

**Notes of a Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Monday 6 February 2012 at 12.30pm**

**Present:**

**Council Representatives**

Councillor Paul Watson	-	Leader of the Council
Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Malcolm Page	-	Executive Director, Commercial and Corporate Services
Sue Stanhope	-	Director of Human Resources and Organisational Development

**Trade Union Representatives**

Dave Riddle	-	GMB
Alyson Bryan	-	GMB
Diane Peacock	-	Unison
Maureen Ridley	-	Unison
George Pearce	-	Unison
Peter De-Vere	-	Unison
Kay Charlton	-	UNITE
Mike Wooler	-	ASPECT
Howard Brown	-	NUT
Bryan Wilson	-	NASUWT
Carole Aiken	-	ATL
Ken Smith	-	ATL

The Leader of the Council welcomed representatives from the Trade Unions and made reference to the changes which the Council had gone through in recent years and that he felt that the Council had worked well with the unions and recognised that more could be achieved when they worked together. He asked Malcolm Page, the Executive Director of Commercial and Corporate Services to outline the current position with regard to the Council's revenue budget for 2012/2013 and the outlook for future years.

The Executive Director of Commercial and Corporate Services advised that the Council was working within the national context of the Government's priorities of growth strategy, social policy and public sector reform. He described the key funding issues as: -

- Local Government Resource Review – Sunderland is a net recipient of £58m per annum;
- Council Tax Benefit payments reduced by 10% - £2.7m;
- Health funding and Public Health Transfer;

- Schools funding;
- Significant risk transfer from Central to Local Government;
- Significant compound impact over the period;
- 2013/2014 key year; and
- Funding reductions post 2012/2013 longer and deeper.

The Executive Director went on to outline the medium term plan for 2011/2012 to 2014/2015 and the expected local impact spending pressures for the next three financial years. He explained that the Council continued to adopt a strategic approach through the Sunderland Way of Working which aimed to improve services and outcomes while reducing costs and delivering efficiencies. The approach also had to be consistent with the Council's Values and Principles and at the same time maintain the authority's financial resilience.

The Executive Director presented the savings proposals broken down by directorate and advised that it was anticipated that over 60% of savings would be generated from non-frontline functions. He outlined the key financial planning issues moving forward and highlighted that there was a particular focus on April 2013 as this was when some major changes would take effect.

Finally, the timetable and next steps for the budget were outlined and it was noted that final feedback on proposals would be reported to the Cabinet in February and then to full Council in March.

The Leader of the Council invited views and comments from the Trade Union representatives.

Peter De-Vere asked if the NNDR (National Non Domestic Rate) was set by local or central Government and the Executive Director advised that the NNDR was based on rateable valuation and therefore set by the Valuation Office. There may be some flexibility going forward at the margins but not at the core, however, the main concern was ensuring that there was a level playing field from the start of the new regime.

George Pearce raised a query about the costs of the operation of SWITCH and the Executive Director clarified that £8.3m was allocated for financial years 2011/2012, 2012/2013 and 2013/2014 and would be removed from the base budget in 2014/2015. With regard to the spending pressures indicated for pensions, George asked if this included the implication of increased employee contributions, however the Executive Director indicated that this related to pensions pressures in other areas.

The Leader highlighted that the authority was in a strong position in financial management terms and that this had been helped by the strong relationship the Council had with the unions.

Alyson Bryan referred to the savings proposals for individual directorates and commented that it would be useful to see these as a percentage of the total departmental budget and asked who decided where the savings would be made.

The Leader of the Council explained that, from a starting point of a certain percentage of cuts being required overall, directorates had to work through all of their services as some were more able than others to achieve savings. By way of an example, the Chief Executive highlighted that 25% savings had been made with reductions in management, but the effect had not been the same in every directorate as each had different management arrangements. Now throughout the Council there were the same standards applied to all management structures and ratios via the Operating Model.

In respect of the Government requesting that Council Tax be frozen for a second year, Peter De-Vere asked what the Council's perspective of the long term effect of this would be. The Executive Director stated that the freeze in Council Tax in 2011/2012 had been programmed in for a four year period. The issue now was that the grant to be applied in 2012/2013 to those who froze Council Tax would only be available for one year and therefore Council Tax would have to increase in 2013/2014. This decision was for the Council to make but if the grant was taken up, it was likely that it would be allocated to specific one-off cost pressures rather than forming part of the base budget and would be managed in a way which prevented long term problems.

Maureen Ridley queried if there were likely to be any services privatised as part of the savings proposals. The Leader stated that this was always going to be a pressure on the Council, but it wanted to work with the unions to ensure that it was existing council staff who continued to deliver services, even if this be through a community interest company, co-operative or other arrangement. The main issue would be how standards could be preserved and the terms and conditions of the workforce protected. No matter how things moved forward, the Council would continue to work closely with the unions in this regard.

Mike Wooler expressed his thanks at being invited to the meeting to represent the ASPECT union for the first time. He reported that when discussing the Sunderland Way of Working with colleagues at a TUC event, it seemed to be an approach unique to Sunderland and he asked if any other councils were working in this way.

The Leader replied that many councils had asked about the Sunderland Way of Working and they were happy to share good practice and in fact were being visited by another council later that week to discuss SWOW. The size of the organisation had to be reduced but it could be done in an empathetic way and in the longer term there would be a more equitable situation.

Howard Brown commented that following the Executive Director's presentation, he felt that he did not know any more than when he came into the meeting, specifically how much money was coming in and how much was allocated to each budget heading.

The Leader stated that it was important to understand not just the percentage savings but also the impacts which were being felt once efficiencies were made. He asked the Executive Director to pull together some information in a table format about the Council budget allocations. The Deputy Leader added that the big savings figures on the page also reflected the various pots of money which had disappeared following the Local Government Spending Review. Given the position the Council was in, to be able to retain services was a great achievement.

Alyson Bryan suggested that there needed to be some acknowledgement of the staff who had reduced hours, taken early retirement and shown commitment to SWOW as it was through them that the Council was able to achieve its targets for efficiencies. The Leader agreed that, although staff were often thanked in Cabinet and committee meetings, it might be possible to do something more visible. Sue Stanhope advised that the first opportunity to do this might be at the employee awards.

Diane Peacock added that along with the recognition of staff commitment to new ways of working, it was also essential to let staff know that things would get even tougher and prepare them for what was coming.

Mike Wooler referred to the recent communications to all staff over the age of 55 and supported the idea of having a trusting relationship with an individual with whom you could discuss your position. He felt it would be beneficial to offer any member of staff the opportunity to have this one to one contact.

The Chief Executive advised that he was constantly challenging the issue of communication and that it was not just the unions who had the responsibility of informing staff about the latest plans. He was shortly to meet with the Executive Director of Commercial and Corporate Services and the Director of Human Resources and Organisational Development to discuss communications in this context.

It was clear that the Council had to change and this was what alternative models of service delivery were all about, but they did not include outsourcing at the present time. The Government would force the issue if it saw that the Council had not changed things and it was fundamental to future success that the workforce was with the Council on this journey.

Alyson Bryan commented that the unions had spent a lot of time and effort getting people to trust in the Internal Jobs Market and SWOW and then good work was undone when inaccurate information was published in the Sunderland Echo. She was pleased to note that the Chief Executive had directly addressed this in his blog.

Maureen Ridley cautioned officers not to forget that, when communicating with the workforce, not all of them had access to PCs.

The Leader thanked the Trade Union representatives for their attendance and their comments which would be taken into consideration by the Cabinet. He re-iterated that the Council valued its relationship with the unions and the support which they provided. The Leader then closed the meeting.