

## **Report to the Cabinet**

**Report reference:** C-061-2010/11  
**Date of meeting:** 31 January 2011



**Portfolio:** Leader  
**Subject:** External Recruitment Freeze  
**Responsible Officer:** Derek Macnab (01992 564050).  
**Democratic Services Officer:** Gary Woodhall (01992 564470)

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### **Recommendations/Decisions Required:**

- (1) That a freeze on external staff recruitment be implemented for all vacant posts, subject to the exceptions set out in recommendation (3) below;**
- (2) That all posts be advertised internally in the first instance, with all permanent and temporary staff being eligible to apply but with agency staff excluded;**
- (3) That, in the event that internal recruitment to a vacant post is unsuccessful, a procedure be introduced whereby Directors may seek authority recruit externally to posts which meet one or more of the following exception criteria;**
  - (a) when not to appoint would expose the authority to a quantifiable risk with respect to Health and Safety requirements;**
  - (b) where it can be demonstrated that the post is necessary for the generation of significant or surplus income to the Council; and**
  - (c) where the post is wholly or largely externally funded; and**
- (4) That the Acting Chief Executive in consultation with the relevant Portfolio Holder and the Leader of the Council, be authorised under the procedure set out in recommendation (3) to determine the vacant posts meeting the exception criteria which may be recruited externally.**

### **Executive Summary:**

In light of reductions in grant to the Council as a result of the Comprehensive Spending Review, this report sets out the rationale behind the proposed implementation of a freeze on external recruitment to control costs, mitigate the risk of redundancy and retain flexibility in the delivery of future services.

### **Reasons for Proposed Decision:**

The Council is facing an extremely challenging Medium Term Financial Forecast requiring significant levels of savings to be achieved over the next few years. Employee costs are a large area of controllable expenditure. The Council has a skilled and committed workforce, in

which it has invested heavily in terms of training and development. An external recruitment freeze will assist in controlling costs, retain flexibility and help protect existing employees.

### **Other Options for Action:**

To continue to recruit externally to posts. This would not prove to be sustainable in the current financial circumstances. Alternatively, a freeze could be implemented on all recruitment. However this would be counter productive in terms of risk, income generation and service delivery.

### **Report:**

1. The Council's annual budget process commenced in September 2010, with the consideration of the Medium Term Financial Forecast. The forecast was prepared against a backdrop of anticipated cuts in public expenditure and ongoing difficulties with the economy. Following the headline Comprehensive Spending Review announcement in October 2010, the Council did not receive the detailed settlement figures until mid December. Members will be considering the full implications of what has transpired to be, a poor grant settlement, for the authority, elsewhere on the agenda. It is clear that the Council will need to identify significant savings to compensate for the loss of some £2.2M of government funding, over the next two financial years.

2. Currently the Council employs approximately 650 staff engaged in the delivery of a wide range of services to local residents. At a cost of some £20M per annum, this represents a major area of expenditure for the authority. As such, in recent years there has been rigour applied in terms of granting permission to fill vacant posts, with Service Directors having to make a clear justification for the need to make an appointment, demonstrating that other options to cover the duties have been explored. The current procedure requires authorisation by the Acting Chief Executive, relevant Portfolio Holder and the Leader of Council. This process has served well in the lead up to the anticipated outcome of the Comprehensive Spending Review.

3. However, with the settlement being poorer than anticipated, it is proposed that it is now necessary to take further action in order to not only control expenditure, but also to protect wherever possible, the Council's existing workforce, mitigate the risk and costs of redundancy and to retain flexibility, pending any future service reviews to deliver the challenging levels of savings required.

4. A proposal to implement a freeze on external recruitment was discussed at the joint meeting of the Cabinet and Management Board in December 2010. The rationale was agreed in principle and officers were tasked with developing a policy to be formally adopted by the Cabinet. This is now detailed below.

#### *Vacant Post Recruitment Policy:*

*(i) In the first instance vacant posts can only be advertised internally, with all existing permanent and temporary staff entitled to apply. Agency staff will not be eligible to apply.*

*(ii) In the event that internal recruitment is unsuccessful an application can be made to recruit externally, if the post satisfies any of the following exception criteria:*

*(a) When not to appoint to the post would expose the authority to a quantifiable risk with respect to Health and Safety.*

*(b) When it can be demonstrated that the post is necessary for the generation of*

*significant or surplus income to the Council.*

(c) *When the past is wholly or largely externally funded.*

*(iii) The authorisation for the exception posts will be in line with the current system of permission to fill vacant posts i.e. Acting Chief Executive, in conjunction with the relevant Portfolio Holder and Leader.*

5. Whilst it is acknowledged that the freeze on external recruitment will place additional pressure on existing staff to maintain the quality of the Council's services, the measure will encourage managers to be creative in how to best utilise their existing staffing resources and could open up developmental opportunities such as secondments. At present, temporary posts currently due to expire have been extended to the 31 March 2011, but will be subject, thereafter to the new arrangements.

**Resource Implications:**

The Council's financial position is detailed in the Budget Report and Capital Strategy elsewhere on the agenda. The Council's salary costs are some £20M per annum.

**Legal and Governance Implications:**

The Council's Human Resources Policies reflect current Employment Law.

**Safer, Cleaner and Greener Implications:**

No specific implications identified.

**Consultation Undertaken:**

Staff have been advised of the External Recruitment Freeze.

**Background Papers:**

Notes of Joint Cabinet/Management Board December 2010

**Impact Assessments:**

Risk Management

Exception criteria is contained within the proposal to reduce risk with respect to Health and Safety.

Equality & Diversity

There are no Equality & Diversity issues raised by the report.