

Committee: HR Committee	Date: 11 th December 2014	Classification: Unrestricted	Agenda Item: 3.1
Report of: Stephen Halsey, Head of Paid Service		Title: Employment Options Savings Programme Update Wards Affected: All	

1. SUMMARY

- 1.1 The Employment Options Saving Programme was launched by the Head of Paid Service in July 2014. The aim of the programme is to allow staff to submit requests for voluntary redundancy / early retirement, flexible working or flexible retirement to deliver savings to support delivery of the Medium Term Financial Plan (MTFP).
- 1.2 This would reduce the risk of compulsory redundancy in pursuing other savings options, inform future workforce planning and provide opportunities for managers to identify additional savings.
- 1.3 The decision making process is now complete except for deciding the outcome of requests from employees for a review of their decision. An equalities impact assessment (EQIA) has been undertaken as a key part of this process which is analysed in section 4 below.

2. RECOMMENDATIONS

The HR committee are recommended to:

- 2.1 Note the progress made to date on the Employment Options Savings Programme and actions being taken in response to the Equalities Impact Assessment.
- 2.2 Note information provided on the number of restructures taking place during the next 6 months and the provision of additional paid time off for trade union facilities to support the change process.
- 2.3 Note the process in place for managing 'bumped redundancies' and the future of the Employment Options Savings Programme.

3. BACKGROUND

- 3.1 Staffing is a non-executive function by virtue of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. All staffing matters up to Chief and Deputy Chief Officer (broadly up to Service Head level) are delegated to the Head of Paid Service. The Head of Paid Service exercised these powers in the introduction of the Employment Options Savings Programme.

- 3.2 This report follows on from previous reports to the HR Committee on 15th September and 22nd October 2014. In response to financial pressures, the Employment Options Programme offered all employees, excluding schools staff, the opportunity to express an interest in voluntary redundancy, early retirement, flexible retirement and flexible working options to take effect from 2015/16. Employees were also able to express an interest for these options in either of the following two financial years in order to inform future workforce planning.
- 3.3 The closing date for expressions of interest was 22nd August. The total number of expressions of interest has remained fluid since the closing date. A number of late applications have been received, whilst a number of requests have also been withdrawn and some employees have amended the year to take effect from. The table below shows the expressions of interest as at 20th November 2014:

Number of Expressions of Interest Received:	To take effect from:
517	Before 31 st March 2015
131	Between April 2015 and March 2016
149	Between April 2016 and March 2017
797	Total

- 3.4 Each Service Head was provided with the expressions of interest received from within their service areas. Service Heads were responsible for reviewing each expression of interest and recommending an outcome; in accordance with the detailed decision making criteria that was issued as part of the guidance for the programme.
- 3.5 Service Head recommendations were reviewed by Directorate People Panels, Directorate Management Teams and the Corporate Director. Once approved by the Corporate Director, Directorate recommendations were collated by HR and presented to the People Board, where final decisions were taken during a series of meetings on 9th, 10th and 13th October.
- 3.6 Employees who had a request rejected were able to submit a request for a review of the decision by the People Board Review Panel. This is a written process only and does not require employees or their Trade Union representatives to attend in person. The deadline for requests for review to be submitted was 21st November 2014. The Review Panel will have completed their work by 11th December 2014.

4. OUTCOME OF EMPLOYMENT OPTIONS REQUESTS AND SAVINGS

- 4.1 A summary of the outcome of the requests submitted by employees is attached as Appendix 1. This includes changes since the last report to this Committee on Employment Options on 22nd October 2014. The

summary table includes the percentage of staff in each Service and Directorate that submitted a requested. Overall, 16.7% of the Council's workforce submitted and Employment Options request. 37.9% of the Employment Options requests received are progressing i.e. through a Service Challenge Restructure, Additional Restructure or Outside of a Restructure. Also included are the percentage of staff that have a request progressing, for which the Council wide figure is 6.3%. The value of vacant posts identified for deletion and those requests that can progress through an additional restructure or outside of a formal restructure is £3.9million.

- 4.2 To clarify the difference, Service Challenge Restructures are the result of the process that officers undertook to identify savings options to deliver the MTFP. Additional Restructures are those that have been identified by managers following Employment Options requests from employees providing an opportunity for officers to consider how further savings could be made without impacting on service delivery.
- 4.3 Appendix 1 also shows the number of requests and their outcomes according to three different pay bands. This data is summarised in Table 1 below which shows that, when compared to the percentage of the workforce within each grade band, a greater proportion of requests were received and approved from employees in grades PO1 to PO6 and LPO7 and above. This indicates that the number of managers in the Council should reduce as a result of the savings programme which should also result in fewer tiers in management structures and increased spans of control.

Table 1: Analysis of Employment Options Requests and Outcome by Pay Band

Pay Band	% of Workforce	% of Requests Received	% of Requests Progressing
SO2 and Below	59.5	47.9	41.0
PO1 to PO6	35.7	43.3	47.0
LPO7 and above	4.8	8.8	11.9

- 4.4 The equality impact assessment (EQIA) has been updated since the Committee last met on 22nd October 2014 and is attached as Appendix 2. The changes concern action to mitigate potential for adverse impact on female employees although the actions identified to avoid compulsory redundancy will apply equally to all staff at risk. This EQIA relates solely to the analysis of EO decisions. Each restructure will have an EQIA as part of the formal consultation process whilst a further EQIA will be completed once decisions and the outcomes of

restructures have been implemented to analyse how the workforce has changed as a result of the savings programme.

- 4.5 The EQIA in appendix 2 looks at 2 issues:
1. The impact on workforce to reflect the community indicators
 2. The impact on staff with based on their protected characteristics.
- 4.6 It should be noted that statistical analysis is impacted by the proportion of staff aged 55 and over that have submitted requests – they form 17% of the workforce but 57% of EO requests. There is a strong correlation between age and ethnicity, disability and religion which means Employment Options applicants are more likely to be White, Disabled or Christian.
- 4.7 Information is included in the EQIA on the predicted impact on Workforce to Reflect the Community indicators. This shows that 5 out of the 6 indicators could potentially improve. The one which does not is the % of disabled staff which is impacted by the disproportionate number of disabled staff submitting a request. Action has been identified to follow up with these staff to provide reassurance their decision has not resulted from a failure of managers to provide support in the workplace.
- 4.8 The analysis by race accounts for why ethnicity of the workforce overall could improve performance against Workforce to Reflect the Community indicators. 38% of staff aged under 55 are white compared to 63% over the age of 55. In comparison, 26% of staff aged under 55 are Bangladeshi and 6% aged over 55. However, there is no significant difference in the proportion of Black staff aged over or under 55 so further work being undertaken to analyse these requests.
- 4.9 The other potential disproportionate outcome is in terms of gender. This shows 74% of requests in scope of service challenge restructures are female which is 10% more than the number of requests. This is as a result of large number in scope of Home Care and Day Nurseries savings options (77% and 98%).
- 4.10 It is hoped that the Council will be able to retain all staff that want to remain through a combination of redeployment, bumped redundancy and retraining. Staff that wish to move on will be offered support to help find alternative employment for which the Council will identify and work with partner organisations that can offer assistance. Discussions with Trade Unions have already commenced to ensure the opportunities to retain Home Carers are maximised.
- 4.11 The EQIA has been shared with Trade Unions and will also be taken to staff equality forums.

5. **RESTRUCTURES**

- 5.1 The Corporate Director Resources and Service Head Corporate Strategy and Equality met with the Trade Union Branch Secretaries on 27th November to provide a briefing on the content of the MTFP budget report ahead of the Cabinet meeting on 3rd December 2014. Directorate briefings for Trade Unions that are required 5 days in advance of consultation took place on 27th and 28th November. The purpose of these briefings is to ensure Trade Unions are aware of the key issues and potential impact of restructure proposals so they are better able to advise their members.
- 5.2 Additional paid time off for trade union facilities has been put in place to ensure Unison, GMB and Unite have sufficient capacity to support and advise staff during the peak period of change up to the end of March 2015.

Table 2: Restructure Start Dates (as at 21 November 2014)

Directorate	Dec-14	Jan-15	Apr to Jun 15	No Date	Total
CLC	3	2		5	10
Cross		1	1		2
D&R	3	4	2		9
ESCW	10	15	5	3	33
LPG				3	3
Res	4	1	1		8
Total	20	22	8	11	63

- 5.3 The position on restructure consultation start dates is summarised in Table 2 above. At the time of writing, 20 restructures are planned to commence following December's Cabinet meeting with formal consultation meetings with employees and Trade unions taking place on 4th, 5th, 8th and 9th December 2014. In agreement with Trade Unions and People Board, these meetings are co-ordinated centrally to ensure there are no clashes of dates for those required to be in attendance.
- 5.4 There are 22 formal consultations starting in January during weeks commencing 5th and 12 January 2015, 4 for the period April to June 2015 and 11 savings opportunities that require a restructure which do not yet have a date.

6. BUMPED REDUNDANCY PROCESS

- 6.1 Following a meeting between HR and Trade Unions, a process for managing bumped redundancies has been produced. A copy of this process is attached as Appendix 3.
- 6.2 The Bumped Redundancy Process will largely follow the Council's established Redeployment Process. In order not to incur unnecessary redundancy costs, employees at risk of redundancy will first be considered against vacant posts before looking at bumped redundancy opportunities. The proposed method for managing bumped redundancies includes:
- A provision for employees job descriptions to be assessed to determine whether there is a close enough match for them to be put into a post without the need for an interview. The assessment will be done jointly by HR and Trade Unions on a case by case basis to determine whether this applies.
 - Notice of redundancy will be given to the employee being voluntarily 'bumped' from their job once a trial period has commenced.
 - Provision for work shadowing with existing postholders ahead of a trial period starting to help ensure the job match is appropriate.
 - Direction for managers in situations where more than one employee doing the same job needs to be selected for release under a bumped redundancy.
 - Confirmation that reasonable training and qualification support will be funded if it can be used to avoid a compulsory redundancy.

7. FUTURE OF EMPLOYMENT OPTIONS

- 7.1 Services with 5 or more requests for future years will be reviewed by Service Heads and HR Business Partners in March/April 2015 – after the peak period of managing employee consultation processes has been completed.
- 7.2 The Employment Options process may be opened up again for further requests from staff if it is considered appropriate for supporting the strategy for delivery of future savings needed under the MTFP.
- 7.3 Now that the decision making process is nearing completion, it is proposed to identify the lessons learned so far to identify what needs to be improved and what worked well to inform how to approach and manage the process next year. This will be reported back to People Board with appropriate recommendations.

8. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 8.1 The employment options programme is designed to assist the organisation deliver the £28.4m savings target required to achieve a balanced budget in 2015/16.
- 8.2 The total number of ER/VR requests approved will contribute an estimated £3.9m (ongoing) towards the savings programme and will cost in the region of £3.5-4m (one-off redundancy and severance payments). The cost of this programme will be funded through an earmarked reserve which currently stands at £11m. The balance of this provision will be required to fund the cost of further staffing changes that will arise from the wider savings programme.

9 LEGAL COMMENTS

- 9.1 Section 139 of the Employment Rights Act 1996 defines redundancy in this context as a dismissal which is attributable to the fact that the requirements for work of a particular kind have ceased or diminished or are expected to cease or diminish. (Section 139(1) (b))
- 9.2 Statutory Redundancy payments are payable to an employee with more than two year's continuous service. (Employment Rights Act 1996 section 162). The maximum statutory redundancy pay is capped at £13,920.00 (The Employment Rights (Increase of Limits) Order 2014).
- 9.3 The Council's powers to make redundancy payments over the statutory scheme, derives from the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006.
- 9.4 When deciding whether or not to proceed with these decisions the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristics and those who do not (the public sector duty). Some form of equality analysis will be required which is proportionate to proposed projects and their potential impacts.

10 ONE TOWER HAMLETS CONSIDERATIONS

- 10.1 The Equalities Assessment has been undertaken to identify the impact to the Council's workforce, in particular the impact on the Council's strategic aim to employ a workforce that reflects the community. Each stage of the change process will include an analysis of the equalities impact.

11 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

11.1 Not applicable.

12 RISK MANAGEMENT IMPLICATIONS

12.1 There are significant risks related to savings programme to ensure the Council has a balanced budget. Comprehensive guidance was issued to ensure that the decision making process was fair and equitable. When developing the Employment Options Programme, managers from Internal Audit and Risk were consulted and their advice taken into account.

13. APPENDICES

Appendix 1 – Summary of decisions by directorate

Appendix 2 – Equality Impact Assessment

Appendix 3 – Bumped Redundancy Process

**Local Government Act, 1972 Section 100D (As amended)
List of “Background Papers” used in the preparation of this report**

Brief description of “back ground papers”	Name and telephone number of holder and address where open to inspection.
None	Not Applicable