

**EXTRAORDINARY FINANCE AND ADMINISTRATION COMMITTEE held at
COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN at 7.30pm on
15 JANUARY 2008**

Present:- Councillor R P Chambers – Chairman
Councillors R Clover, K L Eden, M L Foley, M A Gayler,
D M Jones, A J Ketteridge, R M Lemon, H S Rolfe, G Sell,
R D Sherer, A D Walters and P A Wilcock.

Also present:- Councillors R Chamberlain, J F Cheetham, A Dean,
E J Godwin, J E Menell and J A Redfern.

Officers in attendance:- A Bovaird, R Auty, D Burridge, J Mitchell, M Perry,
P Snow and A Webb.

FA20 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Barker and Knight.

FA21 ELECTED MEMBER REPRESENTATION 2008/09

It was noted that the remuneration for elected Members was reviewed annually by the Independent Remuneration Panel. The Panel would meet shortly and decide on a recommendation to Council for remuneration levels in 2008/09.

The Chairman said it was his view, as suggested in the report, that it would be appropriate for the Council to freeze allowances and to recommend accordingly to the IRP. In addition, he felt, in view of the precarious financial position of the Council, that any deferred payment next year should not be backdated in the following year.

Members were in full agreement with this suggested approach.

RESOLVED to recommend to the Council and to the Independent Remuneration Panel that all Member allowances in 2008/09 be frozen at 2007/08 levels, and that no backdating of any deferred increase should be made in the following year.

FA22 REVENUE BUDGET 2007/08 AND STAFF COST REDUCTIONS

The Chief Executive explained in detail the background to the report setting out the Council's already agreed position to make savings in the staff budget of £1 million by March 2008, and proposing a timetable and process for achieving these cost reductions.

He referred both to the original report and to the later supplementary report substituting a revised timetable. This revision had been necessary for two reasons. First, there was concern that an excessive period of time would have elapsed between notification to staff they were at risk and the selection for redundancy being made. Second, Unison had contended, and, after

taking advice on recent European case law, the Council's management now agreed, that it was not appropriate to issue notices of dismissal at the same time as the notification to staff that they were at risk.

The 30 day consultation period applicable to compulsory redundancies had expired on 12 January 2008. The management team had met with Unison representatives on 11 January and the supplementary report reflected the outcome of that discussion. The Chief Executive said that the union was not bound by the content of the report but he hoped that there was broad agreement on the timetable and processes set out.

The Senior Management Board would meet tomorrow to discuss the outcome of this meeting and the process would then begin of informing those members of staff at risk of redundancy. The intention was to complete this process by the end of the week and, in any case, by no later than next Monday.

Once that stage had been reached, the staffing position would continue to be explored and this Committee would be invited to confirm the proposed arrangements at its meeting on 31 January. It was possible however that some redundancies would have to be held over for confirmation until the meeting on 7 February, or even the Council meeting on 19 February. He expected that the redundancy selection process would begin on 1 February.

The Chief Executive asked Members to consider the need to respect confidentiality in dealing with individual members of staff and the posts that were being proposed either for deletion and/or redundancy. He said that was the principal reason for treating that part of the report as a part II item. However, he was fully aware that the need to respect confidentiality conflicted to some extent with the significant and legitimate public interest in the Council's service provision and the need to be open and transparent about the Council's capacity to maintain adequate levels of service delivery in the future. Once those staff at risk of redundancy had been informed, it would be possible to engage in a more open debate.

He went on to discuss the criteria to be used in shaping future decisions. These were:

- Putting people first
- Consistent service quality
- Focus on core tasks
- Seek to reduce overheads by sharing costs
- Not assume others obligations

In his view, the approach to be adopted should be to deliver what was promised on a predictable level, rather than to promise more and fail to deliver. Given this approach it was inevitable in some instances that the level of service delivery would not be as good as in the past. It was important not to do anything to jeopardise the Council's core tasks and he hoped there would be opportunities to pursue cost sharing and seek help from other Essex authorities.

The Chief Executive explained how alternatives to redundancy would be explored by a combination of deleting posts that were already vacant, seeking the redeployment of staff wherever possible, and by agreement with

partnership bodies. He explained briefly how opportunities for redeployment would operate and what the selection criteria would be. Finally, he explained the processes put in place to mitigate the impact of the decisions being made on staff.

As a result of the actions already taken, 21.2 full time currently vacant equivalent posts had been identified for deletion, resulting in a cost saving of £662k, including all on-costs. It had been estimated that the posts of a further 22 people would need to be deleted. The deletion of those posts identified by the process undertaken so far would result in a further saving of £461k, at a total cost in redundancy and other payments of £110k. The overall outcome of approving these arrangements would be to achieve the required level of savings.

Councillor Wilcock commented that he thought the most important of the framework criteria was that of putting people first. He said that Uttlesford was well known for the attitude of its staff and he fully supported the criteria being used. However, he asked what was the risk of failing to achieve the required cost savings given that Members were dependent upon the figures presented? He had written to the Chairman asking for assurances about the soundness of the financial processes undertaken and that the savings could be met.

The Chairman agreed to release to Members details of the processes used to calculate the figures presented.

Councillor Wilcock hoped that a full and transparent discussion would be held on those services to be maintained and those which might be downgraded. He hoped that a fuller picture would emerge in the next few days.

The Chief Executive replied that he hoped a lesson had been learnt about making over optimistic budget projections. Officers had adopted a more basic approach to budgeting procedures but he thought it would be helpful to seek some external reassurance on the soundness of the figures presented. He appreciated that the quality of service provision was a legitimate matter of public concern and this matter would be addressed openly.

The Acting Chief Financial Officer referred to proposals for increases in fees and charges that would be considered by policy committees in the coming cycle. If approved, these proposals would lead to significant new income. In the past, the approach had been based on assumptions about expected levels of income but this had now been modified so that income was only budgeted once received or committed. As a result it was now possible to be 80% confident that the figures were correct.

The Chairman assured Members that the Administration was keeping a careful watch on the Council's finances. He endorsed the approach that there must be absolute certainty about the figures included in the budget estimates. This was essential to enable financial stability to be restored within 12 months.

Councillor Sell endorsed Councillor Wilcock's comments about the impact on services and asked what form of consultation would take place?

The Chief Executive confirmed that he would talk to anyone with an interest in service provision, including alternative providers, in pursuance of the overall aim of saving money. Any discussions held would focus on exploring alternatives to redundancy wherever possible, as well as seeking other funding sources, but care would need to be exercised to avoid causing an impact on services elsewhere in the organisation. The timescale was inevitably constrained because of the agreed redundancy timetable. The bottom line would remain the paramount need to deliver savings.

Councillor Gayler accepted that both he and the then Administration had made errors in judgement last year. On reflection, he considered that the budget presentation in terms of headline figures had needed more analysis and the whole budget process was not challenged in a sufficiently robust manner. He expressed anxiety that similar mistakes could be made this year and, to prevent this happening, called for increased scrutiny of the budget process to ensure that the correct posts were identified for deletion.

The Chairman thanked Councillor Gayler for his remarks and gave an assurance that more detailed financial information would be provided to aid better decision making. It was therefore especially important to provide clear leadership throughout the budget making process.

The Acting Chief Financial Officer said it was his intention that regular updates would be available for all committees by June and this would vastly improve the quality of information given to Members. It had, though, to be remembered that it would take time to put new procedures into place and the formula might need some adjustment to fit Members' expectations.

He also thought that the recording of Performance Indicators relating to the finance function was unsatisfactory because it was limited to logging the time taken to process invoices. The criteria set needed to be more challenging and robust.

Councillor Foley asked the Chief Executive to expand on how he intended to obtain external reassurance about budgets. He replied that he hoped to obtain assistance from the building capacity east programme intended to benefit authorities in difficulty. He also hoped to utilise the services of an experienced former chief executive and finance director in a diagnostic capacity. This would concentrate on determining whether the systems currently in place were sound and reliable.

Arrangements had also been made to hold drop in sessions for the benefit of staff. He hoped that a combination of all of these things would help to reassure Members, staff and the public.

Councillor Lemon said that he could see no alternative to the measures proposed in the report and that he would support them. He reiterated the need for full information to continue to be supplied.

Councillor Rolfe supported the use of external help. He questioned the auditors' role in allowing the budget shortfall to develop. He had taken up this matter with the Audit Commission and asked for a report suggesting preventative measures. As a result, he hoped that it would be possible to reappraise the work of the Commission in conjunction with Internal Audit.

In concluding the debate, Councillor Ketteridge thanked managers and union representatives for their full co-operation during this difficult time. He had already stated that announcing the scale of the difficulties facing the Council to staff in December had been the most difficult task he had faced as Leader. As a result of the process adopted since then, his view was that the scale of redundancies was less than he had anticipated and feared. He looked forward to a future period of stability starting with the setting of a balanced budget for next year. He gave an undertaking that all measures would be taken to prevent overspending occurring during that period.

The recommendation in the report was proposed and seconded and all Members voted in favour.

RESOLVED that:

1. Members note the actions that have so far been taken towards achieving the necessary staff cost reductions;
2. the approach set out to identifying posts for deletion and/or redundancy be noted;
3. the proposed timescale be agreed; and
4. the approach to issues regarding alternatives to redundancy, redeployment, selection and mitigation be agreed.

FA23

EXCLUSION OF THE PUBLIC

RESOLVED that under Section 100(A) of the Local Government Act 1972 the public be excluded for the following item of business on the grounds that it involved the likely disclosure of Exempt Information as defined in paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

FA24

REVENUE BUDGET 2007/08 AND STAFF COST REDUCTIONS

The Acting Chief Finance Officer confirmed that the part II report contained details of a proposed three stage process as follows:

- Stage 1: Identify all vacancies and determine which could be removed from the establishment.
- Stage 2: Identify remaining vacancies that could not be removed from the establishment for service delivery reasons.
- Stage 3: Identify the areas where redundancies could happen using the criteria already agreed by this committee.

Those posts already agreed for deletion from the establishment were listed, leaving those that would be suitable for redeployment.

The type of post available for redeployment varied greatly and it was therefore inevitable that some were more suitable than others for this process. Some were full-time and some part-time. Those posts identified to be offered for redeployment were set out in full in the report.

The report also listed the posts of those members of staff identified to be at risk of redundancy. As stated earlier in the meeting, the proposed outcome was that 21.2 full time equivalent vacant posts were proposed for deletion and a further 22 employed posts would similarly need to be deleted to achieve the desired savings. It was estimated that the combination of these actions would bring about savings adding up to just over £1 million.

Members were given information about the way in which these posts had been selected and the implications for the organisation of agreeing the proposals. Two areas which had been considered for economies had not been progressed for the reasons explained. In one other area of activity there was potential for another body to take over operational responsibility and officers were optimistic that matters could be progressed in a satisfactory manner.

It was noted that £1.8k had been allocated for help and support for each member of staff concerned, including the provision of appropriate in-house training.

Members asked a series of questions about both the process involved and the particular effects of the proposals made in specific service areas. One aspect discussed was the impact on finances where existing joint funding existed or grants awarded, or the potential to explore joint funding under different structural arrangements.

In other cases there may be the opportunity to put in place partnership arrangements through the LSP, the county council or other bodies.

At this point **Councillor Chambers declared a personal interest as a member of Essex County Council** and **Councillors Eden and Ketteridge declared a personal interest as members of Saffron Walden Town Council.**

The Chief Executive confirmed that officers would take a pragmatic approach to redeployment wherever possible.

Councillor Gayler said that it was difficult for Members to see the whole picture of the staffing structure without a better indication of the effect of the voluntary redundancies already agreed. He thought that a complete list of those officers and posts concerned had never been issued and requested that this be done.

The Chief Executive confirmed that the necessary timescale was that clear and robust proposals must have been put in place by 19 February. He said that the Council could not decide which posts would be offered for redeployment as an agreement was in place with the trade union that all posts would become available through this process, including those for which specialist skills were needed.

During the discussion, Councillor Dean expressed concern that there was a risk that the changes made would result in the Council becoming a more inward looking organisation, less engaged with the outside world.

In conclusion, the Chairman welcomed all of the comments made but thought that the changes forced upon the Council would result, in time, in an organisation that would engage more widely with other bodies than before; that would be able to keep its independence, but would continue to explore opportunities in a positive way that would ensure value for money.

RESOLVED that the three stage process set out in the report be agreed and the list of deleted posts and redundancies listed be noted.

At this point, all officers left the meeting except for the Acting Chief Finance Officer, the Assistant Chief Executive, and the Committee and Electoral Services Manager.

FA25

ACTIONS ALREADY AGREED

The Chairman said that the report submitted under this item was a matter for note only. It outlined agreed terms for three senior members of staff who had already left the Council's employ, or who had reached agreement to do so in the near future.

In response to a question, the Assistant Chief Executive outlined the formula used to calculate redundancy payments.

Members noted the risks associated with the departure of a number of senior staff in a short timeframe in terms of a loss of the organisation's corporate memory.

RESOLVED that the Committee notes the actions taken in respect of the former Director for Communities, the former Head of Finance, and the Director of Business Transformation, and agree the terms of settlement set out in the report.

The meeting ended at 9.30pm.