
Meeting of the Cabinet – 31st October 2012

Report of the Director of Corporate Resources

Staffing issues – budget savings

Purpose of Report

1. To update Cabinet with final figures relating to staff changes as a result of the budget saving process for year two (2012/13).
2. To update Cabinet with learning that has taken place and outcomes from the learning put into place for the year two budget saving process.
3. To seek approval for a voluntary redundancy programme for savings required in 2013/14, as it has been demonstrated that the programmes over the last two years have significantly reduced the number of compulsory redundancies required.
4. Further, if such approval is given, to note the posts identified for exclusion from a voluntary redundancy process at this time, due to service delivery requirements. (subject to possible bumping opportunities)
5. Further, to seek approval for the Director of Corporate Resources in consultation with the Cabinet member for HR, Law & Governance to again have delegated responsibility to determine applications for voluntary redundancy including those with pension implications.

Background

Facts and Figures

6. This report follows a report submitted to Cabinet in April in relation to the Council's budget for 2012/13
7. Legal obligations require employers to attempt to minimise the need for compulsory redundancies. Over the past two years the Council has demonstrated a proactive approach to ensure where possible employees have been able to maintain their employment despite unprecedented saving requirements. Therefore the Council has considered a number of options whilst maintaining service delivery for citizens of the borough in line with Council plans. Our redeployment policy and procedures contribute to minimising compulsory redundancies, as does a robust process of vacancy management.
8. Indications for 2012/13 were that 155.21 FTE posts would need to be removed that year, with 68.9 FTE achieved by non filling of vacancies or reduction in hours.

9. All directorate management teams have managed their workforce, taking into account business needs and anticipated savings required, recruitment is also closely monitored by an elected member authorisation process for all vacancies.
10. Additionally, expressions of interest were requested from employees across the Council, excluding teaching staff, for voluntary redundancies, which, it was intended, would minimise the need for compulsory redundancies. The process highlighted from the start any posts or service areas where requests would not be able to be agreed (unless there was a redundancy bumping opportunity) to minimise expectations if service delivery/business needs would prevent agreement. Employees understood that if they were in an excluded area they may still register their interest if they wished to be considered should either budget savings change or there be a redundancy bumping opportunity and 125 employees in this category registered their interest of which 2 were subsequently followed up.
11. This expression of interest for voluntary redundancy resulted in 550 expressions received, of which 35 were subsequently withdrawn by individuals at various stages in the process. By the end of the process 83 of those who had decided to continue with their interest; were supported by senior managers and subsequently authorised to leave the Council on the grounds of voluntary redundancy. Of the 83 there were 37 with capitalised pension cost implications.
12. A number of employees who requested voluntary redundancy, were held as pending due to the fact they could possibly be considered if a redundancy bumping opportunity arose.
13. Once numbers for voluntary redundancies were confirmed there was still a requirement for compulsory redundancies to meet the savings required.
14. 40 employees were put at risk of compulsory redundancy. However before it was necessary for Cabinet to approve to terminate the contracts of employment 14 were either redeployed (10 in a restructure as a result of budget savings), bumped or employed at another local authority. This left 26 employees who were included in the report submitted to Cabinet for approval to end their contracts of employment on the grounds of compulsory redundancy. Of these 8 had capitalised pension cost implications
15. Redeployment efforts continued up to their last working day for all employees at risk of compulsory redundancy and the table below demonstrates the outcome for the 26 employees.

Status	Number				
	Children's Services	DACHS	DUE	Central directorates	Totals
Redeployed	1	2	3	0	6
Redundancy bumped*	0	1	1	0	2
Redundant	1	14	3	0	18

*bumping takes place when an employee at risk of compulsory redundancy "bumps" a volunteer for redundancy out of their job and the post of the volunteer is then the one which is redundant and removed from the establishment.

16. Therefore 18 employees have left the council (6 with capitalised pension costs implications) on the grounds of compulsory redundancy as a result of the year two savings, with 30.8% of those put forward to Cabinet for approval being successfully maintained in employment.
17. The total leavers (compulsory or voluntary redundancy) for year two budget savings is 101 (80.92 FTE). The table below gives a breakdown by directorate.

Reason	Numbers									
	Chief Executives		Children's Services		Corporate Resources		DACHS		DUE	
	FTE	Actual	FTE	Actual	FTE	Actual	FTE	Actual	FTE	Actual
Voluntary redundancy	1.61	2	12.17	16	9.24	11	26.19	38	14.68	16
Compulsory redundancy	0	0	1	1	0	0	13.03	14	3	3
Total	1.61	2	13.17	17	9.24	11	39.22	52	17.68	19

Learning from year two

18. Key messages from employees were that in general the process was well managed but some concerns were raised about communication between managers and those leaving on either voluntary or compulsory redundancy often with managers being under their own time pressures and also perhaps inexperienced in this sort of situation and worried about doing or saying the wrong thing. It was agreed that it would be beneficial for managers to undertake training on how to manage employees through and beyond the changes. Therefore appropriate modules are now mandatory as part of the successful "Facing the Future" suite of training and managers including assistant directors and corporate board members are already beginning to attend them in readiness for the next round of budget savings.
19. The efforts to reduce the number of compulsory redundancies were once again successful and savings achieved within timescales.
20. Processes such as the delegated responsibility to the Director of Corporate Resources in consultation with the Cabinet Member for HR, Law & Governance for approval of voluntary redundancies supported efficiency and timeliness. The detail of the approvals was shared with the opposition lead for HR.
21. The Managing Employees at Risk of Redundancy Policy (implemented in August 2010) provided a useful guide to managers, union representatives and employees alike to ensure clarity of the procedures involved in a fair and consistent process. Standard templates for meetings and letters enhanced consistency across the council. The policy was reviewed and updated as a result of learning from year one experiences, including the streamlining of meetings (an area that employee feedback suggested could be improved), more detailed explanations in relation to bumping and assimilation and enhanced guidance in terms of equality assessments. The policy has as a result become very weighty and work is ongoing to address this. Updates in processes relating to selection criteria for areas with excess volunteers for redundancy have been put in place following feedback from those involved in the process and further clarification for managers and HR Officers regarding how to calculate assimilation into posts following learning during restructures which were not specifically related to the budget process but which has helped to build knowledge of this area of work.

22. The Retraining and Redeployment Policy was also reviewed and updated following the year one savings process and no review has been necessary following year two.
23. The Facing the Future programme developed by the Corporate Learning & Development team for managers and staff continued to receive positive feedback and has added value to the retraining & redeployment process.
24. In total 20 employees have been redeployed within the council as part of the year two budget saving process, 3 of those via redundancy bumping. Redundancy bumping is a challenging area for all concerned. It is important for service delivery and the health and well being of employees that any redundancy bumping that takes places is carefully considered and appropriate. Understandably some employees will be so keen to stay in employment they will consider almost anything and it is our responsibility to ensure that any bump is right for all parties so as not to put either the service, the employee or colleagues at risk (of failure to deliver, stress and anxiety, increased pressure etc). This is particularly important as the workforce continues to reduce. Therefore this is a time consuming and often emotive area of work and guidance for all involved is provided. The process to identify potential opportunities has also been improved to maximise options for consideration.
25. Trade Unions were consulted both corporately and at directorate level and, the Department for Business, Innovation and Skills were notified in line with statutory requirements. Union representatives were pleased with the Council's efforts to reduce compulsory redundancies with a voluntary redundancy programme. No union comments were made to the selection criteria chosen for use when selection pools were required although agreement was reached that such pools would be division and then directorate wide in the first instance.
26. Following year one learning it was considered that the timing of the Council decision making process could be improved to be more in line with the legal consultation process to achieve proposed savings. The changes made to have an earlier starting point provided a more effective process and the draft outline timetable for 2013/14 (attached as an appendix) follows the same timeline.

Finance

27. The total overall cost to the Authority in approving severances related to the 2012/13 budget was:

Compulsory redundancies

- a. Redundancies £0.169m
- b. Capitalised notional cost of early access to earned pensions £0. 050m

Voluntary redundancies

- c. Redundancies £1.181m
- d. Capitalised notional cost of early access to earned pensions £0.429m

28. These costs were met from provision within the 2011/12 accounts. Redundancy costs are dependant on the age and length of service of the individuals concerned and therefore costs for the 2013/14 savings can not be precisely calculated at this stage.

Law

29. The main provisions relating to the redundancy rights and payments for Local Authority employees are contained in The Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999 as amended.
30. The Collective Redundancies (Amendment) Regulations 2006 concerns the duty to notify the Secretary of State of the proposal of collective redundancies. This duty has been met with the submission of the required HR1 Form.
31. Relevant employer responsibilities are contained in The Employments Rights Act 1996 and The Equality Act 2010
32. Section 111 of the Local Government Act 1972 empowers the Council to do anything which is calculate to facilitate, or is conducive or incidental to the discharge of its functions.
33. Pension arrangements for Local Government employees are contained in the Local Government Pension Scheme regulations 1997

Equality Impact

34. The budget saving process detailed in this report is consistent with the Council's Equality & Diversity Policy
35. A corporate Equality Impact Assessment for staffing was completed and is attached as an appendix. There were no major implications identified for the seven protected characteristics as defined by the Equality Act 2010.

Recommendation

36. That Cabinet note the contents of this report.
37. That Cabinet agree the outline timetable for the next round of employee related budget savings.
38. That Cabinet agree that the Council seeks expressions of interest in a voluntary redundancy process for 2013/14 savings to further support a reduction in compulsory redundancies and notes the category of posts excluded at this stage. (listing attached as an appendix).
39. That the Director of Corporate Resources, in consultation with the Cabinet Member for HR, Law and Governance, be authorised to determine all applications for voluntary redundancy including those where there are pension implications, up to a maximum of £3m for direct redundancy costs and £1.5m for the capitalised cost of pension strain.



.....
Philip Tart
Director of corporate resources

Contact Officers:

Margot Worton
Head of HR supporting the central directorates
01384 817209

Karen Jesson
Head of HR supporting DUE
01384 815773

Chris McEwan
Principal HR Officer supporting Children's Services
01384 814210

Rebecca Sidaway
Deputy Head of HR supporting DACHS
01384 812119

List of Background Papers

- Equality Impact Assessment
- Draft outline timetable for the 2013/14 savings programme
- Excluded posts lists