

Committee: HR Committee	Date: 28 th January 2015	Classification: Unrestricted	Agenda Item: 3.2
Report of: Stephen Halsey, Head of Paid Service		Title: Employment Options Savings Programme and Workforce 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 Following on from previous reports, this report provides an update on the savings expected from the workforce for 2015/16 and how the reduction of the Council's establishment is being managed.

2. **RECOMMENDATIONS**

The HR committee are recommended to:

- 2.1 Note the current position on the outcome of Employment Options requests and actions taken in response to the Equality Impact Assessment;
- 2.2 Note the information provided on the delivery of workforce savings and measures in place to reduce the risk of compulsory redundancy;
- 2.3 Note the proposal discussed with the Trade Unions to start the bumped redundancy ahead of issuing contractual notice of redundancy; and,
- 2.4 Note the position on exit payments to staff and the requirements of the Council's Pay Policy.

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, 22nd October and 11th December 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 15th January 2015:

Number of Expressions of Interest Received:	To take effect from:
513	Before 31 st March 2015
131	Between April 2015 and March 2016
149	Between April 2016 and March 2017
793	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 decisions were communicated to staff in December 2014. A total of 42 reviews was received. The outcome was changed for 6 of these who were added to the list of posts available for Bumped Redundancies as a result.

4. OUTCOME OF EMPLOYMENT OPTIONS REQUESTS AND SAVINGS

- 4.1 A summary of the outcome of the requests submitted by employees is attached set out in the table 1 below. This includes changes since the last report to this Committee on Employment Options on 11th December 2014. The 793 requests represent 16.7% of the Council's workforce. 37.7% of the Employment Options requests received are progressing i.e. through a Service Challenge Restructure, Additional Restructure or Outside of a Restructure. 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 £3.5million.

Table 1: Summary of Employment Options Outcomes

Outcome	Number	%
In Scope of Service Challenge	154	19.4
Additional Restructure	111	14.0
Progress Outside of a Restructure	34	4.3
Bumped Redundancy	174	21.9
Request for Future Year	189	23.8
Cannot be Progressed	131	16.5
Total	793	100

- 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.
- 4.4 The actions identified in the Equality Impact Assessment (EQIA) discussed at the previous two meeting of the Committee are progressing.
- 4.5 The main progress to report relates to action to avoid compulsory redundancy, particularly in the Home Care service where 77 of staff are female. Specific actions being taken are set out in Section 5 of this report.
- 4.6 EQIAs are being completed for the changes proposed in every formal consultation. Most restructures contain comparatively small numbers of employees from which it can be difficult to draw any meaningful statistical conclusions. Therefore, in addition, an equalities analysis of all the job matching proposals contained in the consultations is in the

process of being undertaken. This will be available to report to a future meeting of the Committee.

- 4.7 Previously, the Committee we provide with information on the predicted impact on Workforce to Reflect the Community indicators. This showed that 5 out of the 6 indicators could potentially improve. It is too early in the change process to verify this predicted outcome. Once the consultation processes are completed and the staff who are leaving the Council has been confirmed, details on the actual impact on these key workforce indicators will be reported to the Committee.

5. DELIVERY OF WORKFORCE SAVINGS

- 5.1 Table 2 below summarises the route through which workforce savings are being deliver their value. This shows 295 posts are expected to be deleted to deliver £10.7million of staff savings for 2015/16. Consultation meetings with employees and Trade Unions commenced in December 2014. The majority of consultations are expected to be concluded before the end of February 2015

**Table 2: Summary of Workforce Savings (as at 15/01/2015)
Includes Service Challenge Savings with Workforce Impact and
Employment Options**

	Value of Restructures Cleared by People Board	Restructures Still to be Approved for Consultation	VR/ER Outside of Restructures	Vacant Post Deletions & Vacancy Management	TOTAL
Value of Savings	6,247	2,393	815	1288	10,743
Indicative Redundancy Costs	3,796	603	723	-	5,122
Indicative Pension Costs	2,417	384	186	-	2,987
Total Pension & Redundancy Cost	6,213	987	909	-	8,109
Vacant Post Deletions	29	17	-	26	72
Voluntary Redundancies	86	tbc	26	-	112
Potential Compulsory Redundancies	84	tbc	-	-	84
Number of Posts to be Deleted	199	44	26	26	295

- 5.2 To date, 84 employees have been identified as being potentially at risk of compulsory redundancy. The majority of these staff are in Home

Care. Work is already underway to secure redeployment opportunities for staff in this service and others.

- 5.3 An action plan has been drawn up in consultation with the Trade Unions to secure redeployment opportunities for staff in Home Care. The list of posts available for bumped redundancy identified through the Employment Options programme has been shared with them. This also highlighted potential job matches which were then grouped based on the grade and job title these. The outcome of this exercise is summarised in the Table 3 below. The first 3 are based on grade and potential skills match, for those opportunities in the fourth group more information is required and the fifth group is where there is not a suitable match.

Table 3: Summary of Potential Job Matches for Home Care

Group	Current Role to Redeploy From	Current Grade	Number of Employees at Risk	Numbers of Potential Job Matches
1	Administrative role	Sc 6	1	15
2	Home Carers	Sc 3	53	61
3	Home Care Supervisor	PO2	2	8

- 5.4 To date, 19 staff in Home Care have requested VR/ER and 43 of the 53 Home Carers at risk of redundancy have expressed an interest in seeking redeployment to other roles in the Council. The summary of potential job matches shows that there is a possibility of being able to avoid compulsory redundancy. However, this is dependent of service managers, HR and Trade Unions continuing to work together to provide the support necessary for staff to undertake new roles.
- 5.5 A number of the roles potentially suitable for Home Carers, such as Passenger Assistants and Day Care Officers already work with similar client groups, so there is a high probability of them possessing the transferable skills needed. This will be fully established once Employee Profile Forms have been completed by the staff to detail the skills, knowledge and preferences they each have. These initial assumptions are purely based on the understanding of their current role. However, until we receive completed profile forms we are not able to confirm the extent their compatibility and suitability for the roles in consideration.
- 5.6 Job shadowing opportunities will be arranged for employees to have day release from their current roles following agreement from line managers to help determine suitability for the redeployment opportunities.

- 5.7 In the scenario a job match is deemed suitable and re-skilling is required training provisions for any Driver posts will include PCV (People Carrying Vehicle) Licences and in the Catering area will include Food and Safety Awareness Training.
- 5.8 A conversion programme will be put in place against each redeployment opportunity to support Home Care staff in securing successful redeployment
- 5.9 In addition there are other redeployment opportunities which will become available; some of these are linked to the social isolation agenda and Health. These include the post of Service User Quality Assurance in Commissioning and Health Outreach worker in Public Health. There are likely to be 15-20 FTE posts of Service user quality assurance at grades ranging from Sc3 to Sc5. These roles will gather service user feedback and satisfaction with agency care and gather feedback and satisfaction with any other services used, it is expected that recruitment will begin in March. There are likely to be up to 12 posts of Health Outreach Worker and the grade is expected to be circa Scale5; however the job descriptions do need to be completed.
- 5.10 A series of training events is being put in place for staff in scope of formal consultation processes to receive interview and job application skills. Financial and retirement planning courses will also be available for those that want VR/ER.
- 5.11 Additional support will be available to groups of staff and individual employees who are at risk of compulsory redundancy. For example, skills training to enable staff to move from one service to another or qualification support to enable an employee to be redeployed to a vacant posts or move into a post available for bumped redundancy.

6. BUMPED REDUNDANCY PROCESS

- 6.1 The Trade Unions have requested that the Council work to ensure that employees who are known at an early stage to be at risk of compulsory redundancy are provided with an equal opportunity to secure posts that are available for bumped redundancy.
- 6.2 The Trade Unions have requested that all employees in scope of restructures starting in December 2014 and January 2015 that have no assimilation claims on posts in new structures are placed on the redeployment list before consultations have been concluded and notice of redundancy issued. Current policy is to only place employees on the redeployment list during their notice period.
- 6.3 HR are in agreement with this proposal provided that employees who are in their contractual notice period are given preference for the opportunities available. There have been a small number of cases in

the past where the Council has adopted this approach. The Council's People Board will be asked to formally approve this approach.

- 8.4 This approach could be successful at redeploying people, realising savings at an earlier stage and minimising the number of staff that have to be given notice of compulsory redundancy.

7. INDIVIDUAL PAYMENTS

- 7.1 Where the deletion of a Chief Officer post is proposed, a report is submitted to the Council's HR Committee for consideration, which will include information, if relevant, regarding the severance package and the costs of such. In the interests of transparency, the Committee is asked to note that 9 employees who submitted requests through Employment Options (and are not Chief Officers) have an exit cost of £100k or more based on their redundancy payment **and** the cost of early release of pension benefits.
- 7.2 The cost of early release of pension is not included in the payment received by the employee so it is not taken into account to determine whether the employee leaving the Council will receive an exit payment in excess of £100k. All payment in these circumstances are based on the policy for redundancy and early retirement previously approved by the HR Committee.
- 7.2 The 9 employees referred to above have not been formally approved for VR/ER. They are either in scope of current or planned consultations with staff and Trade Unions to deliver savings. The Council's People Board will make the final decision on whether the employees concerned can exit on the grounds of VR/ER. This includes consideration of whether the costs of VR/ER respect value for money in respect of the savings delivered and confirmation that the employee's post is genuinely redundant.

8. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 8.1 This report provides HR Committee with an update on progress with the Employment options programme. HR committee are asked to note the contents of the report and thus there are no financial implications arising from the recommendations to HR committee.
- 8.2 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. The cost of this programme will be funded through an earmarked reserve which currently stands at £11m.

9. LEGAL COMMENTS

- 9.1 Section 139 of the Employment Rights Act 1996 defines redundancy, relevant to 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.
- 9.2 Statutory Redundancy payments are payable to an employee with more than two year's continuous service, in accordance with section 162 of the Employment Rights Act 1996. The maximum statutory redundancy pay is currently capped at £13,920.00, following the Employment Rights (Increase of Limits) Order 2014. The Council's power to make redundancy payments over and above the statutory scheme derives from the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006.
- 9.3 The Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 provide that staffing is a non-executive function. The Council's head of paid service under the Local Government and Housing Act 1989 has responsibility for a number of employment matters in the Council, including the following:
- (a) the manner in which the discharge by the Council of its different functions is co-ordinated;
 - (b) the number and grades of staff required by the Council for the discharge of its functions;
 - (c) the organisation of the Council's staff; and
 - (d) the appointment and proper management of the Council's staff.
- 9.4 Paragraph 9.1 of the Officer Employment Procedure Rules in Part 4 of the Council's Constitution provides that neither the Mayor nor any member of the Council will be involved in the dismissal of any officer below deputy Chief Officer. Redundancy is a dismissal for the purposes of the Employment Rights Act 1996.
- 9.5 Paragraph 1.1 of the Officer Employment Procedure Rules provides that the appointment or dismissal of an officer is a function which must be discharged by the Head of Paid Service unless the officer is:
- (1) Head of Paid Service;
 - (2) A Statutory Chief Officer;
 - (3) A non-Statutory Chief Officer;
 - (4) A deputy Chief Officer;
 - (5) A political assistant;

(6) The Mayor's assistant.

9.6 In respect of the specified posts in paragraph 9.5 above, responsibility for dismissal (including redundancy) is a function which must be discharged as follows: (i) in respect of the Head of Paid Service by the full Council on the recommendation of the HR committee or sub-committee or officer appointed to deal with the dismissal; (ii) in respect of chief officers and deputy chief officers, by the Council, or by the HR committee, sub-committee or officer appointed to deal with the dismissal; and (iii) in respect of a political assistant or the Mayor's assistant by the Head of Paid Service in accordance with the wishes of the political group or the Mayor (as appropriate). In respect of (i) and (ii) prior notice and an opportunity to object must first be given to the Executive.

9.7 Having regard to the matters in paragraphs 9.3 to 9.6 above and the terms of reference of the HR Committee, it is appropriate for the Committee to be provided with information about progress of the Employment Options programme for consideration and comment.

9.8 When progressing the Employment Options programme, 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. This will have particular relevance in areas where a majority or significant number of the workforce affected share a protected characteristic, as identified in the Home Care Service and should limit the risk of claims of indirect discrimination.

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

None

**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