

TRAFFORD COUNCIL

Report to: Employment Committee
Date: 1st March 2021
Report for: Information
Report of: Sara Saleh Corporate Director Strategy & Resources

Report Title

Update on the voluntary workforce proposals.

Recommendations

That the content of this report is noted.

A further report will update the committee on the outcomes of the workforce proposals contained in this report.

Relationship to Policy Framework/Corporate Priorities	This report aligns with the council's Corporate Priorities in respect to 'Successful & Thriving places'.
Financial	This proposal will contribute to the required budget savings in 2021/2022.
Legal Implications:	Legal services are involved to ensure that the process is all legally compliant.
Equality/Diversity Implications	An equality impact assessment is being undertaken to determine impact across the workforce.
Sustainability Implications	Reduction of the workforce will be mitigated through succession plans and re-organisation of work as appropriate so that service sustainability is achieved.
Staffing/E-Government/Asset Management Implications	Reductions in staffing levels to release staff with voluntary severance may impact on workloads and work will be re-prioritised.
Risk Management Implications	All requests will be carefully considered to ensure that we manage risks to the council so that we retain and/or grow the necessary experience and skills.
Health & Wellbeing Implications	Potential impact on the remaining workforce in terms of increased workloads pending modernisation efficiencies being achieved. Managers to monitor the position with risk assessments as appropriate and Health and Wellbeing resources available.

Health and Safety Implications	We will ensure that there are sufficient competent persons to discharge our health & safety statutory requirements.
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1. Introduction

1.1 Reports have previously been taken to Employment Committee on 8 September and 7 December 2020 regarding voluntary workforce schemes. The three voluntary workforce options are: a Voluntary Severance scheme; flexible working (including 9 day fortnight), and; Leave Purchase scheme. This report is an update on progress.

2. Voluntary Severance Scheme (VS)

2.1 Background

2.1.1 We launched the VS scheme on the 11th September with a closing date of the 5th October. The initial intention was to be able to establish the budget savings from the scheme to inform the draft budget report in October. However, with the short timescale this was always ambitious and we listened to feedback from employees who asked for more time to give due consideration regarding whether to apply and extended the deadline. With staff also needing time to digest information about the Local Government Exit Pay Reform, the scheme was extended to the 23rd October and then again to the 30th October.

2.1.2 196 applications were received from across our 6 directorates. Heads of Service assessed each application and gave an initial recommendation. Each Directorate Management Team then considered all applications in the directorate and provided recommendations. The Approvals Panel, comprising the Corporate Director of Finance and Systems and the Corporate Director of Strategy and Resources, met to review all recommendations and made decisions regarding the outcome for each application. The decisions were then ratified by the Chief Executive.

2.2 Release outcomes

2.2.1 The table below details the position for all applications.

Outcome	Details	Number of employees
Applications withdrawn	Includes employees who applied in error or changed their mind because of the pension regulation changes.	17
Release agreed	Leaving either in March or September 2021.	42
Release declined	Many are in services with statutory requirements, or Traded Services.	106
Decision deferred	Applications will be reviewed further to service reviews in 2021/22	31

- 2.2.2 In December 2020 all employees were verbally advised of the outcome of their application and this was followed up with a letter confirming this.
- 2.2.3 When we promoted the scheme we gave staff the option of 2 leaving dates, namely 31st March 2021 or 30th September 2021. Of the 42 employees for whom release under the scheme has been agreed, 19 have requested a March termination date, 22 have requested a September termination date and 1 is still under discussion at the time of writing the report.

2.3 Impact of Pension Reform proposals

- 2.3.1 As detailed in the previous report, the Ministry for Housing, Communities and Local Government (MHCLG) went through a period of consultation on changes to the local government pension scheme and discretionary compensation rules. The consultation on a set of draft pension regulations closed on 18th December. The date on which the regulations were expected to come into force wasn't known, however it was expected to be January/February. Due to the conflict of the £95k Exit Cap Regulations and the current pension regulations, it was anticipated that they would be pushed through quickly.
- 2.3.2 As a reminder, under the proposals, no severance will be payable if the member receives an immediate pension with a payment by the employer to cover the cost of early release of pension – the strain cost. This is except in the case of the severance amount exceeding the strain cost, in which case the excess would be payable.

The draft Regulations give employees several options in respect of pension:

- a. take an unreduced pension;
- b. take a partly reduced pension;
- c. take a fully reduced pension or
- d. defer payment of pension.

- 2.3.2 Before Christmas we expected that all employees with release agreed would be subject to the revised pension regulations, as they would likely be in place before the earlier release date of 31st March. However in January, three challenges to Exit Cap Regulations were accepted for judicial review covering 15 grounds. These challenges were to be heard together on 16/17 March 2021 and MHCLG put their wider reforms in relation to changes on hold until the judicial review outcomes are known.

2.4 Legislation revoked

- 2.3.3 On 12 February 2021 HM Treasury published a [Treasury Direction revoking the legislation with immediate effect](#), along with guidance on how exit payments which were capped during the period when it was in force should now be handled.

2.3.4 The revoking of the legislation returns the situation to the status quo and the current arrangements in respect of employees leaving the council under business efficiency aged over 55, can access an immediate unreduced pension with the council picking up the pension strain costs.

2.5 Release plans

2.5.1 The changing timescales for the exit cap and linked pension reform have meant we have had to consistently review the situation as the legislation impacts have been known and adjust our approach, taking legal advice from Counsel along the way.

2.5.2 For those staff due to leave in March with pension access we already knew due to the delay in implementing the draft regulations, that for those employees aged over 55, they will receive their pension under the current regulations.

2.5.3 At the time of writing, we are finalising the exit arrangements and we have commissioned independent legal advice through Thompsons Solicitors for our leavers and drafted a Settlement Agreement with our Legal colleagues to be issued to this group along with those March leavers with no pension access.

2.5.4 The leavers in September will now leave on the same terms with Settlement Agreements to follow.

3. Flexible Working (including 9 day fortnight)

3.1 We offer a range of flexible working arrangements, which staff can request at any time provided they meet the qualifying criteria. This includes different working patterns, however one that more staff are starting to take up is the 9 day fortnight. This is where employees reduce their working hours so they have an additional non-working day every two weeks. It can be an option where staff want some extra time out of work but don't want to reduce to 4 days, or maybe can't afford to. It can also work better for the business. Due to a reduction in establishment certain flexible working options will generate some savings.

3.2 When we communicated the Voluntary Severance Scheme we also detailed that where staff would like to consider a flexible working option that would generate savings they should apply.

3.3 We initially had interest from 22 employees:

- 4 later withdrew
- 7 agreed
- 2 not agreed
- 9 decision pending – some are linked to VS decisions or service reviews.

4. Leave Purchase Scheme

- 4.1 Each year, employees may request to buy additional leave between 1 and 10 days (pro rata for part time employees) and pay deductions are spread over the 12 months of the leave year. This supports employees to achieve a better work-life balance and also generates savings.
- 4.2 The window for applications was open between November 2020 and the end of January 2021 and we communicated the scheme repeatedly to staff during the period.
- 4.3 244 employees have purchased additional leave for the year 2021/2022, with a total of 1532 days, which is an average of 6 days per employee using the scheme. This is a significant reduction on the previous year when 425 employees purchased leave totalling about 2584 days. This is likely to be mostly due to the fact that leave has been more difficult to take in 2020/21 due to service pressures related to the pandemic, or staff have not needed as much leave, with normal activities suspended. This means that staff may have banked some leave to use in 2021/22 negating the need to buy extra leave for the new leave year.
- 4.4 GMSS will apply this to the iTrent system so that staff can view and book the leave and deductions will commence in April payroll.

5. Conclusion

- 5.1 The savings generated from the Voluntary Severance scheme and flexible working options have been factored into balancing the budget for 2021/22 and the savings generated from the Leave Purchase Scheme will be confirmed in late February after the scheme application window closes.

6. Recommendation

- 6.1 That the content of this report is noted.
- 6.2 A further report will update the committee on the outcomes of the workforce proposals.