figures had been revisited it was established that this would have been closer to £34k.

Mr O'Reilly explained that in respect of the Equality Impact Assessment (EIA), it should be noted that the proposed policy would be detrimental to all employees and did not have a greater impact on individuals protected under the equality legislation. He accepted that some groups of people that were protected by the legislation might find it more difficult to find employment in general but that this was a societal issue and not within the remit of the EIA.

The Head of HR commented that one of the dilemmas that Members were faced with was set out in paragraph 6.4 of Appendix A to the report. It highlighted that a relatively generous redundancy payment scheme made it more likely that employees would volunteer for redundancy. However, this benefit needed to be set alongside the financial position of the Council and the potential savings that could be made by a reduction in the multiplier.

It was noted that the Council might need to review its approach to redundancy compensation once the Government published new legislation (expected in the current year) on caps on severance payments and changes to the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 (DCR) and

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pension arrangements in the public sector. However, the timetable for this had not yet been established and the Council needed to make a decision now under the current arrangements in order to be able to implement a fair and balanced approach to redundancy payments.

Councillor Paul Bryant queried whether the conditions were the same for employees that undertook voluntary redundancy when compared to those subjected to compulsory redundancy. Officers confirmed that they were.

Councillor Pamela Bale informed those present that under paragraph 7.3.6 of the Constitution she had consented to allow the Portfolio Holder for HR to address the Committee.

Councillor James Fredrickson, the Portfolio Holder with responsibility for HR, commented that the report set out a recommendation to reduce the multiplier the Council used to calculate redundancy compensation payments, from 2 to 1.5 times the statutory number of weeks' pay, with effect from 1st September 2016. When the Personnel Committee previously considered a review of the Redundancy Multiplier in October 2015, comments had been made that the Equality Impact Assessment had not been adequately completed and that some additional analysis of organisations in a similar position to West Berkshire Council should be undertaken.

Since then the Council's financial position had been widely publicised. He reminded the Committee that over the next three to four years the Council would have to make significant additional savings. Portfolio Holders and staff across the Council were currently looking at ways to deliver the level of savings required. Members were therefore having to balance a range of very difficult decisions.

The mandate that Members worked to when considering savings were that they looked at savings that affected the fewest number of people and they looked at areas where the Council was generous in its provision. Councillor Fredrickson explained that had the multiplier been reduced to 1.5 in the previous financial year it would have impacted on 0.01% of the individuals made redundant during that time period. He reminded Members that the reduction only impacted on the discretionary element of the payment and not the entire package. A comparison of the 17 people showed a reduction of 18% totalling £34k if the multiplier had been reduced to 1.5 in 2015/16. He acknowledged that this was only a small amount when viewed in the context of the savings required but that a number of smaller amounts would all add up.

Councillor Fredrickson commented that in the ideal world the Council would like to be as generous as possible. However returning to the mandate that where difficult decisions had to be made the Council would take situations where provision was generous to average rather than to austere, in reducing the multiplier to 1.5 the Council would still be above the average of 1.42 of the comparator group. Councillor Fredrickson added that it was not proposed to further reduce the multiplier to 1.0 as was proposed in the October 2015 report.

On a personal level as the Portfolio Holder, Councillor Fredrickson reported that he worked with Officers on a daily basis and that he considered some of them as friends. He would therefore not want to make this decision and would like to be as generous as possible. He felt that as the level proposed was still above the average for the comparator group he was comfortable proposing that the Committee accept the Officer recommendation.

The Chairman reported that a request had been submitted by the Unions to allow them to address the Committee and also to allow Officers present to address the Committee. Councillor Bale explained that in order to allow this it would be necessary to suspend

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standing orders under paragraph 7.12.4 of the Constitution. Members voted to agree to the request.

Nikki Dancey, GMB Branch Secretary for Berkshire and North Hampshire, stated that GMB were in favour of the comments made by their Unison colleagues in the document circulated to Members outside of the meeting. She noted that Councillor Fredrickson had made comments relating to generosity and noted that the UK was already in a state of austerity. The rules around redundancy in the UK were harsher on workers in the UK than in other developed countries. Ms Dancey stated that WBC should not become involved in a 'race to the bottom' in terms of redundancy payments to staff.

Ms Dancey reminded Members that in May 2015 they had voted in favour of a pay rise of 16% for themselves and that she could not see any justification for this action in light of that decision. She explained that she was supporting workers in schools at the moment that were being made redundant. They had been provided with an estimate of redundancy payments but that these would now be lower than expected. This would create additional stress and anxiety for workers that were often lower paid and often women.

GMB had started a petition in response to the proposal being presented at this meeting. To date it had received 250 signatures from employees and also members of the public.

Comments received included the following:

- It was upsetting that jobs were being lost and the feeling was being exacerbated by the fact that staff would now receive less compensation than before;
- The current climate might mean it would be more difficult to find employment and the redundancy payment was designed to provide income during these periods of unemployment;
- Being made redundant was a frightening prospect and even more so for households with only one income;
- A decision to reduce the multiplier at a time when more staff were being made redundant was outrageous and immoral;
- This decision would make a mockery of the Council's Investors in People status;
- Being made redundant created hardships in terms of paying rent or meeting mortgage payments which could have a knock on effect on other Council services;
- This decision could have an impact on staff morale and consequently on services provided to stakeholders.

Ms Dancey commented that the result of the EU Referendum might generate additional unemployment in the area which would make it harder to find employment and she therefore urged Members not to vote in favour of the recommendation.

Stephen Chandler, also from GMB, stated that local Conservative Members could not distance themselves from the policies emanating from Central Government. This was yet another proposal in a long line of attacks on Council employees who had been subjected to job cuts and pay freezes and the associated stress this had caused.

David Pearson thanked Members for allowing the trade unions and staff to make comments on the proposals. He noted that Unison represented around 60% of the Council's workforce but that not all those present were union members. He stated that WBC employees were loyal, hard working and willing to go the extra mile for residents and that Members should be proud of them and value them.

Mr Pearson understood that the Council needed to make additional savings totalling round £22m over the next three to four years and therefore further cuts were inevitable. He stated that the chances were that some employees in the meeting would be made

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redundant and this proposal would indicate to them that they were worth less than employees that had already been made redundant.

He commented that the most recent Staff Satisfaction Survey had highlighted that staff did not feel valued. The Chief Executive had been tasked with addressing this concern and this proposal was likely to have a negative impact on that work. This decision would send a clear signal to staff that they were not valued. He urged Members to show employees that they were valued by supporting them in their lowest hour.

UNISON's Branch Executive had asked members to comment on the proposal to reduce the multiplier from 2 to 1.5 and 84 responses had been received, some from individuals and some on behalf of groups. Some of the comments had been set out in the document circulated to Members outside of the meeting. In summary they stated that staff felt betrayed, under valued and that accepting the proposal would affect workers commitment and their relationship with their employer. He was concerned that adopting this proposal could signal a change in the attitude of the workforce.

Mr Pearson highlighted that many employees already worked a significant number of additional hours that they were not paid for and that the Council could not continue to function as well as it did without that contribution from workers. This unpaid overtime would be difficult to quantify and cost.

Being made redundant had a huge psychological impact on an employee. An average payment would provide sufficient income for two to three months and as had already been alluded to the local job market was likely to become more difficult to navigate.

David Pearson noted that the number of authorities in the comparator group (13) was probably statistically unreliable. However as this information had been presented to Members it was interesting to note that five of the thirteen authorities still had a multiplier of two and therefore retaining the Council's current level would not put them out of kilter with their comparator group.

He noted that the report at paragraph 6.2 stated that in 2015/16 a total of £127,237 was paid in redundancy payments to 17 employees and a reduction in the multiplier from x 2 to x 1.5 would have saved £28351 or £34k as presented at the meeting (18% of the total cost). That was an average of £1674 per employee. These savings were minute compared to the overall savings the Council needed to make and such a small saving could be seen as penny pinching whilst, in contrast, every penny counted to those who faced losing their jobs and an uncertain future.

In terms of unpaid overtime one employee had calculated that over the past twelve months they had accrued around 400 additional hours which would have cost the Council £8k. It would only take 4 employees working similar hours to eradicate the £34k savings generated by this proposal. Staff currently worked this overtime as a good will gesture and he queried whether Members really wanted to threaten that. Members were risking a lot to save £34k.

The staff comments attached in the consultation response spoke volumes for how staff viewed this proposal to reduce the multiplier from x 2 to x 1.5. The Council was at a tipping point in terms of its relationship with its employees. Due to previous rounds of redundancies the Council was relying on the goodwill of staff to work extra unpaid hours to keep services running. Endorsing this proposed change, to save a paltry amount of money, would be a slap in the face to staff who were working so hard to keep services going and who still faced an uncertain future in terms of yet more cuts and further redundancies to come.

The minutes showed that at the meeting of the Personnel Committee on 5th October 2015 Councillor Peter Argyle stated that 'he could appreciate that a reduction in the

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multiplier level would be seen as a betrayal by existing employees...' and Councillor Mollie Lock agreed with this view. The minutes also stated that 'Councillor Adrian Edwards questioned the ethics of changing the multiplier...' and that Councillor Tony Linden 'concurred with the views expressed by his colleagues'.

UNISON's members queried what had changed since those comments were made. The moral and ethical issues remained the same, the savings to be made were minute but the long term negative impact on the Council's relationship with its staff would be very damaging to the effective delivery of services and to the retention of key staff, and the report itself indicated that 5 nearby authorities of the 13 who were deemed to be equivalent comparators enhanced redundancy payments by a multiplier of x 2.

He concluded by saying that UNISON requested that Members reject the proposed reduction of the redundancy multiplier from x2 to x 1.5 and by doing so showed staff that they did respect and value their hard work and loyalty, that they were not seeking to make staff easily disposable and that they would stand by them and support them as much as possible when they lost their jobs through redundancy.

Councillor Mollie Lock commented that all Members valued staff. In response to Councillors accepting the 16% pay rise she commented that some Members had offered to forgo the increase and instead opted to put the money into their wards. Members had opted not to take their linked pay increase this year and that the saving would be placed into the Council's general coffers.

Angela Creed commented that in her view the EIA was incomplete and that the impact of the age of an employee on their level of payment had not been adequately considered. Robert O' Reilly noted that the statutory calculation for redundancy compensation increased with age as well as service. He accepted that it was harder for older people to find re-employment but as previously stated it was not the role of the EIA to address societal issues.

Mark Cole commented that he was not a union member but that as someone employed in the public sector for forty years and at WBC for 16 of those years he wished to address the Committee. In his opinion morale was lower than he had ever known it to be and staff felt less valued than ever before. He appreciated that the Council was faced with a number of very difficult decisions as a result of the funding cuts from Central Government and the likelihood was that the Council would be faced with even more redundancies. This proposal looked like penny pinching in light of the £22m of savings that had to be made over the next three years. During these difficult times the Council should be supporting their staff not 'kicking them'. This was an opportunity to show staff that they were valued. Members needed to reject the proposal or risk losing the respect of the workforce.

Jacque Chambers stated that once a multiplier of 1.5 was agreed it would only be a matter of time before Members would be proposing a further reduction to 1.

Sue Tarn commented that she too had concerns with the EIA. It was difficult for people with disabilities to find employment. She accepted that this might be a societal issue but that the Council should not be adding to that hardship. Disabled employees that were made redundant might find it even more difficult to find alternative employment which was morally wrong. This was not reflected in the EIA and therefore it should be deemed to be factually wrong.

Steve Masters, a GMB member and also a member of the Save our Services campaign, asked how Members could justify approval of this proposal in light of the 16% increase in their basic allowance that they had voted in favour of at the May 2015 Council meeting. At the time of accepting the increase Members had argued that it was necessary to do so

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in order to attract a wider range of Councillors. The additional cost of £50k resulting from that increase could easily have off set the cost of this proposal. He opined that Members' priorities were skewed. He noted that many hard working and dedicated employees regularly worked several additional hours a week that they were not paid for in order to provide services to residents. Rejecting this proposal would show staff that they were valued.

James Gore commented that this change would merely be shown as a line in a budget book and would not reflect the whole story. A number of staff already sacrificed a lot for the Council and an assessment of this activity should be undertaken. Before reaching a decision Members should be aware of the value of this invisible labour that they were at risk of losing.

Councillor Bale accepted that Members had received an increase of 16% but that this only equated to around £800 per annum and that Members had opted not to take their 1% linked increase in 2016/17.

Councillor Fredrickson in responding to the comments from the staff and public thanked them all for their contribution to the meeting. He noted that at times those present wished not to be compared to others and at other times they did. He felt that they could not have it both ways. The Council operated in a labour market based on supply and demand and that a balance had to be sought between the Council's financial position and its relationship with its workforce.

He commented that the issue of Members' allowances was politically toxic, but reminded those present that the 16% increase was based on a recommendation from the Independent Remuneration Panel. It should also be viewed in the context of other payments to Members including pension contributions that had been removed. Members had also repeatedly agreed not to accept their index linked increase over the past few years.

Councillor Fredrickson also noted that the Boundary Review was likely to decrease the number of Councillors which would reduce the cost of elected members in the long run.

He noted that reference had also been made to the five authorities in the comparator group that still paid a redundancy multiplier of two. He explained that he had had conversations with the relevant elected Members in those authorities and they had assured him that they would be having similar conversations with their employees. He was convinced that within a year they would no longer be paying for redundancies at the current levels either.

Councillor Fredrickson also commented in relation to concerns about a further reduction to the multiplier that although this had formed part of the previous proposal it had been expressly removed from this report.

Councillor Fredrickson explained that as the Portfolio Holder for HR he never wanted to be in this position. If this saving was not agreed it would have to be found from elsewhere and could potentially increase the number of people that would have to be made redundant. If Members were not willing to make these small savings more difficult decisions would have to be made down the line.

Central Government had forced these changes on the Council and whether people liked it or not the Conservative Government had been elected with a mandate to 'balance the books'. He acknowledged that WBC was however not happy with the speed at which the changes had been enacted.

David Pearson asked the Portfolio Holder to address the question that had been raised about investigating the cost to the Council of employees ceasing to work unpaid hours.

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He suggested that it would be useful for Members to have this information before taking a decision on the multiplier. The unions did not want to run a campaign encouraging employees to desist from working unpaid overtime. Generally employees that worked at the Council were committed to public service.

Mark Cole stated that the Portfolio Holder had stated that this proposal would only equate to a small saving. By way of illustration he would like to show Members how the decision would impact on him and thereby show how big the impact would be on individuals. Under the old scheme (x3 multiplier) he would have received circa £100k if he was made redundant, at a level of x2 he would receive £67k and under the new proposal (x1.5) he would receive £50k. The impact on an individual was therefore not small.

Stephen Chandler reminded Members that over the last few years the workforce had been subjected to pay freezes, constant threats of redundancy and increased workloads arising from a shrinking workforce. Comments were made that there were other cost cutting measures that could be put in place that were not detrimental to staff. Councillor Bale urged staff to come forward with savings options.

Standing Orders were reinstated.

Councillor Bryant stated that the Committee found itself in a difficult position which was not of West Berkshire's making. The decision was being made against a difficult financial climate. He recognised that these cuts however small were very painful for staff and that he wished that the Council was not in a position where it had to make them. Members however had to make difficult decisions balancing a number of priorities. If Members voted against the Officer's recommendation the savings would simply have to be found from elsewhere.

Councillor Mollie Lock commented that she had listened to the comments made about staff having to work extra hours. She believed that in order to make an informed decision this activity should be costed. She therefore proposed that the decision be deferred until this work had been undertaken. This proposal was not seconded.

Councillor Bale commented that the Council could not run a deficit budget and although this was not a decision she would like to make the Council needed to have a policy in place and she therefore proposed that the Officer's recommendation be accepted, subject to a review taking place once the Government's legislation affecting payments made to public sector employees upon the termination of their employment was enacted. This review could include consideration of the additional hours worked by staff that had been referred to. She stated however that this proposal should not be seen as an indication of how much Members valued staff.

Robert O'Reilly stated that any legislative changes would have to be adopted by the Council although any amendments to the policy would be presented to the Personnel Committee.

Councillor Dennis Benneyworth stated that in taking this decision there were no winners. He valued the work undertaken by staff enormously but that the sad factor was that the Council was now worth less. It was therefore with a heavy heart, due to having to balance a number of financial constraints, he would reluctantly have to vote in favour of the Officer's recommendation.

Councillor Bryant commented that it was unfathomable that Officers were not paid for the overtime they accrued. If they worked the time they should be paid for it.

RESOLVED that the Officer recommendation to reduce the multiplier used by West Berkshire Council to calculate redundancy compensation payments from 2 times to 1.5 times the statutory number of weeks' pay with effect from 1 September 2016

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be accepted, subject to a review taking place once the Government’s legislation affecting payments made to public sector employees upon the termination of their employment was enacted.

(The meeting commenced at 10.00am and closed at 11.20am)

CHAIRMAN

Date of Signature