

BRISTOL CITY COUNCIL

HR COMMITTEE

14th November 2013

Report of: Service Director: Human Resources

Title: **Budget Reductions 2014/15 – Section 188 Notice**

Ward: Not Applicable

Officer Presenting Report: Mark Williams, Service Manager: People Strategy

Contact Telephone Number: 0117 92 24838

RECOMMENDATION

That the committee note the contents of the Section 188 Notice and the action that is being taken to avoid compulsory redundancies.

Summary

The report sets out the workforce reductions the council is planning to achieve

The significant issues in the report are:

- **The Council will need to reduce the workforce during the next fiscal year (2014/15).**
- **The majority of workforce reductions are targeted for 2014/15 to avoid the need for year on year workforce reductions.**
- **Officers are seeking to avoid compulsory redundancies wherever possible and will be offering voluntary severance to employees as part of the organisational redesign.**

1. Policy

- 1.1 The Council's Budget for 2014/15 will be set by Full Council in February 2014.
- 1.2 The Council has in place a set of legally complaint procedures to deal with workforce reductions.

2. Consultation

2.1 Internal

The trade unions received a briefing on the contents of this report at the CJCC on the 7th November 2013.

2.2 External

Not applicable

3. Context

- 3.1 The Council faces another very difficult settlement for 2014/15. The high level implications have been well documented, with a headline spending reduction of £90 million over the period 2014-2017. To date, the Council has mitigated the need for large-scale redundancies through vacancy management and the use of targeted voluntary severance. Given the scale of the further budget reductions that are now required, this approach is no longer sustainable. In addition, the Council's approach has been to make workforce reductions year on year. This does not provide employees with certainty and impacts on organisational performance and productivity. Consequently, it is planned to re-design the whole organisation and achieve the required workforce reductions during 2014/15 rather than over a three year period. This will help create a more sustainable and productive organisation.
- 3.2 On the 11th November 2013, Officers published a Section 188 notice. The Council is required by Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 to consult with trade unions where redundancies are envisaged and the period of consultation must be not less than 45 days. In the past, the Council has not issued Section 188 Notice as part of the budget process but the law changed recently and large numbers of redundancies are also envisaged. Officers will continue to seek to mitigate the need for compulsory redundancies and

the measures that will be taken to avoid them are set out in the Notice which is attached.

- 3.3 The Mayor will publish his proposed budget for 2014/15 and Medium Term Financial Strategy on Monday 18th November 2013. The detailed staffing implications are not contained in this report but will be set out in the proposed budget.

4. Proposal

- 4.1 That the committee notes the content of the report.

5. Other Options Considered

- 5.1 Not applicable

6. Risk Assessment

- 6.1 At this stage, the risks associated with this report are low. However, as workforce reductions start to take place and when the staffing budgets for 2014/15 are finalised, this is likely to change.

7. Public Sector Equality Duties

- 7a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people

who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);

- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.

7b) Equalities Impact Assessments will form part of the Mayor's budget proposal and will include workplace where there is a requirement for workforce reductions. All HR policies have impact assessments and are regularly monitored

Legal and Resource Implications

Legal

“The Report confirms that the Council intends to commence its consultation requirements by complying with its legal obligation to provide a section 188 Notice under the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992. The Council has a duty to consult with both affected employees and their recognised trade unions.”

(Legal advice provided by Husinara Jones – Lawyer)

Financial

(a) Revenue

Pending completion of the proposed restructure, the cost associated with redundancy and pension strain will be fully provided for and funded through reserves if determined prior to 31/3/2014 or the General Fund if after that date. The decision to proceed with the restructure is expected to be approved at Council on 18th February 2014.

(b) Capital

There are no capital implications as a request for Capitalisation in respect of this process has not been made to DCLG

(Financial advice provided by Mark Taylor, Service Director:

Finance)

Land

N/A

Personnel

There will be on-going consultation with trade unions and employees regarding workforce reductions and this will be carried out in accordance with the agreed HR policies.

(Personnel advice provided by Mark Williams)

Appendices:

Section 188 Notice

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 Background Papers:

None

Bristol City Council: Organisation Restructure
Trade Union Consultation – Section 188 Notice (November 2013)

This notice is issued under Section 188 of the Trade Union and Labour Relations (Consolidation) Act 1992 (TULR(C)A 1992) to advise you of Bristol City Council's plans to:

- (i) Complete a whole organisation review and restructure and
- (ii) Identify required budgetary savings.

The combined impact of the above will result in proposals that will lead to a reduction in the Council's workforce. The intention of this notice is to consult with you on how we can mitigate, as far as practically possible, against compulsory redundancies.

1. Background

Bristol City Council is preparing for its most financially challenging period as a result of a significant budget 'gap' due to further anticipated cuts in government grants and an increasing demand on our services from a growing population. As a result, the Council needs to save £90 million over the next three financial years.

The Mayor and Cabinet have examined all of the Council's income and expenditure and will be publishing a full set of budget proposals on Monday, 18th November 2013 detailing how the savings are to be made. The budget public consultation will be open for six weeks, closing on 30th December 2013. The input from this consultation exercise will feed in to the debates at Cabinet on 16th January 2014 and Full Council on 18th February 2014 when the final budget is expected to be set.

The budget proposals will focus on protecting vital services to for those who need it most, generating growth in the local economy and delivering ambitions for the city, but there will undoubtedly need to be changes in the way we organise our services in order to achieve the changes and savings required.

The scale of budget gap means that we will need to take a fundamental look at all areas of the organisation. This involves redesigning services, refocusing resources for the areas that need it most, squeezing more from our commercial contracts and raising income. By doing things more efficiently and effectively we can redirect scarce resources to essential services.

Alongside this, the Council has commenced an organisation review and restructure which will lead to a reduction in the number of jobs we require. The proposals are likely to result in redundancies; we are however seeking to avoid compulsory redundancies wherever possible.

In recent months the Council's top two tiers of management have been restructured to provide the right shape and leadership for the future organisation, saving around £300k. A review of third tier management has commenced and should be concluded by 31st March 2014. We anticipate employment savings of around £27 million over the next three year period.

This notice outlines the Council's approach to reducing the whole workforce during the 2014-15 financial year.

2. Proposals for Consultation

Consultation on the Council's draft budget will commence on 18th November 2013 and be the subject of public consultation for a period of 6 weeks. The budget will be finalised at a meeting of Full Council on 18th February 2014. The budget will identify how the draft proposals impact upon our workforce.

The Council's approach to staff consultation is set out below.

3. Consultation Obligations

The Council recognises it has a duty to issue this Notice, to inform and consult appropriate representatives of Trade Unions of any employee who may be affected. The Council seeks to reach agreement with the recognised Trade Unions on how to mitigate the need to make compulsory redundancies, considering any alternatives to this brought forward during consultation.

The Council will manage any required workforce reductions in accordance with our HR policies.

This notice does not apply to existing workforce reductions that are currently being implemented by the Council. They remain unaffected by the proposals contained within this notice.

4. Mitigation

Actions to mitigate the need for compulsory redundancies include:

Voluntary Severance

We propose making use of the voluntary severance policy to mitigate the requirement for compulsory redundancies.

For those staff who agree to voluntary severance, but wishing to seek alternative employment in another organisation, we are proposing to provide out-placement support for re-writing CVs and updating their interview skills etc.

We would anticipate that requests for voluntary severance will be actioned as soon as possible after 1st January 2014.

People and Non Pay Panels

These panels will continue to ensure strong governance in the control of establishment and general spend through:

- (i) Ensuring effective establishment control
- (ii) Scrutinising all resourcing requests (both employed and contracted such as agency/self employed) to ensure we spend the Council's money responsibly and ultimately protect our employed workforce.
- (iii) Giving priority to redeployees at risk of redundancy
- (iv) Targeted reskilling of future at risk of redundancy
- (v) Reviewing all requests for "non-people" spend to contribute to overall savings.

The full terms of reference for both panels is available on the Source.

Work Life Balance Requests

We will continue to consider requests for flexible working arrangements where this helps us to achieve the required reductions.

Managing Change/Redeployment

We will follow our agreed policies to support both managers and staff.

We will consult with staff and trade unions in relation to any proposed ring-fence arrangements.

We will support staff in a ring-fence scenario with advice and guidance on how to prepare for a selection process / interview.

Any employee under notice of dismissal will be provided with up to three months in the redeployment pool.

Any Other Measures

The Council is open to considering any other measures identified and agreed upon, as part of consultation.

5. Consultation Period

The Council intends to begin consultation on proposals to change service structures and the likely impacts on the workforce on 11th November. We intend to run a rolling consultation period from this date for a minimum of 45 days. We intend to set out all of the changes proposed at the time of the full budget on 18th February 2014. However, we may where appropriate begin to implement the changes where we have appropriately concluded consultation before this date, but no sooner than 6th January 2014 (end of 45 days).

6. Numbers and Descriptions of Employees

Currently, the number of employees that are considered as being potentially affected by the

restructure is 7841 employees (6297 FTE). In addition, we engage up to 823 agency workers on a monthly basis. The majority of agency workers are placed in Health and Social Care work (724). This is subject to monthly fluctuation.

It is estimated that there will be a potential reduction of 971 (800 FTE) employees.

The expectation is that many of the workforce reductions at managerial levels will be achieved by no later than 31st March 2014 using the measures identified in Section 4 and thus avoiding, wherever possible, compulsory redundancies.

The scale of budgetary reductions will be published within the Council's draft budget proposals on the 18th November 2013. We undertake to notify you of any changes to these figures as and when they occur.

The draft budget proposals will be based on the Council's understanding of the Government's funding proposals and may be revisited should the Government's proposals change.

7. Selection Method

If the Council does not achieve the required level of savings through a Voluntary Severance process and other mitigating measures, it will conduct service reviews in accordance with the Council's Managing Change policy. This will involve employees being placed into appropriate ring-fenced groups and may include a selection process. We will consult appropriately with individuals in this situation.

The proposed method for selecting which employees will be made redundant will also be based on the Council's Managing Change policy. Employees under notice of dismissal will enter the Council's redeployment pool.

8. Method of Carrying out the Dismissals

If, after meaningful consultation and after mitigating actions have taken place, compulsory redundancies are unavoidable, employees will be given notice of dismissal in accordance with the Council's agreed policy.

Employees under compulsory notice of dismissal on the grounds of redundancy will enter in to the Council's redeployment pool for a period of up to 3 months.

9. Method of calculating the amount of redundancy payments

Any employees eligible for a redundancy payment will receive a payment in accordance with the Council's policy. The payment is based upon an employee's age, length of service and weekly pay.

The weekly earnings limit is capped at £707. The maximum payment that can be made to any employee is £42,420 which is the equivalent of 60 weeks pay.

Different arrangements apply to employees who transferred to the Council from NHS Bristol on 1st April 2013.

An employee who is aged, 55 or over may be eligible for early release of pension if they are a member of one of the Council's occupational pension schemes.

Nicola Yates
City Director
11th November 2013