

Committee: HR Committee	Date: 25 th March 2015	Classification Unrestricted	Report No:	Agenda Item: 3.2
Report of: Stephen Halsey, Head of Paid Service		Title: Employment Options and Workforce Savings 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 is 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 current position of arrangements for managing redeployment; and,
- 2.4 Note the position on individual exits costing £100k or more.

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. This report follows four previous reports to the HR Committee to provide updates on progress to deliver the Employment Options programme and the delivery of workforce changes required under the MTFP in relation to savings for 2015/16.

- 3.2 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 11th March 2015:

Number of Expressions of Interest Received:	To take effect from:
510	Before 31 st March 2015
134	Between April 2015 and March 2016
148	Between April 2016 and March 2017
792	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 29th January 2015. The 792 requests represent 16.7% of the Council's workforce. 34.6% of the Employment Options requests received are progressing i.e. through a Service Challenge Restructure, Additional Restructure or Outside of a Restructure.

This has reduced since the previous report as a result of the Cabinet decision not to proceed with the closure of local authority day nurseries. 23 staff from this service submitted requests which will not now progress. 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	131	16.5
Additional Restructure	110	13.9
Progress Outside of a Restructure	33	4.2
Bumped Redundancy	174	22.0
Request for Future Year	191	24.1
Cannot be Progressed	153	19.3
Total	792	100.0

- 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 meetings 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 were provided 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 still 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 delivered and their value. This shows that 317 posts are expected to be deleted to deliver £10.1million of staff savings for 2015/16. Consultation meetings with employees and Trade Unions commenced in December 2014 and are on-going. The majority of consultations are expected to be concluded before the end of March 2015.

Table 2: Summary of Workforce Savings (as at 11/03/2015) – Includes both Service Challenge Savings 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 (£000s)	£6,878	£1,152	£883	£1,281	£10,194
Indicative Redundancy Costs	£4,161	£697	£735	-	£5,593
Indicative Pension Costs	£2,774	£464	£186	-	£3,424
Total Pension & Redundancy Cost	£6,935	£1,161	£921	£0	£9,017
Vacant Post Deletions	55	tbc	-	29	84
Voluntary Redundancies Agreed to date	78	tbc	27	-	105
Further Voluntary Redundancies Expected	39	tbc	-	-	39
Appointments through ringfencing & redeployment	63	tbc	-	-	63
Number of Posts to be Deleted	235	26	27	29	317

5.2 To date, 63 employees have been identified as needing to be redeployed or appointed to posts during the ringfencing stage of restructures. If successful, this will avoid the risk of compulsory redundancy. The majority of these staff (32) are in Home Care. Work underway to secure redeployment opportunities for staff in this service and others is detailed below. Feedback from managers leading consultations and HR Business Partners indicates that out of the remaining 30 employees at risk, approximately 20 are expected to be appointed to new posts through the ringfencing stage of the restructures. The remaining 10 are expected to be redeployed to other roles within the Council.

5.3 The action plan drawn up in consultation with the Trade Unions to secure redeployment opportunities for staff in Home Care is continuing to be implemented. This included a jobs marketplace event which took place in February for staff to meet managers of services that have redeployment opportunities and also talk with employees currently doing these jobs. This was a well attended event for which there has been positive feedback from the staff and others involved. 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. The outcome of this exercise is summarised in Table 3 below.

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	29	61
3	Home Care Supervisor	PO2	2	8

5.4 To date, 41 staff in Home Care have requested VR/ER and been approved by People Board to be issued notice. There are 29 Home Carers, 2 Supervisors and 1 Administrator that redeployment opportunities are actively being sought for. The summary of potential job matches shows that there is a strong possibility of being able to avoid compulsory redundancy. However, this requires 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. Now that Employee Profile Forms have been completed and returned by the staff to detail the skills, knowledge and preferences they each have, they will be matched to these and other roles that are available.

5.6 Job shadowing opportunities have started to 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. To date Kitchen Assistants, Passenger Assistants and Drivers have been arranged to take place week commencing 16th March.

- 5.7 If any staff are redeployed to Driver posts, they will be provided with support to obtain PCV (People Carrying Vehicle) Licences and in catering roles in Contract Services they will receive any additional Food and Safety Awareness training. Funding is available corporately for training if it enables redeployment of staff at risk of compulsory redundancy. A budget provision was made to support this through the Employment Options Savings Programme.
- 5.8 There are other significant redeployment opportunities that will shortly become available; some of these are linked to the social isolation agenda. These include 12 Service User and Quality Assurance posts that are graded Scale 3 (the same grade as Home Carers) in the Commissioning and Health Service. These roles will gather service user feedback and satisfaction with agency care and gather feedback and satisfaction with any other services used. There are also 12 Outreach Worker posts graded Scale 5 in Public Health. Work shadowing for both roles is expected to be available from late March 2015 with interviews taking place in April 2015.
- 5.9 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.
- 5.10 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. SUMMARY OF POSITION ON FORMAL CONSULTATIONS

- 6.1 To date, 33 restructures have been cleared by People Board to start formal consultation. The current status of them is as follows:
- 3 are due to start consultation during March 2015
 - 5 are currently in formal consultation
 - 8 have failures to agree from Trade Unions
 - 3 have ended consultation
 - 14 have had VR/ER requests approved
- 6.2 The number of failures to agree is a concern. This was discussed at the Council's People Board on 24th February 2015 following which it was agreed managers would continue to try and resolve employee and Trade Union concerns.

6.3 The main causes of failures to agree are the risk of compulsory redundancy and arrangements for ringfencing new posts to staff in scope of restructures. Managers leading each formal consultation are in on-going discussions with Trade Unions to identify solutions which are acceptable to all parties. The Trade Union concerns about the risk of compulsory redundancy are largely addressed through the introduction of a longer period of redeployment as detailed in section 7 below. The ringfencing issues are proving more difficult to resolve in some restructures because the Trade Unions have not been able to reach a collective position.

7. REDEPLOYMENT PROCESS INCLUDING BUMPED REDUNDANCY

7.1 Following consultation with the Trade Unions, the process for including consideration for bumped redundancies in the redeployment process has been agreed. This includes an additional 6 week provisional redeployment period before the contractual 12 weeks written notice of redundancy is issued during which efforts to redeploy employees at risk will continue. The benefit of this is that it enables some failures to agree to be resolved and potentially allows employees at risk of compulsory redundancy the opportunity to be redeployed without having to issue written notice.

7.2 The additional period of redeployment was approved by the Head of Paid Service. This is a temporary change of policy which is delegated to the Head of Paid Service to approve under the Constitution. It only applies to the restructures required for delivering savings for the 2015/16 budget in view of the scale of the process.

7.3 Arrangements have also been agreed with Trade Unions to register employees at risk at an early stage in the change process. All employees in scope of consultations who do not have an assimilation claim on a job (i.e. those at most risk of compulsory redundancy) in the proposed structure will be offered the opportunity to register for redeployment once the formal consultation process has commenced.

7.4 In addition, the Lead Manager and Trade Unions will discuss and agree on a case by case basis whether to offer the opportunity to register for redeployment to some or all employees who are in a pool for competitive assimilation against a job in a proposed structure. The decision will take into account any VR/ER requests received during early part of consultation that, if accepted, could change the assimilation claims of employees to direct.

7.5 The priority is to redeploy employees into vacant posts, jobs under recruitment or positions covered by agency staff that can provide a redeployment opportunity without incurring redundancy costs. For the duration of the current savings process, a HR Redeployment Group will be established to monitor this process, confirm when redeployees can access the bumped redundancy list and refer any issues of concern to Directorate People Panels or People Board. Employees on the bumped list who are matched with a redeployee will only be issued notice of redundancy once People Board have given approval.

8. INDIVIDUAL PAYMENTS

8.1 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. Only employees at this level will receive payments of £100k or more in the event of their redundancy.

8.2 In the interests of transparency, the Committee is asked to note that 7 employees approved for VR/ER to date who 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.

8.3 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 payments in these circumstances are based on the policy for redundancy and early retirement previously approved by the HR Committee.

8.4 It is likely that there will be more employees in addition to the 7 noted above that will have an exit cost of £100k or more. This is not expected to be more than a further 6 employees. The Committee were previously advised the total number of requests from this group was 9. However, further analysis has identified 4 additional requests. The actual number will not be known until restructures progress further and requests for VR/ER and submitted to People Board for approval. Decisions take into account consideration of whether the costs of VR/ER represent value for money in respect of the savings delivered and confirmation that the employee's post is genuinely redundant.

9. COMMENTS OF THE CHIEF FINANCIAL OFFICER

9.1 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.

9.2 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.

10. LEGAL COMMENTS

10.1 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.

10.2 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.

10.3 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:

- the manner in which the discharge by the Council of its different functions is co-ordinated;
- the number and grades of staff required by the Council for the discharge of its functions;
- the organisation of the Council's staff; and
- the appointment and proper management of the Council's staff.

10.4 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.

10.5 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:

- Head of Paid Service;
- A Statutory Chief Officer;
- A non-Statutory Chief Officer;
- A deputy Chief Officer;
- A political assistant;

- The Mayor's assistant.

- 10.6 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.
- 10.7 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.
- 10.8 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.

11 ONE TOWER HAMLETS CONSIDERATIONS

- 11.1 The Equalities Assessment has been undertaken to identify the impact on 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.

12 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 12.1 Not applicable.

13 RISK MANAGEMENT IMPLICATIONS

- 13.1 There are significant risks related to the 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, Internal Audit and Risk Managers were consulted and their advice taken into account.

14. 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