

**CABINET**

## Funding of the Employee Establishment 11 November 2008

### Report of Chief Executive

PURPOSE OF REPORT				
For Cabinet to consider the funding of the employee establishment.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date Included in Forward Plan	30 October 2008			
This report is public				

#### RECOMMENDATIONS OF COUNCILLOR MACE

##### To follow

##### 1.0 Introduction

1.1 An informal meeting of the Leaders of the five Political Groups on the Council took place on the 24 October 2008 to consider, amongst other things, the impact of the global financial recession on the Council's finances. As a consequence, a report to Cabinet has been produced that provides options for managing the funding arrangements of the City Council's employee establishment during the remainder of this financial year.

1.2 The current process for clearing vacancies is as follows:

##### Like-for-like Vacancies

Service Head delegation. However Cabinet Members can discuss employee turnover issues with Service Heads in the Services they oversee.

## Changes to Establishment and Conditions of Service

Before being given final authorisation by the Chief Executive, changes to the Establishment and Conditions of Services must be agreed by the relevant Service Head, HR Manager, Head of Finance and relevant Corporate Director.

### **2.0 Proposal Details**

- 2.1 Cabinet are asked to consider whether or not they wish to amend the existing vacancy clearance protocol agreed by Cabinet at its meeting on 06 November 2007, Minute No 66.
- 2.2 A number of options are presented.

### **3.0 Details of Consultation**

- 3.1 As this is a procedural matter, rather than a policy matter, no formal consultation has taken place. Nevertheless, as a courtesy, members of the Joint Consultative Committee (Elected Members and Trade Union representatives) have been sent a copy of this report for their information.

### **4.0 Options and Options Analysis (including risk assessment)**

- 4.1 Option 1 - That the status quo is maintained (as set out in paragraph 1.2 above)
- 4.2 Option 2 - That Cabinet identifies which Service areas are considered to be a lower priority for the filling of vacancies. In doing so, Cabinet should consider the Council's statutory responsibilities, Corporate Plan and Service Business Plan priorities and to what extent particular posts are externally funded. Having identified which Service areas are considered to be a lower priority, there is an expectation that only Cabinet could approve the funding required to fill any vacancies which occur within these Service areas during the remainder of this financial year. Cabinet would need to determine whether this is a decision to be taken at a Cabinet meeting or delegated to Portfolio Holders.
- 4.3 Option 3 - That all vacancies which occur in those Service areas which are discretionary rather than statutory are referred to Cabinet to consider whether the funding should be provided for those posts to be filled within these Service areas during the remainder of the financial year. A high level summary of statutory and non-statutory service activities for each Service is **attached at Appendix A**. As above, Cabinet would need to determine whether this would be a decision of full Cabinet or delegated to Portfolio Holders.
- 4.4 Option 4 - Combined with options 4.2 or 4.3 above, Cabinet could decide that all vacancies go through an internal only recruitment exercise prior to a decision on external recruitment.
- 4.5 Option 5 - Combined with any of the options above, Cabinet could require any consideration of funding agency, contractor or consultants as an alternative to direct employment to be formally considered either by individual Cabinet portfolio holders or full Cabinet.

## 5.0 Officer Preferred Option (and comments)

5.1 The preferred Officer option is option 2.

### **RELATIONSHIP TO POLICY FRAMEWORK**

Priority Outcome 1 in the Corporate Plan 2008-09 is to continue to evaluate our services to ensure they are delivered in the most efficient and cost effective way.

### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Options 1, 2 and 5 enable management of services to be linked to Council priorities. Options 3 and 4 are less predictable.

### **FINANCIAL IMPLICATIONS**

The introduction of any recruitment restrictions would result in a higher level of turnover savings being generated but this cannot be quantified with any accuracy. Delays in recruitment could also have other financial implications as well as service implications, however, depending on the vacancies arising. E.g. vacancies in posts involved in income generation, collection and recovery could result in a loss in income to the Council, depending on the timescales and numbers involved. Regarding agency cover, etc., where this is needed to maintain essential service delivery, it is often more expensive than employing staff directly and therefore in these situations, it can prove more cost effective to speed up recruitment, rather than introduce longer delays.

Members need to be aware that holding some posts vacant will not have an impact on the general fund revenue budget. For example, employee expenditure in Council Housing is a cost/saving on the Housing Revenue Account.

### **SECTION 151 OFFICER'S COMMENTS**

As yet, the impact of the global economic position on the Council is not certain but the report elsewhere on the agenda highlights the key issues and risks. Generally, and as reported before, the s151 Officer advises against a 'blanket' approach to recruitment restrictions because they do not take account of essential service delivery etc, and are not focused to deliver savings in lower priority areas. That said, the officer preferred option put forward would allow for these issues to be factored in and therefore could, potentially, assist the Council in meeting its financial targets - but this would depend on where vacancies arise. Its effectiveness would also be dependent upon the clear recognition and identification of statutory / high priority service areas, however, and this can prove difficult.

**LEGAL IMPLICATIONS**

Legal have been consulted and have no further comments to make

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None

**Contact Officer:** Mark Cullinan

**Telephone:** 01524 582011

**E-mail:** [chiefexecutive@lancaster.gov.uk](mailto:chiefexecutive@lancaster.gov.uk)

**Ref:** CE/ES/Cttees/Cabinet/11.11.08