

HR Committee

24th November 2016



Report of: Service Director HR & Workplace

Title: Voluntary Severance Update

Ward: N/A

Officer Presenting Report: Richard Billingham

Contact Telephone Number: (0117 92) 22670

Recommendation

That the Committee notes this report.

Summary

The report updates the Committee on the progress to date in delivering the first phase of workforce reductions intended to contribute to the required financial savings of £29 million, as set out in the Section 188 notice issued in August of this year. Specifically this includes the Voluntary Severance (VS) scheme. The report includes the outcomes achieved so far as well as planned next steps for the remainder of this financial year.

The significant issues in the report are:

- **The planned Voluntary Severance exercise has now been completed, resulting in a workforce reduction of approximately 300 staff.**
- **This will result in savings of £9.3 million across all funding streams.**
- **The total costs of the scheme to date are £9.8 million.**
- **The Council's equalities data has been monitored and analysed following this workforce reduction.**
- **The outcomes of the VS exercise and current financial position means that further workforce savings will be required. This work will be aligned to the principles set out in the Corporate Strategy.**
- **This means a shift from the position stated in the Section 188 notice in August that up to 1000 staff would leave the Council in 2016/17. The revised approach will mean further reductions, but this will be a more gradual process by service area rather than being another bulk corporate exercise.**

Policy

1. The Council's Voluntary Severance Scheme and Managing Change Policy were the subjects of recent consultation with the trade unions.
2. The Council's Redeployment Scheme was last revised in September 2015.

Consultation

3. Internal

The Section 188 Notice was issued to the trade unions on 22nd August. Meetings between HR and trade union representatives have been held on a weekly basis – it was mutually agreed to change these meetings to fortnightly from November.

4. External

None because this report is for information only.

Context

5. Following the announcement of planned workforce reductions to deliver financial savings set out in August this year, the Council has delivered the first phase of restructure activity. This comprised a Voluntary Severance (VS) scheme, as well as 'Management of Change' (MOC) restructures in a small number of service areas.

Voluntary Severance

6. A decision was taken to run a corporate Voluntary Severance scheme for all staff, to deliver the required workforce savings whilst mitigating the requirement for compulsory redundancies. VS was offered to all staff, and managers were encouraged to accept as many applications as possible, in recognition of the scale of savings required. The application window was open for 5 weeks with a target leaving date of 30th September. This date was selected to maximise potential in-year savings, and also to allow for a planned change in legislation relating to severance payments that was due to be introduced on 1st October (which may have negatively impacted certain individuals if they had left after this date).
7. The planned change in legislation has been deferred until 2017, which meant that no individuals were adversely impacted. Analysis suggests that 20 staff would have been over the £95k threshold for public sector exit payments should it have been implemented on the planned date.
8. The table below shows the outcomes of the VS exercise as of 24th October:

VS Application Summary

	No of applications	Yes	Awaiting Decisions	No	Transferred Redundancy Pool
Business Change	78	51	5	18	4
City Director	15	13	0	1	1
Neighbourhoods	228	83	10	127	8
People	300	87	12	183	13
Place	126	65	12	34	15
Grand Total	747	299	39	363	41

Based on these figures, the total potential salary savings that could be secured through the VS scheme is £9.3 million. However, the salaries for these posts will be funded from a variety of sources (i.e. not exclusively the General Fund) and also contribute to other identified pressures (e.g. reduction of staff due to reduction in Museum opening hours) so the final amount removed from budgets will be lower. The total savings that are deductible from the General Fund are therefore £6.76 million. The breakdown is as follows:

Deductable VS Savings			Non-deductable VS Savings		
16/17	17/18	Totals	16/17	17/18	Totals
-2,834,135	-3,921,819	-6,755,954	-1,100,528	-1,432,830	-2,533,358

There were a significant number of applications that could not be agreed at the current time, due to the likely impact on service delivery if the role was removed. Service Directors were responsible for communicating application outcomes to individuals, to explain the rationale behind their decisions. A breakdown of the numbers of applications approved / rejected by service area is available as Appendix A.

A breakdown of VS leavers by grade is also provided as Appendix C.

9. The costs of the VS scheme have been analysed (included as Appendix B) and the total costs are £9.8 million. Severance costs are significantly higher when the individual is of pensionable age, due to the pension strain contributions that the employer must make. Given that 57% of all VS leavers were over 55, this explains the significant overall costs. Finance are in the process of analysing the applications by funding source and negotiating for the costs relating to non-General Funded posts to be charged to the other funding streams (e.g. Public Health, HRA).
10. As part of the Equalities Impact Assessment, the Council's equalities data has been monitored to assess any changes to the workforce that have arisen as a result of staff taking VS. The equalities statistics as of 7th November are as follows:
 - **Ethnicity - BME** = 11.76% (0.26% rise)
 - **Employees with a Disability** = 6.48% (0.17% fall)
 - **Employees with a Religious Belief** = 51.82% (0.12% fall)
 - **Gender** – Female employees = 60.5% (0.22% rise) / Male employees = 39.5%
 - **Sexual Orientation - LGB Employees** = 4.52% (0.12% rise)

- **Age:**
 - 16-24 = 4.45% (0.17% rise)
 - 25-49 = 55.3% (1.05% rise)
 - 50-64 = 37.65% (0.95% fall)
 - 65+ to 2.61% (0.27% fall)

The most significant change to the workforce data is a reduction in the % of employees aged over 50 – which was anticipated given the nature of a VS scheme.

Transferred Redundancies

11. The final stage of the VS process is to consider any opportunities for transferred redundancies – this is when a post is deemed critical to service delivery and cannot be deleted, but the service management are willing to allow the post holder to take VS if another suitably qualified individual can be moved in to the post. 36 VS applications have been identified as potential transferred redundancy opportunities. A process has been designed to try and match staff who are either in corporate redeployment or at risk as part of a restructure to these posts – this will enable the VS applicant to be released whilst securing the individual at risk a new post. However, it should be noted that there is no guarantee of providing an appropriate match for these roles, and any savings achieved may not be additional to money already identified as potential restructure savings.

Future Organisation and Next Steps

12. The VS exercise has resulted in a reduction to the workforce of approximately 300, which has made a significant contribution to the Council's current financial position and requirement for budget savings. However, given the ongoing financial challenges documented in the monthly budget monitoring reports, it is clear that further workforce savings are required.
13. The savings to date have primarily been through a VS scheme and the Council has not been through an organisational redesign. The requirement for the Council to reshape its services and the potential direction this needs to take is set out in the Corporate Strategy. It describes 'the Council's important role as an enabler and facilitator of others, as well as the more recognisable role of the Council as a direct provider or commissioner of services'.
14. Further activity is therefore planned for the remainder of this financial year. This activity will be aligned to the Corporate Strategy and will be the initial steps in defining the future shape of the organisation. It will largely be focused on Management of Change (MOC) restructures:
 - The first wave of MOCs has been running alongside the VS scheme and are planned to complete in November.
 - A further wave of MOCs exercises are planned to start in November
 - In other service areas, particularly those impacted by the Mayor's budget consultation, some further restructures may take place early in 2017.

This approach does constitute a shift from the position stated in the Section 188 notice in August that up to 1000 staff would leave the Council in 2016/17. The revised approach will mean further reductions, but this will be a more gradual process by service area rather than being another bulk corporate exercise.

Proposal

12. That the Committee notes this report.

Other Options Considered

13. None because this report is for information only.

Risk Assessment

14. None because this report is for information only.

Public Sector Equality Duties

15a) 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.

15b) No equality impact assessment has been undertaken because this report is for information only.

Legal and Resource Implications

Legal

Managers should continue to seek HR and/or legal advice in relation to any future MOC exercises. The Council should continue to monitor its equalities data following any such exercises.

Advice given by: Kate Fryer, Solicitor

Date: 14th November 2016

Financial

(a) Revenue

Financial savings and severance costs are as stated within the report - these are accurate as of 15th November 2016. Work is ongoing to attribute the severance costs across the relevant funding streams, where VS applications have been agreed for non-General Funded posts.

Final details of the budget reduction against funding and other identified savings targets will be confirmed available once the current exercise is complete.

(b) Capital

Not applicable.

Land

Not applicable.

Personnel

No advice has been requested because this report is for information only.

Appendices:

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None.

Appendix A: Breakdown of VS Decisions by Division

Directorate and Division	VS Applications Submitted	Yes Count	No Count
Business Change	78	51	18
Admin and Business Support - Business Change	3	2	0
Business Change Team	0	0	0
Change	19	13	2
Citizen Services	0	0	0
Finance	12	7	3
HR & Workplace	28	23	2
Legal and Democratic Services	16	6	11
City Director	15	13	1
Bristol Futures	6	5	0
Executive Office Division	0	0	0
Policy, Strategy and Communications	9	8	1
Neighbourhoods	228	83	127
Admin and Business Support - Neighbourhoods	13	10	0
Citizen Services	57	5	44
Environment and Leisure	17	14	4
Housing Services	100	34	68
Neighbourhoods & Communities	33	15	9
Public Health	8	5	2
People	300	87	183
Admin and Business Support - People	54	40	0
Care and Support - Adults	129	1	128
Care and Support - Children and Families	41	4	36
Early Intervention and Targeted Services	16	6	2
Education and Skills	11	6	3
Housing Services	0	0	0
People Team	0	0	0
Strategic Commissioning and Commercial Relations	18	11	3
Trading With Schools	28	16	11
Locally Managed Nurseries	3	3	0
Place	126	65	34
Admin and Business Support - Place	18	17	0
Culture Division	22	16	4
Economy	4	0	1
Energy	2	2	0
Place Team	0	0	0
Planning	6	2	5
Property	53	20	20
Transport	21	8	4
Grand Total	747	299	363

Appendix B: Analysis of Severance Payments (Pensionable and Non-Pensionable)

Directorate	Yes severance costs
Business Change	£2,772,833
City Director	£571,627
Neighbourhoods	£2,277,954
People	£2,307,716
Place	£1,844,795
Grand Total	£9,774,925

Total average* severance payment £22,206
299 applications

Average* severance payment pensionable age (over 55) £35,931
(169 / 299 applications = 57%)

Average* severance payment non-pensionable age £12,419
(130/299 applications = 43%)

**Median value has been used*

Highest single payment £154,355
Lowest single payment £933

Appendix C: Analysis of VS Leavers by Grade

(TO FOLLOW)