
ARGYLL AND BUTE COUNCIL

**POLICY AND RESOURCES
COMMITTEE**

CUSTOMER SERVICES

20 AUGUST 2015

**PLANNING OUR FUTURE – SERVICE CHOICES
VOLUNTARY SEVERANCE**

1.0 EXECUTIVE SUMMARY

This report sets out proposals to invite expressions of interests from employees for voluntary redundancy. This is an important element of managing the reduction in Council posts as a result of Service Choices as effectively as possible in line with the Council's Redundancy Policy, which seeks to achieve post reductions through voluntary means as far as possible.

The report sets out the proposed approach and timeline and highlights the policy position that underpins the proposal.

The recommendation is that the Policy and Resources Committee note the management proposal to proceed with this approach.

PLANNING OUR FUTURE – SERVICE CHOICES

VOLUNTARY REDUNDANCY

2.0 INTRODUCTION

- 2.1 As the council continues in its change programme to deliver the Single Outcome Agreement, Heads of Service are currently in the process of working on Stage 3 options development/business planning for Service Choices.
- 2.2 The proposals will inevitably lead to a reduction in the number of employees the council is required to employ.
- 2.3 The Council has a Redundancy Policy which states the Council is committed to achieving reductions in staff on a voluntary basis wherever possible and compulsory redundancies are the last option that the Council would wish to undertake as a means of reducing employee numbers. This has previously been managed through inviting expressions of interest for voluntary redundancy and then matching employees who are at risk of redundancy with posts vacated by volunteers.
- 2.4 This paper proposes that management now move to inviting expressions of interest from employees in voluntary redundancy.

3.0 RECOMMENDATIONS

- 3.1. Agree that management proceed to invite expressions of interest in voluntary redundancy from employees starting in late August 2015.
- 3.2. Agree to exclude Teachers and SSSC registered Social Care staff from the process.
- 3.3. Note that employees will be made aware that an expression of interest in voluntary redundancy does not mean that it will be granted.
- 3.4. Acknowledge that additional staff resource will be required within HR to manage the process, and note that this requirement is outlined in a separate report.

- 3.5. Note that there will inevitably be staff reductions in order to achieve the savings requirements over the next five years and the Council will need to consider making an allowance for the cost of severance, which could be significant.

4.0 DETAIL

- 4.1 It is anticipated that the council will require to reduce its budget by between £21.7m - £26.0 m over 5 years with a an anticipated reduction in the next 2 years of between £15.7 and £18.4m
- 4.2 Inevitably jobs will be affected and given the Council's Redundancy policy gives a commitment to avoid compulsory redundancies as far as possible, it is recommended that a letter is sent to council employees asking them to express an interest in voluntary redundancy.
- 4.3 The Council undertook a similar exercise in 2010 and it elicited over 900 responses, which resulted in a considerable workload for the Modernisation Team, which was specially set up within HR to deal specifically with the Service Review process.
- 4.4 At that time employees were advised that they were not committing themselves to accepting voluntary redundancy should it be offered to them. It was also made clear that if they expressed an interest, they would not necessarily be granted redundancy.
- 4.5. In 2010 it is estimated that about half the respondents to the trawl had a genuine interest in VR and would accept an offer if one was made.
- 4.6. It will again be emphasised to employees that an expression of interest will not guarantee being allowed to go. In order to reduce as much as possible speculative interest and additional workload, employees will be advised that their expression of interest will be viewed as being serious in terms of accepting a Voluntary Redundancy package, should the Council be able to offer one. Guidance is available to all employees on the Hub on how to calculate the approximate value of their redundancy package. As an additional support we can include guidance on calculating redundancy figures in the letter to employees.
- 4.7 It is recommended that Teachers are excluded from the invitation for expressions of interest.
- 4.8. It is recommended that SSSC registered Social Care employees are excluded from the process, given that their management will be the responsibility of the Integrated Joint Board from April 2016.

- 4.9. There could be advantages to the Council to include social work administrative and support staff who do not require specific social work qualifications through “matching” with a compulsorily redundant employee elsewhere in the Council.
- 4.10. The majority of redundancies made during the service review process and other ad hoc reviews over the last 4 years or so have been managed on a voluntary redundancy basis. The HR team has developed a successful process of ‘matching’ employees who wish to leave the Council with those employees who wish to continue working for the council, but whose post is at risk of redundancy. This is a well-established process carried out by the HR Team in partnership with management and Trades Unions.
- 4.11 The gathering of information to provide employees with an estimate of voluntary redundancy package is time consuming and will place an additional workload on HR staff. Additional administrative staff will be required to manage this process and this requirement is outlined in a separate report. The HR team has reduced significantly since 2010/11 and does not have the capacity to manage this additional work with current resources.
- 4.12 Strathclyde Pension Fund (SPFO) will need to provide pension estimates and costs as they have been unable to progress their proposed Employer Self Service to enable employers to calculate their own estimates. At the time of writing, SPFO are unable to commit to a timescale but confirmed a potential waiting time of 8 – 10 weeks for them to provide pension information. Officers have gained assurances from SPFO that they will work closely with the Council to shorten this period as far as possible.
- 4.13 As an interim measure until SPFO can provide the official estimate, employees will be directed to the pension calculator on SPFO’s website and guidance will be provided on how to get an estimate of pension benefits. This is dependent upon the employee knowing their pensionable service, which is available on their benefit statement.

5.0 CONCLUSION

- 5.1 The Council is facing a substantial gap in its budget over the next 5 years which will inevitably have an impact on job numbers, with the current estimate is that most of the savings will have to be delivered within the next 2 years.
- 5.2. The Council has a Redundancy Policy which aims to mitigate the number of compulsory redundancies through managing redeployment and voluntary redundancies. The HR team have developed a successful procedure which results in matching, as far as possible, employees at risk of redundancy with employees who volunteer for voluntary severance.

- 5.3. A trawl of staff to ascertain serious interest in voluntary redundancy is an essential process in meeting the Council's policy.
- 5.4. There is a likelihood of a delay of between 8 – 12 weeks in providing employees who can access their pension with their estimated package.
- 5.5 To support this process in a timely manner and reduce the impact on HR resource available to provide the ongoing support to services there will be a requirement to provide additional staff resource to the HR service. This is the subject of an accompanying report.

6.0 IMPLICATIONS

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| 6.1 Policy | A trawl for voluntary redundancy falls within the remit of the Council's Redundancy Policy. |
| 6.2 Financial | Additional staff required in HR, financial impact is set out in a separate report. The Council will need to consider making an allowance for the cost of severance, which could be significant. |
| 6.3 Legal | Policies and procedures accord with statute and best practice. |
| 6.4 HR | Additional administrative resource is required in HR to administer the Service Choices project. |
| 6.5 Equalities | The proposal is fully compliant with the Council's equality duties. |
| 6.6 Risk | An invitation for expressions of interest will raise the subject of job losses and consequent concerns for staff whilst at the same time raising expectations of others who would wish to leave on VR grounds. Managers will require to manage these expectations and concerns in an open and transparent way. Support, guidance and advice will be provided. |
| 6.7 Customer Services | N/A |

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