

# Finance Committee

FIN(3)-03-11 : Paper 1

## **Inquiry into the Welsh Assembly Government Staffing Costs – Evidence from the Trade Union Side**

The Trade Union Side of the Welsh Assembly Government consists of three recognised trade unions: Public and Commercial Services (PCS), Prospect, and the FDA. PCS represents a wide range of grades and skills within WAG; Prospect represents specialists and professional grades; the FDA represents senior managers, including Senior Civil Servants and those members of staff in the ‘fast stream.’

The Permanent Secretary, Dame Gillian Morgan, has already presented to the Committee on the Growth of Staff Numbers on the 29<sup>th</sup> April and 15<sup>th</sup> July 2010. This written submission will make reference to statistical data previously provided to the Committee but since the passage of 6 months has taken place there have been some significant changes in the number of staff employed.

In the submission made to the Finance Committee (FIN (3)-08-10 : Paper 2 ), as of 31<sup>st</sup> March 2010 the total number of employees was reported as 6,168.54. As of 30<sup>th</sup> November 2010 the headcount of WAG staff was 5,893 (FTE 5,596.9). The Voluntary Early Severance/Retirement Schemes of 2010 reduced the numbers of staff by some 350. In addition, restricted recruitment and natural turnover of staff has been a factor in controlling staff numbers, and there has been limited recruitment in this period mostly for temporary staff; all these measures have been undertaken in consultation with the Trade Union Side.

As of 6<sup>th</sup> January 2011 a further voluntary scheme has been announced with the ambition to seek a further 400 reduction in staff. It is anticipated that some volunteers will leave the organisation by 31<sup>st</sup> March 2011 and some early in the new financial year 2011-12.

The Trade Union Side was asked to provide its views on a number of key issues, as set out below.

- *The way in which the transfer of additional functions is reflected in changes to resource and staff levels*

Additional functions have been transferred into the Assembly as detailed in (FIN (3)-08-10 : Paper 2 ). Not all functions transferred are fully funded.

See below on 'The Impact of Mergers of Assembly Sponsored Government Bodies into the Government' for comment that also applies to transfer of functions.

- *The way in which the effectiveness of staff is measured and monitored*

All staff are covered by the policy governing performance management. The current system was introduced in 2007 and has been subject to additions and modifications since then – such as the need to recognise the Professional Skills for Government criteria and its ongoing development. The Trade Unions were consulted on this scheme, in line with the Partnership Agreement. We are in discussion with management on an improved scheme as we believe that the current scheme has weaknesses. We believe that the scheme does not, in any significant way, recognise team working and is over complex for staff at the lower grades. Many staff believe that the current system is a burdensome task to undertake and we are working with management to deliver an improved system.

The performance management system is used to determine incremental progression in the pay system.

- *the impact of the mergers of Assembly Sponsored Government Bodies into the Government*

From a Trade Union viewpoint, mergers created a significant amount of work not only in the pre-merger and merger phase but with ongoing issues with different TUPE-protected terms and conditions. Not only are there continuing pay differentials to be taken into account, but job evaluation to establish grade equivalence has been a substantial amount of work for both management and Trade Unions. It is vital that this work is undertaken to establish conditions where staff can begin to consider moving to common terms and conditions and to determine if any considerations of equal pay legislation are applicable.

In addition to matters of pay, which are of immediate concern to staff affected by mergers, pensions can create significant long-term liability obligations for the organisation. Given the risks and long-term liabilities that pension fund deficits can create, any short-term saving and efficiency gain has the potential to be wiped out or, worse, create liabilities, and ultimately payments, which may well far exceed any savings.

- *the way in which staff changes are managed such as through the 'postings' pool*

Since mergers, the Trade Unions have been closely involved with procedures and processes that avoid compulsory redundancies.

Redeployment pools have been an important tool in the avoidance of compulsory redundancy and have been successful in redeploying staff. Recent developments have resulted in an enhanced redeployment process branded as 'Solutions' in the Welsh Assembly Government. This enhances the processes used in the former scheme and endeavours to shorten the timescales involved in redeploying staff.

The Trade Unions are aware that there has been criticism of staff being in redeployment pools for extended periods but we are also aware that staff have been used on project work and therefore have delivered value to the public. The vast majority of staff who have passed through the redeployment processes have found new positions in the Welsh Assembly Government. Flexible staff resource that can be deployed in project work will be a common practice in many organisations and can be a positive way of developing staff by giving them the opportunity to undertake a wide range of work which would not have been available in a fixed role. This concept has been used for some years in the civil service 'fast stream' and has been considered a valuable tool in staff development.

The posting pool and its successor 'Solutions' has avoided compulsory redundancies and has, we believe, delivered good value for the public.

While we will continue to work to avoid compulsory redundancies there may be a small number in particular circumstances such as office closures where there is no viable alternative office in reasonable travel distance; and personal circumstances, such as caring responsibilities, mean an assisted move is not a practical option. We will endeavour to explore every alternative before reaching this point.

- *numbers of senior posts and pay levels generally*

The number of Senior Civil Service posts in the Welsh Assembly Government is 267 – see the table in the Permanent Secretary's submission. This compares well with the UK departments; the Senior Civil Service in the Welsh Assembly Government is relatively small. Pay of Senior Civil Servants in the Welsh Assembly Government in a matter for Westminster; pay for those staff in the Welsh Assembly Government at grades below the Senior Civil Service level is locally negotiated.

The median earnings of Welsh Assembly Government staff as published in the Permanent Secretary's submission is £28,370 – compared to other UK Government Departments, this places median earnings of WAG staff in the bottom third of the table of Civil Service department pay.

Pay levels are a concern for Trade Unions. Fair pay with recognition of the impact of inflation will be important if staff motivation is to be

maintained and the best talent attracted to government. While we recognise that the wider UK economy has been through a period of recession it does not follow that recession makes less work for government; indeed there are good examples where it creates substantially more – as an example the WAG Re-Act scheme, which assists individuals affected by redundancy to retrain with new skills needed significantly more staff resource to cope with redundancies in Wales.

- *efficiency gains*

The Trade Unions are not opposed to genuine efficiency gains. Examples as a result of merger are the consolidation of office accommodation where offices are geographically close; these include vacating Trafalgar House and Southgate House and relocating staff to existing offices within Cardiff and South East Wales. Similar office closures have taken place in Aberystwyth and Machynlleth with the opening of the new Aberystwyth offices. And savings have been made in common service areas such as IT and accounting functions. We remain concerned where the term 'efficiency' is used to mean a cut or reduction in service to the people of Wales.

While one of the ambitions of mergers (WDA, ELWa and Tourist Board) was to make additional efficiency gains these have been achieved at different rates. As already stated, IT and accounting functions are an area where it is more straightforward to make relatively quick improvements; in other areas there is a much longer timescale. Mergers brought into the Welsh Assembly Government more delivery functions and these are more intensive in the requirement for staff than policy development – which is the traditional role for government.

- *the use of consultants*

The Trade Unions have for a number of years questioned management on the use of consultants and in general we are opposed to the use of consultants where there are alternatives, such as the use of internal staff. We recognise that there are legitimate cases where the use of a consultant is justified – a recent example being where new computer systems, such as the SAP finance system, was introduced and insufficient internal expertise existed.

We believe that the development of internal consultants can be a more efficient and productive use of resource; this can be particularly beneficial as staff will be familiar with the organisation and will have in-depth knowledge of procedures and processes that may well take a consultant unfamiliar with government some time to assimilate – and at a cost to the public.

The key to controlling costs of consultants is to have clear definitions as to what is and is not consultancy. Reporting on consultancy cost is via the accounting system and the coding of cost will determine the actual accounting reports produced. While it is clear in many cases what constitutes consultancy – the introduction of the SAP system being a good example – it may become less clear in other cases where consultants provide an ‘ongoing’ service which is categorised in a different way. We do not maintain this is a current problem but highlight the importance of correct definitions in the chart of accounts which is fundamental to accurate reporting.

- *the use of fixed term contracts*

Fixed term contracts have been used by management to fill roles that have a recognised time limitation and we have considered this to be a practical approach to undertaking roles that have specific limitations. Some staff recruited under fixed term contracts have become members of the respective Trade Unions and a number have also gained full time employment with the Welsh Assembly Government as under the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations these employees had an entitlement to apply for posts within the organisation for which they were qualified.

Casual staff are also employed to deal with peak workloads – an example being processing applications for agricultural payments. The practice has much reduced in the last year or so as at one point a significant number of casual staff were employed – many for long periods. Changes in legislation giving ‘temporary’ employees rights to assert that employment became permanent have resulted in this practice no longer being used. The Trade Unions have always been opposed to significant numbers of casual staff and agency staff being employed for extended periods and have always maintained that where a role existed and could be seen to be ongoing that the post should be recruited as a permanent position giving the benefits of stable employment with membership of the appropriate pension scheme.

- *the objectives and outcomes/implementation of the voluntary redundancy scheme*

As the Committee is aware the running cost settlement for the Welsh Assembly Government is to be reduced by £42 million (12%) over the next 3 years. Within that, delegated running costs will be reduced by 14%.

There have been two voluntary severance/exit schemes since August 2010 the second of which is just about to close. The Trade Unions have been consulted on these measures and are supportive of schemes where employees have the opportunity to choose if they wish

to 'volunteer'. Eligibility and payback criteria apply to ensure that the public receives value for money from these release schemes. In the last scheme this was set at 30 months maximum; for the scheme that is about to close it will be less at 21 months. In addition to the voluntary severance/retirement schemes there have been other opportunities to reduce hours or seek career breaks of up to five years.

We are in no doubt that a much smaller workforce, which will result from the various voluntary severance/exit and retirement schemes, will need a significant rethink of the amount of work that can be undertaken. We are aware that the First Minister and Ministers are in discussion with Director Generals on the future workload of staff. The Trade Unions are in discussion with management on workforce planning and the development of suitable tools to match workloads to staff resource, to ensure delivery of quality policies and services for the people of Wales, without destroying the work-life balance of staff.

### *General Overview*

The TUS in the Welsh Assembly Government have an established Partnership Agreement and are working to establish DG level partnership working as the way forward in managing relationships. Through contact with other Trade Union members in UK government departments we believe that there is a good working relationship with WAG management - that does not mean we agree with all proposals but we endeavour to influence change by presenting alternatives and working to improve proposals. Members of the WAG Trade Unions are committed to providing the Welsh public with a value for money service delivered with dedication.

We wish to thank the Finance Committee for the opportunity to present our views.

Vince Howells,  
Chair, Trade Union Side  
Welsh Assembly Government