

Gloucestershire County Council

Notice of call-in

To Chief Executive

We, the undersigned six members give notice of our desire to call in the following executive decision notice of which was published on

cabinet decision 29th September, published 2nd October 2009

Agenda Item Number 3

Key Decision

Building Our Future Programme

That approval is given to the strategy and approach, plus directorate and overall targets for Stage 1 of the Council's re-structuring Programme.

That approval is given to the costs of this first stage of re-structuring of between £8.65 and £11.65 million consisting of:-

- Severance costs of between £7 and £10 million
- An adjustment to the overall cost of the Building our Future Programme, from £6m to c.£7m over three years
- Additional HR specialist and process costs of up to £600,000 for the life of the programme.

That approval is given to the schedule for implementation of Stage 1 including an initial opportunity to apply for Voluntary Early Retirement.

That the HR approach being adopted to effect the above recommendations be endorsed.

The grounds for the call in are that the following conditions are satisfied for the reasons specified:

The decision would not be wholly in accordance with the Council's budget

The decision expenditure is

“between £8.65 and £11.65 million”

The Council's budget does not make provision for any of this expenditure

The cabinet decision is to spend up to 60% of the council general reserves (£10.9million of reserves of £18.3million as stated in the Funding Summary of the cabinet report) set in the February 2009 council budget. There are 3 budget issues the cabinet have failed to account for in its decision:

1. “Only full council may take a decision that would be contrary to, or **not wholly in accordance with** the budget approved by the full council” (Constitution part 4, Policy Framework and Budget Procedure Rules, section 4.2)

Cabinet decision to spend this money is contrary to the statements made in the Gloucestershire County Council 2009 budget report, section entitled “Council's financial Standing and risks ” in the Medium Term Financial Strategy. In this report presented to full council on 18th February the Chief Financial Officer states the level of reserves is adequate, based on the risks identified in that report. The Chief Financial Officer states the council financial standing is sound in the context of the key risks.

In Annex 9 of the budget report to council further reference is made to the percentage of risk and the Reserves Policy. This report indicates the level of reserves at 31.03.09 is only £13.8m, much lower than the £18.3m from 31.03.08 which is the figure upon which the cabinet has taken its decision. The monitoring report of the council budget suggests a reserves projection of £17.1m. Clarity is necessary to ensure cabinet has taken its decision on the basis of correct financial information.

A massive commitment of 60% of council general reserves (just based on last year's reserves figure quoted in this cabinet report of £18.3m) that was not planned for in the financial officers assessment of risk at the time of the budget is a significant change to the council budget position. This cabinet decision requires a full analysis of risk and a statement by the council's Chief Financial Officer regarding the risks to the council budget and general reserves before this decision about the council's budget may be taken.

The cabinet reference to this problem is merely a vague reference to the need to “consider how to address this reduction” in reserves and the MTFs. The constitution requires that where there is doubt about a cabinet decision according with the council budget, (Constitution part 4, Policy Framework and Budget Procedure Rules, section 4.3) the cabinet must take advice from the Monitoring Officer or Chief Financial Officer. This report contains no reference to any advice on the council's financial position either being sought, or received, by the cabinet prior to making its decision.

We seek clear advice from those officers to resolve this doubt and be clear about the sound financial position of the council in light of these risks to the general reserves in addition to the risks identified in the position agreed at full council on 18th February.

This commitment of council reserves is being made over the financial years in which the council will be under massive pressure from central government during a time of recession to cut funding. The recession fund referred to in the cabinet report of 4th February recommending the budget to council on 18th February states “additional allocations from reserves remain an option if circumstances warrant it”. The cabinet appears to be at risk of allocating the council general reserves twice.

The financial position of the council appears to be at risk of breaching the 4 – 6 % level of reserves quoted as necessary in Annex 9 of the full council budget report (18th February) which is based on a minimum reserve level of £13.8m. The latest monitoring report appears to have changed these figures. The cabinet decision has not considered these financial issues.

2. The funding summary states the additional funding for BOF is £1.05 million, the remainder coming from the “invest to save” reserve, along with an extra £300,000 from general reserves. The only reference in the 2009/10 Annual Budget Book report to funding for BOF is a saving of £2.5million in the budget for 09/10 (page 7) . Along with a reference on page TC3 to the “deletion of the invest to save contribution” of £2.2million. This does not cover the cost of the BOF programme of £6million which is ignored in the presentation of the Funding Summary agreed by cabinet in this decision. There is reference to the “Invest to Save” reserve in the budget report to council on 18th February. However, further clarity is needed in a statement by the Chief Financial Officer to ensure the Funding Summary is clear and sufficiently reflects the budget agreed by council and reported in the Annual Budget Book.

The appearance of this cabinet report Funding Summary and decision suggests further amounts of the council general reserves are at risk in order to fund the BOF project. Added to the amount required from general reserves, £11.65million + undetermined BOF programme funding = much higher percentage of the council general reserves at risk of being committed by this cabinet decision in conflict with the Budget decision of full council on February 18th.

3. We would appreciate a statement from the Chief Financial Officer as to the latest review of the provision of council reserves, which reflects the duty of the council under sections 25, 26, 27 & 28 of the Local Government Act 2003 with regard to the position of the council reserves, and this cabinet decision which mid-financial year proposes a potential dramatic impact on those reserves, and the value of a review of the financial position of the council as a result of this new commitment of council general reserves.

In making the decision, the Cabinet, Leader of the Council or Cabinet Lead Member took account of an irrelevant matter or failed to take account of a relevant matter

The relevant matters not taken into account

1. The cabinet has failed to consider the significant risk to frontline public services in Gloucestershire. Identified in the report by officers but ignored in the decision!!

The report states (section 2) the “principle” is “Where possible to protect frontline service delivery”. The cabinet clearly expects some frontline public services to be damaged by this cabinet decision. Yet the cabinet has ignored the threat to services for vulnerable people in Gloucestershire when making their decision. The appropriate level of risk to critical services should be considered by the cabinet before the decision is taken. There is a brief reference in the risk assessment which aims to identify the “least damaging options”. Councillors and members of the public must be presented with clarity on what these options are and all reports previously held secret by the cabinet on exactly what damaging options to public services are being considered by the council.

2. The cabinet has simply agreed to increase the funding for the BOF programme by £1million, from £6million to £7million. Yet the cabinet appear to have ignored the original purpose of engaging consultants for the BOF programme.

The BOF programme appears to have failed, and the cabinet are not taking this into account in their decision. The purpose of BOF and the original commitment of £6million of taxpayers money is clearly stated in the cabinet papers. “BOF received cabinet approval in June 2008, and for an estimated cost of £6m, to deliver a Council running £30m p.a. more efficiently after three full years”

The cabinet has decided to commit another £1million of taxpayers money to this consultant led project without any evidence of a £30m saving over three years. The only reference to the savings due to be achieved as a result of this decision is that of £7.7million which will not take effect for a full year until 2011/12. This will be four years after the start of the BOF programme and its commitment to saving £30million in 3 years. BOF began its programme and target of £30m saving in June 2008.

There is no clarity over the continued purpose of BOF, no transparency over its function. The action due to be taken to save £7.7million in four years after the start of BOF is to hire extra human resources personnel in order to make up to 500 staff redundant. The cabinet has failed to justify how it requires paying a consultancy team £7million of Gloucestershire taxpayers’ money in order simply to agree a policy of redundancies for council staff. Those redundancies saving £7.7million will cost taxpayers £10million and there is no clarity as to the future security of ensuring the £7.7 million is an ongoing saving. The cabinet has not considered the failure of BOF and whether the BOF cost of £7million is necessary to achieve the redundancies this decision proposes.

The basis for the cabinet decision to commit an extra £1million to the BOF project is blamed on “limited analysis conducted over a year ago” of the BOF costs. Who is to blame for this poor analysis of the BOF Project Team and consultants costs? Does the cabinet consider Internal Auditors should be asked to look at this failure of proper analysis of the costs of BOF? Without taking into account the failure of the original analysis the cabinet cannot properly take the decision to commit an extra £1million of local taxpayers’ money to fund this programme with confidence.

3. In section 5, the cost implications include reference to the BOF – total programme costs. Yet in the Funding Summary only the additional cost of BOF, £1.05m is taken into account in the overall costs. This discrepancy of £6million must be taken into account for the cabinet to agree the council budget implications.

The Cabinet, Leader of the Council or Cabinet Lead Member acted contrary to the Cabinet Procedure Rules, the Access to Information about the County Council's Formal Business and/or the principles of decision making set out in Part 2, Article 7.02 of the Constitution.

The matter contravened is

7.02.1 They must be lawful

Increasing BOF funding. We request the full disclosure of the contract agreed with the consultants originally hired by the council as the BOF project with a target of saving £30m over three years. The terms and conditions of engagement of this project and the commitment of taxpayers money involved.

How can the cabinet take a decision to increase taxpayer funding for the BOF Project Team and the consultants originally hired with a purpose of saving £30million for a commitment of £6million of taxpayers money, when there is no evidence to suggest the £30million will be met after the 3 years?

If the council project led by the consultant team fails to achieve the £30million saving in the time promised by the BOF programme is the council in a legal position to recover any of the £6million of taxpayers money committed to the programme, and the original consultants, solely on the basis of saving £30million?

7.02.3 They should take proper account of consultation with others

1. The cabinet papers state divisional councillors relevant to this decision is "n/a". This should be corrected to read "all". All members of the council are impacted by the risk to public services identified in the report which will affect councillors of all parties across the county. All councillors are affected by the £millions of Gloucestershire taxpayers money being paid to the BOF consultancy team.

2. The council is undertaking consultation with unions, in private, but no consultation with staff. The council has failed to identify and consult with the large numbers of staff who are not members of a trade union. Non-union staff are simply receiving information briefings, no consultation.

7.02.6 They should be made in public whenever this is appropriate and practicable

The report claims a communications strategy is already in place. The cabinet has not considered this strategy as it has not accompanied this report presented to the cabinet for decision. Nor have members of the council considered this strategy. A report to members should be presented to ensure the cabinet decision is supported appropriately. This should be included in background papers to the decision.

7.02.7 Their aims and desired outcomes should be clear

1. The cabinet has agreed a budget position with a £3million uncertainty due to the lack of clarity over future plans for the council. The severance costs identified by the cabinet are between

£7m & £10million. This confirms the lack of clarity over the numbers and purpose of redundancies. The cabinet must give greater clarity to their plans for redundancies before leaving the council at risk of the £3million financial uncertainty, along with the risk to frontline public services.

2. Section 1, "Background." 4.c "Organisation & Culture" . The cabinet is taking its decision without any transparency over the future plans for the structure of the council. This paragraph is no basis for a cabinet decision that commits millions of taxpayers money and threatens hundreds of staff with redundancy. The report fails to make clear the current and future plans for a new council organisation and culture. The only reason for making significant redundancies is for efficiency savings in running the council. The report fails to make clear any detail on the possible future structure of the council.

3. In the risk assessment section officers have identified the risk of an "unacceptable impact on frontline services" due to delay in achieving savings requiring more job reductions. Further work must be done to clarify the critical public services at risk from this cabinet decision.

7.02.8 They should be properly reasoned and alternatives that are discounted should be identified and the reasons for their rejection explained adequately

There is a lack of transparency over the purpose of BOF and the reasons for the redundancies being threatened. The conclusion of the report refers to the £7.7m saving via staff redundancies as "part of an overall programme.". There is simply a commitment to redundancies, without any detail of the future structure of the council.

There are a number of failures to provide proper reasoning to support this cabinet decision:

1. Simply giving quotas to each department without any reasoning as to where redundancies should be made and which should be given priority (section 2, How Stage 1 savings of £7.7m will be achieved). The report states the financial targets for each directorate are based on "headcount reduction". The purpose of BOF and the cabinet's decision is to achieve savings based on sensible restructuring of the council. The cabinet have failed to even consider the staffing and restructuring changes planned by each directorate, these details are not in the report. The cabinet must reveal the "headcount reduction" details planned to ensure these changes will deliver the council efficiencies intended, without damaging public services.
2. The lack of clarity on the purpose and effect of redundancies is also referred in Annex 1. This makes reference to "6x directorate route maps". Copies of these are required for more transparency to clarify the reasoning of the decision.
3. Annex 1 also refers to "new structures designed and cost comparisons done to verify benefits". The cabinet have not considered these new structures which will fundamentally change the operation of the county council. This detail needs to be provided by officers, and considered by the cabinet before a fair decision can be made. Without this detail members, staff and the public will not know the benefits, costs or implication of this decision.

9.10.09

4. The claim of a “gateway” process already done is made but, without any detail, how can the cabinet be sure this is the most effective way forward for the council. A report on the “gateway” process being adequate is necessary to ensure the whole redundancy strategy of the cabinet is one that will secure critical frontline public services.

Dated

Signed