

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2015-2016

**COUNCIL
22ND JULY, 2015**

Agenda Item No.9

**REPORT OF THE DIRECTOR OF
LEGAL & DEMOCRATIC SERVICES**

**INTERIM REPORT OF THE SCRUTINY
WORKING GROUP DEALING WITH 'ZERO
HOURS' CONTRACTS**

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1. PURPOSE OF REPORT

To update Members on progress following the Notice of Motion considered by Council at its meeting held on the 4th March, 2015 in relation to 'Zero Hours' Contracts.

2. RECOMMENDATIONS

- 2.1 To note the contents of the progress report of the Scrutiny Working Group;
- 2.2 That the final report and recommendations of the Scrutiny Working Group be presented to Cabinet in due course.

3. BACKGROUND

- 3.1 Members will recall the under-mentioned Notice of Motion which was considered by Council at its meeting held on the 4th March, 2015 standing in the names of County Borough Councillors P.Jarman, C.Davies, I Pearce, E Webster, S.Evans-Fear, M Weaver, S.Rees-Owen, K.Morgan and G.Davies:-

“That this Council, in an effort to end exploitative zero hours contracts, instructs that our Contract Procedure Rules be varied.

The variation to provide for contract specifications based on a community benefit approach. This would require a social return on investment by disallowing delivery of the contract by staff on zero hours contracts of employment.

This Council further orders a review of current contracts to examine the possibility of varying them in a further effort to end exploitative zero hours contracts.”

Council **RESOLVED** that the matter be referred for consideration to the appropriate Scrutiny Committee and a report therefrom be reported to a future meeting of the Council.

- 3.2 As a result, a scrutiny working group was formed comprising County Borough Councillors M Norris (Chairman), J David, S Rees-Owen, G Stacey, (Mrs) J S Ward, E Webster, C Willis and R Yeo.
- 3.3 The Working Group met on 9th July 2015 and received information from the Service Director, Procurement and the Human Resources Manager who provided Members with a briefing in relation to the issues which needed to be considered in taking the matter forward. The Working Group also considered the guidance provided by the WLGA which had been agreed jointly under the auspices of the local government Joint Council for Wales.
- 3.4 In summary, the Working Group were informed that Zero Hours contracts do not have any legal definition and can in fact encompass a range of different employment arrangements. The Guidance defines Zero-Hours Contracts as “An agreement between two parties that one may be asked to perform work for another but there is no set minimum level of work or pay.”
- 3.5 The Working Group also learnt of the importance of using ‘casual’ workers in areas such as home care services and in the residential care setting as a way of managing staff holiday entitlements and sickness absence and in many cases this arrangement suits both the employer and the employee. However, there is a need to guard against exploitative practices such as:
 - Preventing the individual from working for others;
 - Giving insufficient notice of work;
 - Giving insufficient notice of cancellation of work;
 - Insisting any work offered must be accepted;
 - Penalising those who turn it down;
 - Evading obligations on sick pay and holiday pay.
- 3.6 In considering what the Council itself is able to do the Working Group was informed that the Council could ensure that its own practices for casual workers/short term/part time workers are in line with best practice. Secondly, it could ensure that its suppliers and providers avoid the use of exploitative practices through the adoption of an Ethical Procurement Policy (via EU Treaty and Public Contract Regulations 2015). Research undertaken by the Service Director, Procurement had identified Southampton Council and the Department for Education & Skills as best practice examples and both had instigated such a policy. Members learnt that an Ethical Procurement Policy could include provision for the following issues:
 - Acting with integrity and honesty
 - Safe Working Conditions
 - Promotion of Good Health
 - Employment freely chosen

- Working hours not excessive
- Avoid blacklisting practices
- Minimum wages
- Training provided
- No discrimination
- Has a disputes procedure
- Child Labour is eliminated
- No inhumane treatment allowed.

3.7 The Working Group learnt that an Ethical Procurement Policy could include the use of supported businesses, for example the Council has an exemplar supported business, namely, Vision Products. Such a policy could also include the use of Fair Trade products, continuing to provide opportunities for micro, small and medium enterprises, minority enterprises, fair payment and the elimination of fraud and corruption by ensuring open transparent and fair procurement processes.

3.8 It was explained to Members that whilst there was no evidence that any of the Council's suppliers were involved in unethical practices, the introduction of a policy would provide a way of managing such situations.

3.9 The Ethical Procurement Policy will be the foundation and demonstrate the Council's intent for implementing changes to the Council's Procurement processes such as prequalification of suppliers and contractors, its tenders and contract terms and condition, Contract Procedure Rules and ongoing contract management and monitoring processes so eliminating any unethical and exploitive practice.

4. NEXT STEPS

4.1 After considering all the information put forward the Working Group agreed that the Service Director for Procurement should proceed to prepare a draft Ethical Procurement Policy for consideration by the Working Group at its next meeting. Secondly, it was agreed that contact should be made with the Trade Unions with a view to inviting them to the meeting.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

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REPORT OF THE DIRECTOR, LEGAL & DEMOCRATIC SERVICES

Background Papers

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`ZERO HOURS` CONTRACTS**

Freestanding Matter