

## Manchester City Council Report for Resolution

**Report to:** Executive - 26 November 2014  
Personnel Committee - 26 November 2014  
Council - 10 December 2014

**Subject:** 2015/17 Budget: Initial Workforce Implications

**Report of:** Chief Executive, City Treasurer, City Solicitor & Strategic Director (Reform)

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### Summary

This report sets out the anticipated high level workforce implications for 2015/17 of the forthcoming Local Government Financial Settlement. It proposes the use of an amended Efficiency Early Release Scheme (comprising Efficiency Severance and Early Retirement) in support of *m people* to enable structural and functional changes and reductions in the workforce numbers and cost.

In line with changes in Pensions Regulations, the Efficiency Early Release Scheme, approved by Personnel Committee in October of this year, replaces the former Voluntary Severance Scheme (VSS) comprising Voluntary Early Retirement (VER) and Voluntary Severance (VS)). For consistency and ease the terms Voluntary Early Retirement (VER) and Voluntary Severance (VS) are used throughout this report.

### Recommendations

Executive is recommended:

1. To confirm that the proposals set out in this report to be considered by Personnel Committee are necessary for the Council to achieve the anticipated budget savings across 2015/16 and in support of those likely to be required across 2016/17.
2. That in the event that the recommendations set out below are agreed by Personnel Committee, Council is recommended to release the required sum from the Council's reserves in 2014/15 and 2015/16 to fund the proposed schemes.
3. In accordance with paragraph 14 of Part 4, Overview and Scrutiny Procedure Rules of the Council's constitution, and having consulted with the relevant statutory officers, to approve the matter as urgent, in that any delay caused by the call-in process, would seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester and exempt it from call in.

Personnel Committee is recommended:

4. To confirm that the Council's policy on Voluntary Early Release as set out in the recently approved Severance and Early Retirement (Efficiency) Policy Statement be amended by increasing the maximum discretionary lump sum payment from a maximum of 30 weeks pay to a maximum of 36 weeks pay for individuals leaving the organisation in support of the delivery of the 2015/17 budget. Applications received between 27 November 2014 and 19 December 2014 will be given consideration under these arrangements with the intention of supporting the release of staff in coordination of the phasing of budget proposals for the 2015/17 budget period. This will mean that the majority of staff will leave the authority prior to or early in the 2015/16 financial year.
5. To confirm that such an amendment is workable, affordable and reasonable having regard to the foreseeable costs.
6. To agree that the authority should develop a Mutually Agreed Resignation Scheme (MARS) to allow those staff who transferred to the Council as part of the Public Health transfer in April 2013 to apply to leave the authority through severance arrangements broadly aligned to those proposed within this report. This proposal will be developed over the coming weeks, subject to any Government approvals that might be needed.
7. To agree that the amendment to the Council's policy on non re-engagement in respect of staff undertaking duties on behalf of the Electoral Registration Officer or the Returning Officer made on 26 June 2013 be extended to cover all roles in connection with delivery of local and national elections.
8. To delegate authority to the City Treasurer, City Solicitor and Strategic Director (Reform), in consultation with the Executive Member for Finance and Human Resources to agree and implement the scheme proposed in recommendation 6 above.
8. Subject to the approval of Council to release the reserves required to implement this proposal, to confirm that the City Treasurer, in consultation with the Executive Member for Finance and Human Resources, may release staff who make such applications subject to the criteria set out in the Report.
9. In accordance with paragraph 9 of Part 4 Section A, Council Procedure Rules of the Council's constitution, and having consulted with the relevant statutory officers, to approve the matter as urgent, in that any delay caused by the call-in process, would seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester and exempt it from call in.

Council is recommended:

10. To note the decisions made by the Personnel Committee and Executive in regard to the above recommendations.
11. To release the required sum from the Council's reserves to fund the proposed schemes as specified within this report.

**Wards Affected: All**

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Potentially the staffing implications impact on all the spines in the Community Strategy, however the ongoing review of services and skills will drive workforce reductions and be linked to corporate objectives. The promulgation of a voluntary severance scheme will mitigate the need for compulsory redundancy and help the organisation reduce staff numbers in a managed way in line with the overarching direction of travel for the organisation. This approach contributes to the Council's value for money objectives and the principles of <i>m people</i> .
Reaching full potential in education and employment	
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	

Implications for:

- Equal Opportunities Policy – An Equality Impact Assessment has been undertaken to ensure that the operation of the scheme does not discriminate against any groups.
- Risk Management – The scheme will need to be applied appropriately in order to ensure that important skills necessary for the future needs of the Council's services are not lost and, where people are released promptly, disruption to services is managed on a practical level. The operation of the scheme has been developed to mitigate this risk.
- Legal Considerations - The proposed scheme will comply with the Council's legal obligations as an employer which are set out in more detail in the Report

**Financial Consequences – Revenue and Capital**

The detailed financial consequences are set in the report. The proposals set out, and their impact on reducing the costs of the City Council will be a key part of the strategy necessary for the Council to set a balanced and lawful budget for 2015/16. The costs of the scheme have been identified as being approximately £17.5 Million of which up to £4.9 Million will be funded through available allowances in the Manchester City Council Employer Pension Fund contributions with £12.6 Million being met from reserves. The City Treasurer has confirmed that after identifying £12.6 Million for this scheme, the remaining levels of reserves will be sufficient and appropriate to the level of financial risks that the council is facing.

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**Background documents (available for public inspection):**

Executive Report: February 2014. *Budget 2015/17 A Strategic Response*

Personnel Committee Report: October 2014: *Severance and Early Retirement (Efficiency) Policy Statement.*

## 1. Background

- 1.1 The Council has undergone an unprecedented level of change across the 2011/13 and 2013/15 budget cycles with the need to deliver circa. £170 Million and £80 Million of mainstream budget savings respectively. The authority is on track to deliver against the 2013/15 target with an approach focused on supporting the dual aims of growth and reform and which continues to be aligned to the principles agreed as part of the 2011 budget setting process:
- Leadership for Reform
  - Universal Services
  - Targeted Services
  - Neighbourhoods
  - Core
- 1.2 This period has seen a reduction of in excess of 3,300 FTE from the Council's workforce, including circa. 2,400 FTE through time limited incentivised voluntary severance schemes in 2011 and 2013, which have supported the delivery of around £94 M of workforce savings, around 38% of the total savings required from the organisation, as well as further reductions aligned to areas of reducing grant and income funding.
- 1.3 The organisation's ability to deliver against its ongoing priorities and to transform its approach to services whilst reducing the workforce has been contingent on the successful delivery of **m people**. This approach has supported staff across the organisation through service redesigns and provided a flexible framework to move individuals to the point of greatest organisational need whilst supporting skills development and personal aspirations. Further flexibility and the growth of key skill sets through **m people** will be essential to supporting continued organisational change and public service reform with an even greater need for flexibility to meet organisational need and the broader priorities of the city and City Region. The success of **m people** has been founded on close working relationships between the authority, its staff and the Trade Unions and this relationship will continue to be crucial.
- 1.4 **m people** has continued to prove a successful approach to supporting and developing individuals with the required behaviours, skills and attitudes as well as providing a structured approach to flexible staff deployment. Going forward, the emphasis will need to remain on this approach to support savings and the population of revised operating models across the organisation. As the workforce continues to reduce whilst the priorities and challenges remain, a strengthened focus will need to be placed on career pathways to support long term strategic workforce planning as well as more innovative approaches to resourcing looking across the broader public sector and partners.

## 2. Current position

- 2.1 There will be continued reductions in Local Government expenditure and current indications, subject to the publication of the provisional Local Government Financial Settlement for 2015/16 due in mid to late December,

- suggest the Council will need to manage a budget gap of £59 Million in 2015/16. Current projections are that the gap will rise to £90 Million in 2016/17. The Council's draft revenue budget, due to be published in January, will need to address this, which will include the need to deliver significant budget reductions. The draft savings options, indicating where the FTE reductions may be achieved, have been to the relevant November Scrutiny Committee meetings and are on the agenda for this Executive.
- 2.2 Budget planning is proceeding on the above basis and, as part of the strategy for managing these significant reductions, it is essential that preparation for a further and significant reduction in funded posts is made.
- 2.3 Currently circa. 48% of Directorate net revenue spend is on employees. Whilst activities to develop savings options for the coming budget period are still in development, it is anticipated that circa 27% of savings for 2015/17 will be delivered directly from the workforce. Whilst this is a lower percentage than was the case across the preceding two budget periods it will nevertheless necessitate a significant level of workforce reductions with required savings from the workforce currently scoped anticipated to be in the region of £21.5 Million out of £80 Million of savings identified in reports to Scrutiny Committees in November. Delivery of the current savings options is anticipated to require a workforce reduction of between 550 and 650 posts.
- 2.4 It should be stressed that these details remain under development and the full workforce impact of options will only be clear once the financial settlement has been analysed and developed into the 2015/17 budget. It is clear that whilst there will be the potential for some savings aligned to staff turnover and the deletion of funded vacancies over this period, intelligence and analysis shows this will only deliver a relatively small proportion of the required savings and associated workforce reductions set out above and will largely be offset by the need to support the release of a small number of staff not currently in funded roles or in areas of grant or income reduction.
- 2.5 As highlighted above, any workforce reductions will be contingent on the continued success and further development of **m people**. This will mean employees demonstrating flexibility to move to other roles, supported by development and training. In line with this, changes to the organisational structures will continue to be guided by the existing organisational design principles.
- 2.6 The Council needs to consider all possible options open to it to ensure that the required reduction in posts can be made to achieve the budget savings required. The Council still intends to aim to avoid compulsory redundancies, however, if all other options do not offer or cannot deliver the required saving, the Council will be forced to reconsider its position, including in relation to compulsory redundancies, in order to ensure that it will have a balanced budget and robust medium term financial strategy.
- 2.7 Details of the proposed budget and medium term financial strategy will be brought to the Executive in January but whatever the details of the distribution of spend between services it is a necessity that workforce changes and the associated savings described are achieved as soon as possible to enable the

delivery of the required savings for 2015/16 and the achievement of a balanced budget.

### 3. Proposed Approach

- 3.1 Consideration needs to be given to the benefit of offering an incentivised opportunity for voluntary early retirement and voluntary severance to staff to meet the specific circumstances faced. Such an approach will not deliver the required changes alone and would need to be supported by the continued firm management of vacancies and performance, and a focus on developing the skills and behaviours of the workforce.
- 3.2 The future workforce will need to align to future needs to ensure the appropriate skills; behaviours and flexibility are developed to meet the challenges and priorities of the organisation. This approach, embodied by the principles of *m people*, has proved effective over the past four years and will continue to be essential to supporting the achievement of the required budget savings.
- 3.3 The *m people* principles include two related areas, offering appropriate support to employees through change processes and enabling them to make effective career choices. This approach has always included supporting individuals to make decisions which enable them to consider other job and life options, including leaving Council employment. The Council's agreed voluntary early retirement and severance schemes complements this approach and will continue to form an element of the Council's model for the delivery of service redesigns. In addition, a range of flexible working options are also available for staff to consider, including flexible retirement, career breaks and reduced hours. These options have the potential to provide some limited (or time limited) efficiencies as well as supporting the organisation's approach to a modern and flexible workforce.
- 3.4 In support of the likely level of savings required from the workforce, it is proposed to formally use the existing voluntary severance and early retirement schemes with a time-limited amendment to support delivery of the required reductions in workforce size whilst maintaining the necessary skill base. This approach will minimise the possibility of compulsory redundancies. The proposal has been discussed with the trade unions and there will be ongoing consultation as set out below. This ongoing dialogue will support the reduction of staffing numbers in a controlled way in line with the phased delivery of service redesigns. The content of any severance package and the ultimate decision to release individuals will be at the absolute discretion of the authority, in line with the terms of the scheme set out in this report, if agreed.
- 3.5 Staff briefings to communicate the organisation's emerging budget options and the impacts for specific areas commenced from 11 November to coincide with the publication of scrutiny reports setting out the Directorate Savings options. Briefings are continuing to take place through a coordinated and consistent programme.
- 3.6 The proposed reduction in workforce will require the Council to notify the Secretary of State for the Department for Business Innovation & Skills in

writing (using a HR1 form) and consult with the Trade Unions, as the appropriate employee representatives. This is the case even where the reduction can be achieved through voluntary means. The City Solicitor has advised that the HR1 is submitted and consultation begins at the earliest stage, as failure to do so could render the Council liable to a fine and to Employment Tribunal claims.

- 3.7 The Council will reconsider its position in relation to compulsory redundancies if the proposed time-limited scheme does not support sufficient staffing reductions. Failure to achieve the necessary savings through a voluntary scheme would seriously increase the likelihood of the Council being forced into a compulsory scheme operated on the basis of the statutory minimum requirements. The level of the workforce savings will be reviewed early in the New Year and an update provided as part of the budget setting process in January.
- 3.8 The filing of Form HR1 also triggers Government departments and agencies and the 'Job Centre Plus' Rapid Response Service to be alerted and prepared to take any appropriate measures to support the employees in question. Notification will coincide with the start of formal consultation on redundancy with the Trade Unions.
- 3.9 An extensive programme of support coordinated through both the Job Centre Plus and internally has been provided throughout both previous time-limited schemes and the intention is to put in place a similar programme of support in early 2015 to support those leaving the organisation. During the current budget period the programme of support included:
- Job Centre Plus briefings designed to help individuals learn about the full range of support available for anyone taking VER/ VS, and to help people make an informed decision about which elements of the service they wish to access before they finish work.
  - Web site advice for jobseekers from, Jobcentre Plus, National Careers Service and National Careers Advice Service
  - Support in finding a job from the Universal Jobmatch service
  - Advice and guidance on starting a business from the National Enterprise Network, HM Revenue & Customs and Blue Orchid Management Consultants and franchising opportunities from Franchising Works
  - Advice on training opportunities from the Rapid Response Service (RRS) at the Jobcentre Plus, National Careers Service and Learn Direct
  - Financial advice and guidance from, The Money Advice Service, The Debt Advice Network and The Manchester Credit Union
  - A number of Pre retirement courses



3.10 The Council's non re-engagement policy as amended in June 2011 will continue to apply. The Small Business Enterprise and Employment Bill currently progressing through Parliament should also be noted. This current draft includes proposals to require high earners who return to the same part of the public sector within 12 months to repay payments made on voluntary departure. The bill is currently at committee stage and may not be in force before the first termination. The Bill's progress and any implications will be kept under review.

#### **4. Workforce Reduction Scheme**

4.1 The proposal is to make a time limited amendment to the existing policies on Early Retirement and Severance consistent with the offer made to staff in 2011 and 2013. This remains a generous offer in the context of both comparable schemes and the statutory redundancy calculation and is the most attractive offer which is affordable to the authority.

#### **4.2 Voluntary Early Retirement**

4.2.1 Release of early retirement benefits are governed by the Local Government Pension Scheme (LGPS) regulations for the majority of staff. In circumstances where the Council is looking to reduce the workforce, employees who apply for, and are released on, the grounds of efficiency when they reach the age of 55 must have their accrued pension put into payment and reductions are not applied. Individuals must have been members of the LGPS for two years in order to be eligible for release of pension benefits on these grounds.

4.2.2 For a small number of employees who are members of the Teachers' Pension Scheme and the NHS Pension Scheme different arrangements apply in relation to the early release of pension benefits. In line with the rules governing these schemes, eligible employees will need to decide whether they apply directly to the pension scheme administrators for early release of their pension benefits, with any associated reductions.

#### **4.3 Voluntary Severance**

4.3.1 The existing policy on enhanced payments in respect of severance is based on the Local Government (Early Termination etc) Regulations 2006, which provide Councils with a discretionary power to increase statutory redundancy payments and make discretionary termination payments. The Council's current policy is to exercise its discretion to base calculations for voluntary severance payments on employees' actual pay at three weeks' pay per year of service, to a maximum of 30 weeks.

4.3.2 It is proposed to amend the Council's policy on discretionary payments to increase the maximum amount payable to 36 weeks' actual pay based on three weeks pay per year of service up to 12 years. This will incentivise staff under the age of 55 years to consider the option of Severance, and is likely to provide a wider age spread of staff taking up the offer. As severance costs are generally less expensive than release of pension with associated costs, a higher proportion of Voluntary Severance will reduce the Council's financial liabilities.

- 4.3.3 For those staff who joined the authority as part of the transfer of public health functions in April 2013, such arrangements are governed by the NHS's Mutually Agreed Resignation Scheme (MARS). HM Treasury have confirmed that they do not need to approve a local MARS, but confirmation from the Department of Health that they also do not need to approve a local scheme is still awaited. The proposal is therefore to develop a MARS for the relevant cohort of staff employed by the authority which is broadly aligned to the above approach. The intention is to launch this scheme as soon as possible following approval of this report and any required Government approval, with approval of the detailed scheme delegated to the City Treasurer, City Solicitor and Strategic Director (Reform), in consultation with the Executive Member for Finance and Human Resources.
- 4.3.4 The scheme will not apply to employees who work in schools if they are appointed by the school, but will apply to school based employees who are directly appointed by the Council.

#### **4.4 Operation of the Scheme**

- 4.4.1 If the proposal is accepted, all staff will be contacted by letter in the coming few days to inform them of the scheme's operation and provide them with an indication of their potential leaving benefits. Application for release will be invited during a time limited period (27 November 2014 to 19 December 2014). Applications will be considered individually in the context of the developing options for organisational change and savings and the organisation's commitments under the *m people* agreement to support flexible movement of staff skills to areas of need. Consideration and the content of any severance package will be at the absolute discretion of the authority and will take account of two broad decision making criteria:
- a. **The total cost of the severance package.** Release will only be agreed where this would enable the organisation to realise a financial saving or avoid costs. In general, this means release will not be agreed where the cost to the authority, including any capital costs for the Council associated with early pension payment, does not exceed the equivalent of 18 months salary. In line with the Council's Pay Policy Statement, any severance package with a total value of £100,000 or greater will be referred to Council for agreement.
  - b. **Impact on business continuity and delivery.** Release will only be agreed where it will not have an adverse impact on delivery of the organisation's priorities and transformation in line with the agreed delivery model and design principles.
- 4.4.2 The task of service and directorate management in partnership with HR/OD will be to assess how any risks under b. above can be mitigated in order to agree the release of the individual in a timely and appropriate way. This will include an assessment of how movement through *m people* can be used to replace skills or reorganise functions.
- 4.4.3 As set out above, the intention is to support the majority of staff to leave the authority prior to April 2015. However, given the phasing of savings and the

need to ensure business continuity it may be necessary to release some staff within the 2015/16 financial year. Therefore, in the first instance, staff who apply to leave during the proposed window and are 55 years of age or older by 30 June 2015 may therefore be eligible for release under VER should their date of release fall on or after their 55<sup>th</sup> birthday.

- 4.4.4 The vast majority of decisions will not be made until after the scheme closes for applications on 19 December in order to enable informed and coordinated consideration of all applications in the round. However, in some cases it may be possible to agree release prior to this where the decision making criteria above are satisfied and there will be no impact on the proposed outcome associated with future potential applications. It should be noted that the approval of Council is required to release the required funds to finance the scheme from the Council's reserves. Therefore, no offers will be made prior to approval by Council which meets on 10 December 2014.

## **5. Financial Implications**

- 5.1 As set out above, current indications suggest the Council will need to deliver mainstream savings of £59 Million in 2015/16 rising to £90 Million in 2016/17. Current savings options, which amount to £80 Million by 2016/17, indicate a required reduction in the region of up to 550-650 posts. This would enable the deletion of mainstream funded posts, saving in the region of £21.5 Million towards the required savings. The budget proposals will be developed in detail for consideration by the Executive in January following receipt of the Local Government Financial Settlement which is expected around 17 December.
- 5.2 Available intelligence and modelling suggests that the vast majority of the reduction will need to be achieved through the deletion of mainstream funded posts, vacated by individuals who are supported to leave the Council. The intention will be to support as high a number as viable to release prior to April 2015 to allow full year savings to be realised in 2015/16. However, in line with the phasing of savings, the release of staff in some service areas will not be possible until after April 2015.
- 5.3 The costs of releasing the required number of staff through VER/VS is dependent upon a number of factors, such as the age/length of service/membership of pension scheme, but will be in the region of £17.5 Million. In practice any offer will be more attractive to LGPS scheme members aged over 55, who are automatically eligible to receive their pension based on accrued service to-date and without actuarial reduction for 'early payment'. In order to limit the cost of the 'most expensive' cases, an affordability cap of 1.5 times salary will be applied and as such some staff over 55 may be able to obtain a full/partial severance payment alongside pension. The affordability cap will need to be applied with a small degree of flexibility as some 55 year olds may exceed the cost limit solely based on the 'capital' costs of their pension without any severance pay.
- 5.4 These costs exclude any costs of continuing to pay staff into 2015/16, either by way of their departure falling in the new financial year, or any associated leaving costs. The intention will be that all staff will work their notice period with early release and loss of office payments agreed by exception where this

is appropriate due to financial need or where continued service would pose organisational risks and will only be agreed at the absolute discretion of the City Treasurer and Executive Member for Finance and Human Resources.

- 5.5 There is £10.5 Million available in the reserve which was set up to fund the 2011 time limited incentivised scheme and £2.1 Million has been identified from other available reserves. The balance of up to c£4.9 Million will be met from the remaining available allowances in the pension scheme for 2014/15 and 2015/16. The City Treasurer has confirmed that after identifying £12.6 Million for this scheme, the level of General Fund reserve remaining will still be in the order of £27 Million.
- 5.6 The use of revenue reserves, the cash flow for which is being used to fund capital, will be at a cost to the Council as external long term borrowing will be necessary to replace the cash expended. At present interest rates that could amount to circa. £0.5 Million per annum in a full year, will need to be reflected elsewhere in the Council's budget.
- 5.7 Whilst a lower than anticipated spend under the 2011 and 2013 schemes has supported the availability of funds to support this approach, a third call on reserves increases the exposure to risk for the organisation. This will mean the availability of reserves for subsequent years will be severely limited and the Council's ability to use its resources flexibly for project funding will be further curtailed.
- 5.8 Whilst it is likely that a substantial amount of the monies will be paid out in 2015/16, including any payments to the GM Pension Fund for Capital Costs, accounting rules require that the costs of the scheme for any employee who has been approved and has accepted VER/VS will be accounted for in 2014/15.

## **6. Amendments to the Non Re-engagement Policy**

- 6.1 The Council's current re-engagement policy was approved by Personnel Committee on 16 February 2011 and provides that staff who have previously left the employment of the Council through VER/VS in any paid capacity (including through an agency) cannot be re-engaged until a two year time period has lapsed after the termination of their employment.
- 6.2 On 26 June 2013, Personnel Committee approved an amendment to the policy so that staff who left the organisation within two years could be re-engaged by the City Council to undertake time-limited doorknock canvassing work. The Committee also noted that certain temporary elections roles are appointed directly by the Returning Officer and, as such, the appointment of former staff to those roles is not within the scope of the non re-engagement policy.
- 6.3 The amendment made on 26 June 2013 related to the roles of Polling Station Inspectors, Presiding Officers and Poll Clerks, but made no specific mention of other roles in connection with elections, including roles in connection with processing postal votes or the election count.

- 6.4 The Council is required by law to provide sufficient resources to enable the Returning Officer and Electoral Registration officer to discharge his statutory functions. The efficient delivery of elections and electoral registration is a corporate priority and the Council is committed to ensuring that electoral services are delivered to the highest possible standard for voters and shareholders. A general election will take place on 7 May 2015.
- 6.5 It is vital to ensure that sufficient experienced staff are either retained or otherwise available in order to deliver elections successfully in May 2015 and beyond. It will not be possible for staff who do not have practical election experience to gain the necessary experience between now and May 2015. Given the reduction of staff numbers as a result of VER/VS, the Council will inevitably lose officers with practical experience of delivering elections.
- 6.6 Personnel Committee is recommended to approve a further amendment to the non re-engagement policy so that staff who have left the organisation can return within two years to fulfil any role that is required in respect of electoral registration or the delivery of a local or general election, provided that the return is on a time-limited basis and is confined to duties in connection with the election or electoral registration. Personnel Committee is also recommended to note that the appointment of former staff to any role that is appointed directly by the returning officer is not within the scope of the non re-engagement policy.

## 7. Implications for Manchester

- 7.1 Reducing staff numbers in a managed way will support the budget savings required and enable **m people** to invest and develop the remaining workforce, to support achievement of corporate objectives. A significant proportion of the workforce are Manchester residents and a range of support options will be made available to all leavers through partner organisations including Job Centre Plus as set out above.

## 8. Call In

- 8.1 In accordance with paragraph 14 of Part 4, Overview and Scrutiny Procedure Rules of the Council's constitution, and having consulted with the relevant statutory officers, the Executive is requested to approve the matter as urgent, in that any delay caused by the call-in process, would seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester and exempt it from call in.
- 8.2 In accordance with paragraph 9 of Part 4, Council Procedure Rules of the Council's constitution, and having consulted with the relevant statutory officers, Personnel Committee is requested to approve the matter as urgent, in that any delay caused by the call-in process, would seriously prejudice the legal or financial position of the Council or the interests of the residents of Manchester and exempt it from call in.
- 8.3 As set out above, there is an expectation that the funding settlement will necessitate a significant budget reduction for 2015/16 and it is expected further reductions will be required in 2016/17. In order to ensure that the

Council can set a balanced budget in March 2015 it is essential that proactive and timely steps are taken to revise operational approaches and staffing structures to operate within the anticipated reduced budget envelope. Any delay will jeopardise this process

## 9. Further Comments

- 9.1 The Chief Executive will verbally report any comments received from the Trade Unions at the relevant Executive and Personnel Committee meetings.
- 9.2 UNISON notes references at 2.6, 3.7 and 10.2 of the report regarding compulsory redundancies, should the required staffing reductions not be made by voluntary means. UNISON would ask Committee to note that they are committed to working to avoid the need for compulsory redundancies. UNISON feel however it is important to reiterate the Branch's position of total opposition compulsory redundancies.

## 10. Conclusion

- 10.1 Adoption of the proposed scheme will assist in enabling the necessary reduction in staffing numbers to support the delivery of planned changes to the organisation over the coming two years and deliver the associated efficiencies. This approach will enable reductions to be managed in a controlled way, which is viable and supports ongoing service imperatives and the principles of *m people*. This approach will be supported by a continued focus on workforce skills and behaviours to ensure that, whilst the workforce will be smaller, skills and opportunities will be greater and more closely aligned to the needs of the organisation and the city.
- 10.2 If the proposed scheme does not meet the necessary savings targets other options, including a compulsory redundancy scheme, would have to be considered. The Statutory Officers will consider whether it is necessary to formally request the Executive to consider other such options as part of the emerging budget strategy which will be presented to the Executive and the Council in early 2015 - in order to achieve a balanced budget and a robust financial medium term financial plan.