BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET	Exempt information paragraph number – if private report:	
Report of:	Stella Manzie Interim Chief Executive, Jacqui Kennedy,		
	Corporate Director Place		
Date of Decision:	24 th August 2017		
SUBJECT:	UPDATE ON REORGANISATION OF THE WASTE		
	MANAGEMENT SERVICE		
Key Decision: Yes / No	Relevant Forward Plan Ref: N/A		
If not in the Forward Plan:	Chief Executive approved		
(please "X" box)	O&S Chair approved		
Relevant Cabinet Member(s) or	Councillor Lisa Trickett, Cabinet Member – Clean		
Relevant Executive Member:	Streets, Recycling and Environment		
Relevant O&S Chair:	Councillor Victoria Quinn, Chair Housing and Homes		
	Overview and Scrutiny Committee		
Wards affected:	All		

Purpose of report:

- 1.1 This report deals with the issues arising from the implementation of proposals for reorganisation of the Waste Management Service to secure high quality services and demonstrate value for money set out in the Cabinet Report of 27th June 2017
- 1.2 It reports on the industrial action by the union Unite since 30th June and consequent costs and on discussions with all four trades unions represented in the Waste Management workforce
- 1.3 It seeks endorsement to engage with ACAS and to continue the next steps towards a structure to deliver improved quality of service, whilst operating within the allocated budget and within the Council's policy objectives.

This matter was not included in the Forward Plan because it was not clear what the timing of the report would be. Recent developments relating to the industrial action and the scheduling of a Special Cabinet Meeting facilitated the urgent reporting of recent discussions.

2. Decision(s) recommended:

That the Cabinet note the recommendations below and consider them in the light of the accompanying private report.

- 2.1 Endorse progression and implementation of the decisions taken by Cabinet 27th June 2017 for the re organisation of the waste management service and the next stages including issuing the redundancy notices to the 106 employees (in 113 posts) currently designated as Grade 3 Leading Hands.
- 2.2 Note the impact of the disruptive industrial action by the Unite union including disruption and inconvenience to the public and additional costs to the Council and the public.
- 2.3 Note the operational plans in place to maintain refuse collection at reduced frequency, clear up side waste and clear any backlog.
- 2.4 Build on discussions between the Leader, Unite and ACAS, involving all four of the trade unions represented in the waste workforce, on ways to resolve the current industrial action involving Unite and disputes raised by other Trade Unions.
- 2.5 Continue the delegation to the Corporate Director Place to conclude discussions on Street Cleansing structures and organization
- 2.6 Endorse the proposal to put in place a discount for current subscribers to the green waste service for 2018/19 as a way of making a refund to those who have lost out on the service as a result of the industrial action with delegation to the Cabinet Member and Corporate Director for Place in consultation with the Chief Financial Officer to implement.

Appendix 1 to this report contains more detail about the changes being proposed and more detailed information is contained in the Private Report due to financial, commercial and industrial relations implications.

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3. Consultation

Internal

- 3.1 As detailed in the Cabinet Report 27 June 2017 consultation on the reorganisation of the Waste Service has been taking place since 26 January 2017 in the form of a business case and proposal to restructure senior management in Waste Management and from 3 March the next phase was launched which focused on a restructure of the front line operation. The risk of redundancy was contained in the Section 188 notice issued at the corporate meeting on 1 March 2017.
 - Since the start of the consultation there have been 24 meetings with Trade Unions lasting approximately 57 hours
 - There have been some meetings with all trade unions during the course of the industrial action the last one of these was on 20th July
 - There has been communication between management and individual trade unions on specific issues. The two unions with the larger balance of members in the Waste and Refuse service are Unite and UNISON, with GMB and UCATT holding the balance.
- 3.2 Management has continued to engage with Unite in an effort to resolve the dispute however this has not been possible. One meeting took place between the Interim Chief Executive and the Unite regional organiser on 31st July. Discussions have taken place between the Leader of the Council and the Unite regional organiser and ACAS proposals resulting from these discussions have been published in the press.
- 3.3 UNISON balloted on the potential for strike in this area but as yet the result has not been formally shared with BCC. However informally the Council has been advised that the ballot achieved 42% therefore secured no mandate for industrial action.
- 3.4 GMB and UCATT have separately reported that consultation with their members has taken place and membership has indicated no appetite to oppose the management proposals.
- 3.5 GMB and UCATT have also stated that they are aware from the media that separate negotiations might be taking place with other unions. Should the proposals that have been consulted upon change, they may enter into dispute as they fear they are being excluded from consultation.
- 3.6 Attached as Appendix 2 is a summary of the trade union notices of industrial action.
- 3.7 No Joint Trade Union proposals have been presented for the refuse collection service despite repeated requests, encouragement and opportunity made by management, throughout the consultation.
 - No alternative proposals have been submitted by Unite (the only trade union in dispute and taking industrial action) since the Cabinet meeting 27th June.
 - Unite has stated that there are savings that could be made in refuse collection but they
 will not negotiate until the proposal to remove the Grade 3 Leading Hand role is taken off
 the table. Management cannot agree to this.
 - A further "red line" has been introduced by Unite in relation to an employee disciplinary matter.

4. Compliance Issues:

- 4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u>
- 4.1.1 The City Council has a number of statutory obligations in relation to public health and cleaner streets which is why it provides a Waste and Refuse service.
- 4.1.2 The Council has to demonstrate to its auditors that its decisions are in line with value for money and annually the Leader and Chief Executive have to sign off value for money statements.
- 4.1.3 The Council also has to meet the obligations of being an employer including complying with the requirements of the Equality Act.

4.2 Financial Implications

- 4.2.1 The Council allocated a significant level of additional resources of £5.7m to the Waste Management Service in 2017/18 to reflect the fact that the operational cost of the service was significantly in excess of the agreed budget for 2016/17 (there was a overspend of £11.9m for Waste Management Services). Even with this significant increase in corporate funding, the proposals for the re-organisation of the Waste Management Service agreed by Cabinet on the 27 June were required to enable expenditure to be contained within the agreed budget for 2017/18.
- 4.2.2 In particular, a decision not to proceed with the proposed deletion of the Grade 3 roles will result in an increase in costs of £0.6m in a full year.
- 4.2.3 The budget for 2017/18 assumed that the new operating model would commence on the 1 July 2017. The delay in the introduction of the new model to the 1 October will result in an estimated overspend of £2m in 2017/18. Any additional on-going full year financial implications will need to be evaluated and incorporated in the budget for 2018/19.
- 4.2.4 There are additional costs associated with the contingency plans that have been put in place in response to the industrial action. The estimated weekly costs have ranged between £21,000 per week in the early stages of the industrial action in July to the current weekly estimate of £311,000 as external contractors have been mobilised (the details are set out in a separate schedule in the Private Report). This will be an additional pressure on the Council's finances for 2017/18.
- 4.25 However, the more significant potential financial implications arising from a decision not to continue with the implementation of the new operating model arise from a significant increase in the risks in relation to further equal pay claims. The financial implications arising from the probable equal pay risks are set out in more detail in the Private Report. In summary, in light of the advice given as to the low probability of the Council being able to mount an effective defence to such claims, meeting such liabilities would more than wipe out available headroom in the equal pay contingency, any uncommitted sums for capital investment and all available revenue reserves.

This would still leave a significant gap which would lead to the need for very significant and urgent reductions in both revenue and capital commitments and would also lead to the statutory chief financial officer (the s151 officer) having to consider whether the Council was in a position to set a lawful and balanced budget.

Financial Implications of Operational Response to Industrial Action

4.2.6 There have been additional costs associated with the contingency plans which have been put in place in response to the industrial action, amounting to a weekly cost in the range of £21, 000 (July) to £311, 000 (August). The increase in the figure attributable to the employment of additional contractors to assist with collection. These are in addition to the costs already incurred and included in the budget. It is proposed to minimise additional costs of the clear up by utilising the already incurred contracted spend to assist with clearing the backlog rather than incurring additional overtime. Every additional element of cost incurred increases the numbers of jobs likely to be needed to be lost across the Council given the Council's budget situation.

4.3 Legal Implications

- 4.3.1 The Cabinet Report 27th June 2017, set out in the Legal Section, the legal definition of redundancy and the duty of an employer to mitigate redundancies.
- 4.3.2 The Cabinet Report highlighted that since the start of the current refuse collection system (Collective Agreement 2011) the current working arrangements and crew structure have not delivered value for money savings targets and they will not meet the business need of the future. Performance and productivity of refuse collection in particular has not matched the predicted levels. This problem is exacerbated by a staffing structure which does not reflect modern day good practice because it encompasses too many grades within a small team. Two tiers of supervision in a team of 3 (Grade 4, Grade 3 and Grade 2) is neither appropriate nor sustainable. The re-organisation proposals agreed by Cabinet on 27th June 2017, approved the 'redundancy' of these GR3 roles as there is no longer a requirement for them to perform this role.
- 4.4 Public Sector Equality Duty (see separate guidance note)

The Equality Impact Assessment is attached at Appendix 3

Relevant background/chronology of key events:

- 5.1 The key organisational changes in the Refuse and Waste service, proposed in the June 27th Report were as follows:
 - The removal of compressed working hours with all employees working a 5 day 7.3 hours per day 36.5 working hour week rather than 4 days at 9.133 hours per day
 - Removal of the Leading Hand role on Refuse Collection Grade 3 (113 posts)
 - Operationally the separation of commercial and domestic collections onto separate
 vehicles and crews where it practicable to do so, thereby enabling domestic and trade
 waste operational resources and costs to be ring fenced.

The location of the start and finish points for each or any collection round will be across
any of the Council depots and employees will be asked to work flexibly from any of the
depots and employees will be asked to work flexibly from any of the depots as the
business requirement demands. These changes are consistent with all employees on
the Birmingham Contract

Upon implementation of this reorganisation Refuse Collection Service:

Will deliver within the budget allocated:

- Weekly collection of residual domestic waste (354, 356 properties per week)
- Fortnightly collection of kerbside residual materials (177,178 properties per week)
- Consistent productivity for all collection rounds based on national benchmark (mid

 range national average)
- Remodelled collection rounds that assure maximum efficiency
- A revised fit for purpose management structure
- The continued provision of Chargeable services e.g. Green waste, Trade Waste, Bulky Waste
- A significantly reduced reliance on use of agency and overtime .the reduction in agency workers will enable more investment in trained and competent full time employees of Birmingham City Council (Currently of 595 staff, over 200 are agency employees)
- 5.2 The key recommendations agreed in the Cabinet Report of 27th June were to:
 - Approve the proposal for the reorganisation of the Waste Management Service with effect from 1st July 2017
 - Note the proposals regarding Street Cleansing reorganisation and delegate the authority for completion of this reorganisation to the Corporate Director Place and Cabinet Member
 - Achieve continued discussions with the Trade Unions in parallel with taking forward the proposal in the report with a view to seeking to avert industrial action
 - Bring an end to the collective agreement of 2011

The paragraphs below set out events since officers have sought to implement those agreed recommendations.

- 5.3 Letters of invitation for week beginning 3rd July 2017 were issued to Leading Hands to attend one to one meetings to discuss options, carry out a skills audit and issue notice of redundancy to enable them to move onto the Priority Movers list. Very few Leading Hands attended as they were advised not to by Unite and Unison trade union representatives.
- 5.4 Due to lack of attendance at the one to ones on 14 July 2017 the Corporate Director of Place wrote to Leading Hands at their home address advising them of the proposals and encouraging them to engage with management through a confidential telephone hotline to seek redeployment opportunities to suitable alternative graded roles within the directorate. The offer was also made to discuss other issues, e.g. financial hardship, training etc. Disappointingly, although the letter was sent to 106 employees, there were only a handful of calls to the confidential hotline or any other response.

- Unite have made it clear that they have instructed Leading Hands not to engage with management approaches to move the restructuring forward.
- 5.5 Job fairs were held on 28 and 31 July where managers from the services with the 203 vacancies were in attendance. Disappointingly only 10 Leading Hands attended. The feedback to managers again was that Unite had advised colleagues not to engage with the process. However, all 10 colleagues who attended and / or expressed an interest now either have taster trials or alternative proposed job roles on their current Grade 3 salary.
- 5.6 Unite have indicated through their dispute that they will not accept any deletion of the Grade 3 role and although informal discussions have been held with Unite locally and regionally while they have been in dispute with the Council through working to rule and industrial action, it has not been possible to overcome that challenge.
- 5.7 A meeting was held on 20 July 2017 with Trade Union colleagues attended by the Chief Executive and the Chief Operating Officer with a view to agreeing a positive way forward. However, later on 20 July Unite submitted notification of their proposal to increase their industrial action.
- 5.8 On 24 July 2017 a letter by the Chief Executive was sent to Leading Hands explaining the need for change and attaching all of the Grade 3 job vacancies dated 24 July 17

Initiation of industrial action

- 5.9 On 27 June, immediately after Cabinet, the Corporate Director of Place met with the Trade Union representatives and advised of the next steps which were to issue communications to the workforce in relation to removal of the compressed hours working week and the deletion of the role of Leading Hand on refuse crews. In discussion with Trade Union colleagues one to one meetings with employees were scheduled for week beginning 3 July to enable Trade Union representation for all.
- 5.10 Unite Trade Union notified the authority of a ballot for industrial action on 23 May 2017. Following a majority in favour of the ballot Unite commenced industrial action on 30 June 2017 and that industrial action has escalated further. Unite recently announced that they are seeking to ballot their members to extend industrial action through to December 2017.
- 5.11 An exemption was sought from Unite to allow crews to clear refuse from high rise flats, particularly in light of the Grenfell Tower fire. However, Unite refused that request for exemption and therefore contractors were employed directly to clear the 213 high rise blocks in the city. This has now been extended to all BCC sheltered accommodation in the city

Industrial Action time line

5.12 The industrial action has taken place from 30th June to 16th August, although it should be noted that productivity dropped significantly in refuse teams from the announcement of a ballot on industrial action and before any legal industrial action. It should also be noted that productivity levels outside the hours of legal industrial action have been significantly affected.

Industrial Action time line cont

- 30thJune Industrial action by Unite commenced with two hours per day stoppage 6 to 8am
- Up to 13th July Informal discussions continued with Unite colleagues but no resolution to the dispute was achieved.
- 20th July Round Table with Trade Union colleagues was held chaired by Chief Operating Officer and attended by the Chief Executive and Managers from the Waste Management Service.
- 27th July Unite issued notification that they were increasing their hours of industrial action by an additional hour's stoppage with effect from 11 August 2017.
- 11th August Unite issued notification of intention to Ballot for industrial action through to December
- 16th August Industrial Action suspended following Leader's discussions with Unite.

Operational response to industrial action

- 5.13 Initial response plans to the planned industrial action were disrupted by the actions of the workforce in and around the industrial action which increased its impact. From the data it is apparent that missed collections in the city increased significantly at least two weeks before the industrial action started. It is also apparent from the data that levels of productivity were significantly reduced as a result of the industrial action. The contingency plans in place were initially challenged by the extent of industrial action taken, i.e. not only Unite members with mandate for industrial action but other Trade Union colleagues and agency workers are also informally working to rule and taking industrial action. Initially management made a conscious decision not to use legal action to challenge this in the hope that a solution to the industrial action might be found.
- 5.14 Over the course of the action, a range of different approaches to tacking the operational side of the response. Due to the poor level of performance and higher level of sickness absence and unofficial industrial action officers concluded it was necessary to change from the routine weekly main collections and fortnightly (recycling) collections to a whole ward, whole clearance approach. Week 1 of this approach commenced 24th July 2017. At the current lower level of productivity, this approach allowed for the whole city to be cleared over three weeks.
- 5.15 The prioritisation of the wards was based upon the combination of reports of missed collections and last dates of full clearance of the waste. This approach put the whole of the resource into the ward on the same day and at the same time, all crews and all management support. This met with some resistance from some members of the workforce as it changed normal routines. It also made it easier to supervise completion of the planned routes.
- 5.16 The contingency plan is based on a three week clearance of the city. This first three week cycle concluded on 13 August 2017 with teams clearing over 90% of the city's roads and properties. The plan comprised of resources allocated on a ward by ward basis on a three week cycle to clear all waste. Unfortunately this has involved temporarily collecting recycling and domestic waste together and suspending the recycling collection

As part of the contingency, alongside the workforce we have also employed a number of third party contractors to provide increased capacity and a number of teams drawn from the wider workforce, e.g. Housing, Parks, Enforcement, Street Cleaning to do sack clearance and side waste clearance using caged vehicles. It is also planned to recruit a properly employed internal and an external alternative casual workforce in order to maintain the refuse collection provision in the city.

- 5.17 The ambition was to clear 100% of the side waste, sacks and empty all bins on one cycle by 13 August 2017 and the Council nearly succeeded in doing this. However, the escalation of industrial action on 11 August, severely impacted on this ambition. However over 90% of the city in terms of properties and roads was cleared. The remaining roads have gradually been cleared by recovery crews.
- 5.18 Due to the industrial action, there has been a backlog in bulky waste clearance. This 'paid for' service was temporarily suspended to enable us to concentrate on domestic waste removal. However, this has been reinstated with effect from 15 August 2017. This service is currently being delivered by contractors.
- 5.19 There have also been some issues in relation to the "charged for" garden waste collection service. It is proposed to provide a discount on renewing this service in 2018/19. This proposal is based on the significant cost associated to actually providing a cash rebate. Some customers may also be entitled to refunds. This is under review. Recommendation 2.5 of this report refers. The financial implications for 2018/19 will need to be calculated depending on the size of the discount.
- 5.20 We have retained private contractors to clear the city council's 213 high rise blocks on the grounds of health and safety. We have recently extended that to cover all of our sheltered accommodation too to provide refuse collection clearance and other significant high risk areas.
- 5.21 We have suspended the pre-booking arrangements for vans at our Household Recycling Centres (HRC's), where they are dropping off waste sacks etc. We have extended the opening hours of HRC's and three housing associations (over 5000 properties) have offered to bring their waste from their neighbourhoods direct to the HRC's for disposal.

Impact of the industrial action on residents in Birmingham.

5.23 There is no doubt that the impact of the industrial action, has, as Unite have intended, been extremely disruptive on the regular weekly collection of refuse, the recycling collections and collections of bulky waste. As has been mentioned above the union refused exemptions in relation to tower blocks which meant that very early Housing had to bring in private contractors to ensure the safety and protection of residents from inflammable rubbish. Since 30th June the Council have tried a variety of approaches In relation to contingency plans as set out earlier in section 5. There has been extensive and understandable criticism of the Council and the union Unite by the public via press and media and social media

5.24 The Council's Customer Services have made a huge effort in responding to customer queries and complaints. They have hugely assisted the Waste Management Service as have other colleagues in other services in the Place Directorate in particular Housing and Parks. Similarly Communications the Website management team have worked hard to enable the information flow to the public. There is no doubt however that the inconvenience to the public has been immense and customers have felt a great deal of resentment.

Communications

- 5.25 Officers have recognised that they have needed to improve the communication with elected members who had to deal with a huge volume of queries from the public in their area, as the dispute continued. If the dispute continues and we need to continue the same method of three weekly cycles, we would propose some Member officer workshops on different ways to tackle this. Through member feedback we are finding out more about refuse patterns in different areas, fly tipping etc., which will enable us to tailor services more.
- There have been extensive use of different forms of media including videos via social media, post code related information about collections etc., to try and reach as many people as possible. The dispute has received extensive coverage locally, regionally and nationally bringing reputational damage to the Council, the city and its profile. Being able to communicate clear messages has sometimes been hampered by the nature and unpredictability of the "go slow". But the effectiveness of this has improved. Both the Cabinet Member and the Corporate Director Place have been on TV and radio to promote the Council's messages.

Recent Developments

5.27 On 16th August an ACAS statement was issued as a result of discussions between the Leader, Unite and ACAS.

Birmingham City Council and Unite the Union have today made sufficient progress in their talks for the Shop Stewards to pause industrial action. Birmingham City Council cabinet members have agreed in principle that the grade 3 posts will be maintained. Consequently there are no redundancy steps in place. In addition the parties will now look to discuss, through ACAS, how the service can be improved, with the intention of improving efficiencies in performance of the bin collection service generally, including what savings can be made, and specifically how best the current Grade 3 roles can now be maintained and developed so that they take forward the ambition to deliver cleaner streets and align to wider Total Place principles. Unite have also agreed in principle to recommend to their members work pattern changes, including consideration of a 5 day working week. Both parties agree the working week should be designed to maximise service delivery. To assist in the resolution of outstanding issues both parties will go to ACAS. These discussions will be with the intention of incorporating any agreement as an amendment to the Waste Management Service Cabinet Report in September 2017. Both parties are pleased to be recommencing industrial relations and pleased that the bin collection can resume without disruption.

5.27 Later that day Unite issued a further statement:

"Unite, the country's largest union, today (Wednesday 16 August) said that it has achieved victory in the Birmingham bin dispute which will result in the suspension of the current industrial action.

The union said that the city council had accepted the refuse workers' case and restored the grade 3 jobs, which are responsible for the safety at the rear of the refuse vehicles.

Normal collection of bins will resume, as Unite and the city council hold further talks under the auspices of the conciliation service, Acas to resolve the outstanding issues."

"The council has addressed our members' concerns, including the safeguarding of the grade 3 post that is vital to the safety at the rear of the refuse vehicles. Unite also welcomes the fact that our suspended rep is now returning to work "

5.28 The Council issued the following statement:

"The Acas statement in connection with the Waste and Refuse dispute does not represent the Council's position until these matters are considered at the Council's Special Cabinet Meeting on 24th August 2017. The decision on the waste reorganisation taken by Cabinet on 27th June is still the current position of the Council."

5.29 While productivity is still extremely low there does seem to have been a limited return to work from the Unite members. However given uncertainty about the ACAS discussions the Corporate Director of Place has continued to operate the contingency arrangements in place already, to assist in the catch up. There has been a request for overtime from the operatives, which has been refused.

Street Cleansing

5. 30 As agreed at the Cabinet Meeting in June, one Trade Union meeting has taken place to discuss Street Cleansing with additional weekly meetings scheduled starting 1st September 2017. In addition to the restructuring, local cleansing plans are under development and local Ward Councillor meetings have started to discuss the Cleaner Street Plans submitted and to identify resources for each Ward. Additionally a review of expenditure and contracts is being carried out for items such as Big Belly bins, bin sensors etc. and a proposal on these will be submitted to the Trade Unions through the meetings scheduled, alongside the development of local proposals for scheduling of mechanical sweeping where the locality requires/permits to deliver cleaner streets.

Key Issues

5.31 Key industrial issues and more details about the financial implications of the industrial action which are commercially sensitive due to negotiations with contractors are contained in the private report.

Evaluation	of	alternative	option	(s)):
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- 6.1 This report sets out the position to date in relation to the 27th June Cabinet Report proposals to implement the reorganisation of the Waste Management Service. The Waste Management Service have sought alternative proposals from trades union representatives but these have not been forthcoming in the refuse service, unlike in street cleansing where there have been more constructive discussions which should lead to agreement.
- 6.2 One alternative would be to retain the current organisation of the service including the ineffective productivity and rounds management and a non cost- effective approach. The current proposals set out a way forward which moves to a five day system.
- 6.3 The Waste Management Service have examined alternative refuse systems and looked at approaches in different cities

Reasons for Decision(s):

7.1 The report ensures that Cabinet and the Council more widely are informed within the governance framework of the consequences of the implementation of the reorganisation of the Waste Management Service agreed in 27th June, the delay to that implementation as a result of disruptive industrial action by UNITE and recent developments in industrial relations discussions.

Signatures					
2.3		Data			
		<u>Date</u>			
Cabinet Member or Executive					
Member or Ward Forum					
Chair					
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Chief Officer:					
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List of Background Documents used to compile this Report:					

List of Appendices accompanying this Report (if any):

- 1. Productivity and Effectiveness Issues Extract from Cabinet Report 27th June 2017
- 2. Summary of Trade Union Notifications of Industrial Action Waste Management
- 3. Equality Impact Summary

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

