

TRAFFORD COUNCIL

Report to: Employment Committee
Date: 7th December 2020
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 In the report taken to Employment Committee on 8 September we detailed the fact that there have been several drivers for putting in place some voluntary workforce proposals. These include: a changing workforce required as part of our modernisation agenda; different ways of working where we maximise our digital capabilities and harness the opportunities for embedding changes in the way that we deliver services and addressing aspects of the budget gap as a result of the financial impact the council has faced due to COVID. The three voluntary workforce options agreed were: a Voluntary Severance scheme; flexible working (including 9 day fortnight), and; Leave Purchase scheme.

2. Voluntary Severance Scheme (VS)

2.1 The Scheme

2.1.1 The VS scheme brings mutual benefits for our employees by allowing some to leave the Council to pursue other career or personal interests, whilst providing us with some efficiencies. Where release is mutually agreed, a voluntary severance payment will be made to the employee upon termination of contract and the post or a subsequent post in the service is deleted.

2.1.2 The scheme is discretionary. Whilst the Council will try to enable those wishing to leave to do so, we need to consider whether we can deliver services without their skills, knowledge and experience. The cost of releasing staff also has to be factored into the decision making. Staff who are potentially eligible and have viewed their figures have the opportunity to formally apply. It is the Council's prerogative to determine whether to accept any requests. There is no guarantee that the request for severance will be approved and the outcome of each application will be at the discretion of an approvals panel.

2.1.3 Requests for voluntary severance will only be accepted where an ongoing saving for the council can be achieved.

2.2 Local Government Exit Pay Reform

2.2.1 Since the VS scheme proposal was agreed, there have been some changes which have an impact on the severance package that the Council can legally offer employees. These became apparent during the application window.

2.2.2 Further to initial proposals back in 2015, the Government brought in the Public Sector exit pay cap, which was effective from the 4th November. The cap essentially means that employees can't leave a public sector employer with a package to the value of more than £95k, including capital costs. In terms of the VS scheme there are only a relatively small number of staff that this would

affect, if their release can be agreed. What is more challenging is the fact that the supporting pension reform (detailed below) has not been finalised yet and until it is in place there is a period during which the legislation and the pension regulations conflict. We are exploring the best way to manage this situation if there are any staff that can be released with an overall package in excess of the cap.

2.2.3 The Ministry for Housing, Communities and Local Government (MHCLG) has recently consulted on changes to the local government pension scheme and discretionary compensation rules. The consultation ended on the 9th November and draft regulations have been published and are being consulted on with a deadline of 18th December. The date on which the regulations will come into force isn't known, however it is likely to be January at the earliest.

2.2.4 There are several changes in the proposals, however there is one that may impact on the package that can be offered to many staff who have applied for the VS scheme. Under the current LGPS, where a scheme member is aged 55 or over, if they leave the organisation due to redundancy or efficiency retirement, they receive an unreduced pension as well as their severance pay. 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 – except in the case of the severance amount exceeding the strain cost in which case the excess would be payable.

2.2.5 It is likely that employees will have options as follows:

- Take an unreduced pension. This may mean receiving either a reduced or no voluntary severance payment depending on the amount of the pension strain cost.
- Take a partly reduced Pension. This may mean receiving either a reduced or no voluntary severance payment depending on the amount of the pension strain cost.
- Take a fully reduced Pension and retain the voluntary severance payment.
- Defer payment of Pension until a later date and retain the voluntary severance payment. If this is before Normal Retirement Date (currently state pension age) there will still be a reduction.

2.2.6 When the full implications of the proposals were understood, we communicated out to staff again with full details so they could make an informed decision regarding whether they still wished to apply. For those who had already applied, we also gave the option for them to withdraw given the possibility that the package would be reduced from the initial offer.

2.2.7 The recently published draft regulations include transitional arrangements. This appears to suggest that if we enter into agreement to terminate a member's employment before the Regulations come into force, and their

termination date is within 6 months of the Regulations, the current Regulations apply and we can pay an unreduced package with full severance pay. We are working with Legal to understand how we can try to offer the exit based on the current Regulations, however this may come down to the timing.

- 2.2.8 Further detail on these legislative changes is attached in a supplementary report on the Employment Committee agenda – ‘Reform of Public Sector Exit payments’.

2.3 Progress

- 2.3.1 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.

- 2.3.2 Over 180 applications have been received from across our 6 directorates. Heads of Service have assessed each application and given an initial recommendation. Each Directorate Management Team has considered all applications in the directorate and then provided a recommendation. The Approvals Panel, comprising the Corporate Director of Finance and Systems and the Corporate Director of Strategy and Resources, has met to review all recommendations. They are finalising decisions which will then be ratified by the Chief Executive.

- 2.3.3 Once the final decisions have been made, all those who applied will be advised of the outcome both verbally and followed up in writing. For those who can be released, the date of release will be agreed (staff had options of March or September). There will be two groups of staff: under 55s and those not in the pension scheme, and; over 55 and in the pension scheme. For those affected by the pension reform we will be looking at the best solution for them and the service to agree release.

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 Around 20 employees indicated that they would like to apply to reduce their hours. We contacted these staff and then their manager so they could submit the normal application. As a result several have been agreed, however some decisions will have to wait until the outcome of voluntary severance release is known due to the resourcing impact on the service.

3. Leave Purchase Scheme

- 3.1 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.
- 3.2 The window for applications is open between November and the end of January each year and we have communicated the scheme to staff. There will be periodic communications over the next couple of months to remind staff.
- 3.3 Once the scheme is closed, in February we will have an understanding of the take up of the scheme and will present a further report to Committee on next steps.

4. Conclusion

- 4.1 We continue to finalise decisions for both the VS and flexible working options. The savings generated from the Voluntary Severance scheme and flexible working options are not yet known and should be available by mid-December. The savings from the Leave Purchase Scheme will be confirmed in February after the scheme application window closes.
- 4.2 Dependant on the resultant savings, other options may well have to be explored to generate savings to meet the budget gap. As mentioned this includes considering mandatory unpaid leave.

5. Recommendation

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