

**REPORT TO:** Cabinet  
**DATE:** 5<sup>th</sup> August 2010  
**SUBJECT:** Consultation Frameworks on Budget Reductions  
**WARDS AFFECTED:** All  
**REPORT OF:** Margaret Carney, Chief Executive  
**CONTACT OFFICER:** Samantha Tunney, Assistant Chief Executive  
0151 934 4039  
**EXEMPT/  
CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

To provide Members with frameworks for consultation and engagement for staff and all stakeholders impacted by budget reductions.

**REASON WHY DECISION REQUIRED:**

To meet legislative requirements placed on Local Authorities with regard to communications and consultation with staff and stakeholders (including the public).

**RECOMMENDATION(S):**

Cabinet is recommended to:-

- a) Agree the frameworks included in this report.
- b) Request that specific proposals are brought to Cabinet once the scope and impact of budget reductions on staff and service delivery is known.

**KEY DECISION:** No

**FORWARD PLAN:** N/a

**IMPLEMENTATION DATE:** Immediately

**ALTERNATIVE OPTIONS:**           None

**IMPLICATIONS:**                   None

**Budget/Policy Framework:**   None

**Financial:**   There are no specific costs associated with this report. The costs will be brought as part of the next report to Cabinet.

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2009 2010 £</b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>	<b>2012/ 2013 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

- Legal:**
- The Local Government and Public Involvement in Health Act 2007
  - The Equality Act 2010
  - Employment Rights Act 1996
  - Trade Union Labour Relations (Consolidation) Act 1992

**Risk Assessment:**                   None specifically within this report

**Asset Management:**

**CONSULTATION UNDERTAKEN/VIEWS  
CHIEF EXECUTIVE**

**CORPORATE OBJECTIVE MONITORING:**

<b><u>Corporate Objective</u></b>		<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community	√		
2	Creating Safe Communities	√		
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People	√		

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

The Local Government and Public Involvement in Health Act 2007  
 The Equality Act 2010

## **1. Purpose of Report**

- 1.1 This report outlines the frameworks for consultation and engagement that it is recommended that Members adopt in seeking to manage the significant reduction in the budget(s) in the next three years.

## **2. Background**

- 2.1 The Local Government and Public Involvement in Health Act 2007 (section 138) places a statutory requirement on Local Authorities to provide greater opportunities for the public to have their say about services they receive.
- 2.2 As of April 2009, The Duty to Involve requires local authorities to consider, as a matter of course, the possibilities for provision of information to, consultation with and the involvement of local people, or their representatives across all authority functions. This must encompass routine functions, as well as significant one-off decisions. The Act does not specifically mention consulting on budgets, but in light of potential cuts in budgets, this will lead to significant decisions.
- 2.3 Where decisions result in the cessation of services, Local Authorities must have due regard to involving citizens, stakeholders and service users. Where services may change or cease, it is imperative that an impact assessment is carried out to ensure that the changes to or cessation of services does not discriminate against those groups who are protected in law.
- 2.4 Government Office informed Sefton Council on 6<sup>th</sup> July 2010 that the Conservative/Liberal Democrat Coalition Government's policy direction is that all expenditure over £500 should be published on-line. In his speech to the Local Government Association Conference on 6<sup>th</sup> July, Eric Pickles, the Local Government Secretary, said that Local Authorities must 'show the public the money and put your spending on-line'.
- 2.5 At the Council meeting on 24<sup>th</sup> June, a motion was agreed that in the light of the emergency budget of 22<sup>nd</sup> June 2010, the Council, recognising the potential major implications on the Council's current and future finances, initiates a major public consultation exercise with the focus on seeking the views of the public in relation to the potential realignment, cessation or maintenance of services.
- 2.6 The Cabinet Report dated 8<sup>th</sup> July on the Strategic Budget Review and 2010/11 Budget responded to the resolution of Council on 24<sup>th</sup> June to update the MTFP and advise Members of the impact of the reduction in Government Grants in 2010/11 and propose how these reductions could be managed.
- 2.7 This report noted that the proposals to reduce/cease some activity will be subject of an Impact Assessment. This has now been completed and a dialogue has taken place with key stakeholders.

### **3. Consultation Framework for Employees of the Council in Delivering Savings**

- 3.1 If employee savings involve contractual changes and/or redundancy, it is necessary to factor in, for most cases, the 3 months notice to employees, i.e. 31<sup>st</sup> March 2011, notice to be given on or before 30<sup>th</sup> December 2010. Any employee dismissed with more than 12 months service will attract the protection of the unfair dismissal provisions under the Equal Rights Act 1996. Regardless of an employee's length of service, claims for discrimination can potentially be made on a number of grounds.
- 3.2 Before any notice to comply with the Trade Union Labour Relations (Consultation) Act 1992 is given, the following must occur:-
- (a) Collective consultation with trade unions to include consultation covering:-
- i) background to the situation and potential redundancies/contractual changes
  - ii) avoiding the redundancies/contractual changes
  - iii) mitigating the effect
  - iv) if applicable identifying the pools of employees affected and any selection criteria
  - v) the process generally
  - vi) entitlements
- Consultation before giving notice must be meaningful in all of the above areas.
- b) Individual consultation must also take place to:-
- i) inform employees that they are at risk and to invite consultation on the areas in (a)
  - ii) Consideration of alternatives and general duty of maintaining contact and discussion with employees.
- 3.3 Given the potential numbers involved, 90 days before any dismissals take effect and at or around the start of formal consultation, a letter under Section 188 of the Trade Union Labour Relations Consolidation Act 1992 must be provided to the recognised trade unions which covers the areas within that legislation. Also Form HR1 must be provided to the relevant Government Department in the same timescale.
- 3.4 Before HR1/Section 188 notification and collective consultation begins, there will need to be political approval.
- 3.5 Dependent upon how options have an effect and/or are formulated, any political approval given must be in the context that trade unions and individuals have an opportunity to respond to proposals and make representations. Consideration must be given to the impact on the overall

decision making process to ensure that consultation has been meaningful as to the background reasons.

- 3.6 Appropriate political delegations/approval must be made throughout the process to allow for implementation. This may involve a step by step approach dependent upon the nature of the proposals and effect.
- 3.7 Time will need to be factored in for relevant meetings with trade unions and individuals covering the above areas.
- 3.8 An EIA (Equality Impact Assessment) for staff and service implications will be necessary.

#### **4. Consultation Framework for Changes to Service Delivery**

- 4.1 The Consultation Framework attached at Annex 1 has been developed to ensure a consistent approach when considering a change, reduction or cessation of services.
- 4.2 The Consultation Framework outlines three stages.

##### **Stage 1**

This stage identifies the service that is under review. This will involve a clear process to scope the range of the service. It will also define whether it is a provision of information or consultation with detail about the options that can be influenced. An EIA (Equality Impact Assessment) will be commenced at this stage and completed throughout the process).

##### **Stage 2**

At this stage decisions about the detail and extent that the consultation will take will be made. This will include the methodology as appropriate, i.e. public meetings, questionnaires, focus groups, with clear and detailed recording systems of the consultation.

##### **Stage 3**

The findings and evidence from the consultations will be made available to all interested parties with the decision that has been made and clear methodology why suggestions were not adopted.

#### **5. Consultation & Engagement Process Timeline**

- 5.1 At this stage it is difficult to be specific about the approaches to be adopted in consulting with the public as the options for change to services have not yet been determined. With regard to staff, it is clear that once decisions have been made to change, reduce or cease a service/services that the above framework for consulting staff needs to be followed.

- 5.2 There is, however, a need to continue to raise awareness with the public of the significant budget reductions being faced by the Council, this year and in future years. The Council will continue to use media briefings as a way of providing general impartial information for the public of Sefton on the scale of the savings to be made.
- 5.3 It is envisaged that the Government's Comprehensive Spending Review (CSR) in the Autumn will provide some certainty about the scale of reductions in grant/resources available to the Council.
- 5.4 Once specific proposals for changes, reductions or cessation of services have been agreed by members, the consultation framework for changes to services will be followed. At this stage it will be clearer what the scope for consultation is. There may be limited options to consult upon and therefore it may be the case that the public generally are made aware of the reductions in services with specific consultation and engagement with those stakeholders directly impacted. There may also be the need to take urgent decisions arising from the CSR, where it may not be possible to fully comply with the frameworks, and in which case, the same process as that arising from the Emergency Budget will be followed.

## **6. Conclusion**

- 6.1 The need to consult with staff and stakeholders in times of budget reductions and changes to service delivery is crucial. The frameworks within this report will provide a consistent and effective approach to the management of consultation throughout the budget reductions process. More detail will be provided for each service area when the options have been developed.

## **7. Recommendations**

Cabinet is recommended to:-

- a) Agree the frameworks included in this report.
- b) Request that specific proposals are brought to Cabinet once the scope and impact of budget reductions on staff and service delivery is known.

**Consultation Framework for Changes to Service Delivery**

