
**Manchester City Council
Report for Information**

Report to: Human Resources Subgroup – 31 March 2014

Subject: Update on the Time Limited Voluntary Early Retirement & Voluntary Severance Scheme

Report of: Assistant Chief Executive (People)

Summary

This report provides the Committee with an update on the outcomes and impact of the time limited Voluntary Early Retirement and Voluntary Severance Scheme (VER/VS). This scheme which was open for applications from Council Employees between 6th December 2012 and 15th February 2013 to support the required workforce savings associated with the Council's 2013/15 budget. The report provides specific detail on the following two areas in response to the request of Members at the September meeting of this group:

- Figures on the number of people leaving by directorate with a further breakdown by grade
- An assessment of the impact of the loss of a significant proportion of staff members and whether the loss of experience is having an impact on services.

Recommendations

The Finance Scrutiny Committee – HR Sub Group is asked to note the content of this report.

Wards Affected:

All

Contact Officers:

Name: Sharon Kemp
Position: Assistant Chief Executive (People)
Telephone: 0161 234 1145
E-mail: s.kemp@manchester.gov.uk

Name: Pat Fetherstone
Position: Head of HROD Service Delivery
Telephone: 0161 234 1847
E-mail: p.fetherstone@manchester.gov.uk

Name: Sam McVaigh
Position: Senior Project Manager
Telephone: 0161 234 3976
E-mail: s.mcvaigh@manchester.gov.uk

Background documents (available for public inspection):

Report to Council, Executive & Personnel Committee, 5 December 2012:
2013/15 Budget Workforce Implications

Report to Executive & Personnel Committee, 23 January 2013:
2013/15 Budget: Workforce Implications Update

Report to Finance Scrutiny Committee – HR Sub Group, 26 September 2013:
Update on the Time Limited Voluntary Early Retirement & Voluntary Severance Scheme

1.0 Introduction & Background

- 1.1 The 2013 Voluntary Early Retirement and Voluntary Severance Scheme (VER/VS) was agreed by Personnel Committee on 5 December 2012 and was originally due to run until 25 January 2013 with an extended closing date of 15 February 2013 agreed by Committee in January. The scheme provided a key tool to support delivery of the organisation's 2013/15 budget, which required a mainstream saving of £80M, of which £24M was apportioned to workforce. In addition it has supported the reduction of other non-mainstream cost pressures across the organisation. It is important that this is seen in the context of the agreed budget and savings programme for 2013/15. Whilst the VER/VS scheme has provided a key tool for delivering savings and workforce reductions, the reductions in posts and associated service changes have formed part of a structured programme of change across the organisation.
- 1.2 The consideration and analysis of applications made through the scheme began in December 2012 in order to gather the relevant intelligence to support decision making on a phased basis aligned to the development of detailed service redesigns. This decision making process itself is informed by two criteria, as agreed by the Personnel Committee:
- a. The total cost of the severance package.** Release will only be agreed where this does not exceed the equivalent of 18 months salary including any capital costs for the Council associated with early pension payment and where the release of the individual would enable the organisation to realise a financial saving.
 - 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 in line with the agreed delivery model and design principles.
- 1.3 Workforce reductions through the VER/VS scheme have been managed in a coordinated way to ensure they are aligned to the overarching organisational changes and phased to ensure effective transition of skills and experience. In line with the above criteria, careful consideration has been given to the impact on business continuity and delivery throughout decision making process. Where individuals have skills which the organisation needs to retain, release has not been agreed unless backfill arrangements can be agreed, through internal movements, which are financially viable. In practical terms, this means that release has only been agreed where either applications are directly aligned to agreed areas of workforce reduction or where flexible movement through **m people** can provide backfill from areas of reduction to enable release.
- 1.4 It is worth highlighting that the VER/VS scheme made a voluntary offer to staff to apply to leave the organisation. Given this, individuals from across the Council were free to make their own decisions around application and are able to reject any offer of severance made by the Council. Whilst the organisation has aimed to support release where possible through the use of the above

criteria and flexible movement through *m people*, release has not been agreed where there would be no saving or where there would be an adverse impact on service delivery.

- 1.5 A detailed overview of the scheme, applications and decisions was provided to this group in the previous report of 26 September 2013. The remainder of this report provides an update on these core statistics, with more detailed information on these numbers and grades by Directorate set out. It also provides a summary of how the scheme has been managed to support effective business continuity and guide longer term succession planning. It should be noted that the detail provided by Directorate represents the Directorates at the time of application. Therefore, for example, 'Neighbourhood Services' applications represent the functions within the former Directorate and not the new Growth and Neighbourhoods Directorate.

2.0 Applications under the Time Limited Scheme.

- 2.1 When the scheme closed on 15th February 2013 a total of 1,074.17 FTE of applications were received. An overview of these applications, is provided below; as requested by Members, this has been broken down by Grade and Directorate.

TABLE 1: VER/VIS Applications by Grade and Directorate

Grade	FTE of Applications				
	TOTAL	Corporate Core	Neighbourhood Services	Children's Services	Adults Health and Wellbeing
1	0.29	0	0.29	0	0
2	66.64	5.68	25.66	25.8	9.5
3	141.42	17.86	56.53	45.41	21.62
4	205.9	22.6	50.29	53.02	79.99
5	128.65	39.59	42.02	20.92	26.12
6	150.76	50.6	19.9	42	38.26
7	159.05	45.57	33.76	43.3	36.42
8	77.88	37.76	10.26	18.86	11
9	61.48	24.86	6.71	26.91	3
10	41.8	16.7	4.5	13	7.6
11	11	7	2	2	0
12	11.7	6.7	0	3	2
Special	17.6	8.6	1	6	2
TOTAL	1074.17	283.52	252.92	300.22	237.51

- 2.2 Since the scheme closed 117.96 FTE of the initial applicants have either withdrawn their application or left the authority through other means, leaving a total of 959.21 FTE where a decision has either already been made or is pending. Consultation with the Trade Unions has spanned the life cycle of the scheme, initially on overall savings and individual service redesigns, latterly focused on progress updates on the decision making timeline via monthly meetings.

3.0 Decisions Making

- 3.1 To date corporate decisions have been made regarding 864.86 FTE VER/VS applications with 700.45 agreed and 164.14 FTE rejected leaving a total of 94.35 FTE where a decision is outstanding. An overview of these decisions, by grade and Directorate is provided at Appendix 1.
- 3.2 As set out above, once an offer of VER/VS is made individuals are free to accept or decline this. To date, of the 700.45 FTE offers made, 609.32 FTE have accepted and 62.26 FTE have declined with 28.87 FTE of offers still awaiting a decision from the individual. This rejection rate remains significantly lower than that under the 2011 scheme.
- 3.3 When employees are made an offer under the scheme, a leaving date is agreed and approved by the Corporate Panel. Leaving dates are based on the recommendation of the service in partnership with HROD. The aim of this process is to ensure effective business continuity and provide assurance that adequate transition arrangements are in place whilst maximising the delivery of savings. In some cases leaving dates are after an individual's contractual notice period, whilst in others, dates are further into the budget period to account for the phasing of service changes and to ensure skills transfer. By the end of March 2014 587.38 FTE will have left the organisation under the scheme, representing 96% of those who have currently agreed to leave. The remaining 21.94 FTE will leave over the course of the 2014/15 financial year. An overview of employee decisions, by grade and Directorate is provided at Appendix 2.
- 3.4 As highlighted above, a total of 94.35 FTE of decisions remain under consideration under the scheme. The vast majority of these decisions will be made at the next scheduled Corporate VER/VS Panel on 1 April. However, there will remain a small number of applications (circa. 15-20 FTE) where decisions will not be made at this time. For these applications, a clear timeline is in place linked to decision making and the progress of service redesigns. The expectation is that all outstanding decisions will be made by the end of June 2014. Regular communications are taking place with individuals whose applications are outstanding.

4.0 Impact on the Organisation

- 4.1 At its September meeting, the Finance Scrutiny Committee – HR Sub Group asked for further information on the impact of the loss of a significant proportion of staff members and whether the loss of experience is having an impact on services. Whilst, inevitably, direct capacity has been reduced through a reduced workforce, this has taken place within the framework of service changes agreed as part of the budget. Whilst there will be challenges whilst transition to new ways of working and implementation of new or different services there is no direct evidence at this time to suggest an impact on service delivery. Work on developing skills as well as new, smarter and more

joined up ways of working is key here to enabling a smaller workforce to retain its effectiveness.

- 4.2 Based on current data, the VER/VS scheme will reduce the workforce by at least 609.32 FTE (8% based on the December workforce). These reductions will largely be directly aligned to agreed areas of workforce reduction as part of the 2013/15 budget delivery programme, with the posts of 439.62 FTE of those who have agreed to leave to date being directly deleted. In these areas, service changes and redesigns are delivered and supported through a structured approach. This includes engagement with staff and the Trade Unions, support to staff through the Support for Change Programme and the development of clear skills and workforce development plans to ensure new service models are able to deliver both in the short and long term.
- 4.3 A total of 169.7 FTE (28%) of those who have agreed to leave the authority to date have been agreed on the basis of backfill. In these cases, named individuals have been identified and proposed to backfill the role as part of the submission to the Corporate Panel. These individuals have largely come from areas which are being reduced as part of the savings programme or staff who are currently on **m people** placements. This approach has provided a much greater level of assurance around both skills and service continuity and the ultimate delivery of savings than was the case in 2011.
- 4.4 At the September meeting Members noted that the decision making process and departure of employees under the 2013 scheme seemed to be more lengthy than was the case in 2011. This approach has been taken for two interconnected reasons. Firstly, given the differing timelines of service redesigns, the longer decision making process has enabled a clearer understanding of service models to inform decisions and minimise the risk of decisions being made which do not align with the future direction of services. Secondly, the use of extended leave dates, in a number of areas, has enabled effective succession and transition planning for either specific individual skills or larger groups of staff. One example of this is Adult Social Work, where a number of Social Workers were agreed for release early in 2013 but who only left the organisation on 30 March 2014 to align with the agreed service changes and support business continuity. In some areas, such as Bereavement Services, **m people** placements have been utilised to allow shadowing and training to ensure an effective hand over and transition.
- 4.5 A key area of activity for HROD and Managers at present is strengthening effective succession planning. This work is taking account of both future organisational changes as well as an analysis of the organisation's age profile and of those who have been rejected under both the 2011 and 2013 VER/VS schemes. As set out above, 164.41 FTE applications were rejected by the organisation under the 2013 scheme as their skills were required and no suitable backfill could be found. These applications are a mix of:
- individuals requiring specialist qualifications e.g. social workers, solicitors and some staff within Capital Programmes and Corporate Property
 - staff in entry level roles with a high level of natural turnover e.g. passenger assistants, school crossing patrollers and cleaners

- roles requiring a specific skill set where there is not a surplus of internal staff and where no staff are available to be released to develop into these roles. This includes both individual positions and a number of specific areas e.g. Revenues and Benefits and ICT.

4.6 Succession planning activity is being focused both on considering these individual and group areas and further areas suggested by detailed analysis of workforce intelligence. Work includes a range of activities such as:

- The Development of career pathways as an interactive and face-to-face tool for use through the *m people* process to guide development and succession planning
- Bespoke succession plans for key areas, such as Children's Social Work
- Work to identify interest in high demand / high turnover roles and develop pools of staff who wish to develop into these areas, supported by a range of *m people* career events.
- Continued recruitment through the Apprentice Programme and Graduate Trainee Scheme and a commitment to the continuous development of these staff
- A focus on developing future leaders from within the organisation through the Council's Leadership Development Framework.
- Work undertaken with public service partners to support flexibility in how resources are used and deployed across organisations.

5.0 Conclusion

5.1 The time limited VER/VS scheme is a key mechanism through which the organisation is supporting the delivery of the required workforce savings as set out within the Council's 2013/15 budget. Decision making under the scheme has and continues to operate aligned to the framework agreed by Personnel Committee. The vast majority of decisions will have been made by the end of the 2013/14 financial year

5.2 Key to the decision making process has been the assurance of business continuity and the development of succession plans. This approach is aligned with the agreed service changes as part of the 2013/15 budget. Business continuity planning through the scheme has been supported by extended leave dates and phased transitions for leavers. Significant additional work is also ongoing on the theme of succession planning.

APPENDIX 1. VER/VS Applications Agreed / Rejected by the Organisation

Grade	FTE of Agreed Applications by the Authority					FTE of Rejected Applications by the Authority				
	TOTAL	Corporate Core	Neighbourhood Services	Children's Services	Adults Health and Wellbeing	TOTAL	Corporate Core	Neighbourhood Services	Children's Services	Adults Health and Wellbeing
1										
2	36.94	5.18	12.51	14.75	4.5	3.93		1.16	2.77	
3	93.52	10.73	45.24	34.12	3.43	13.22		1.86	4.1	7.26
4	119.83	11.8	38.43	39.43	30.17	25.62	4.8	7.08	5	8.74
5	83.2	17.1	37.02	13.92	15.16	25.15	18.69	4		2.46
6	122.4	33.15	18.9	37	33.35	15.2	12.2		1	2
7	103.86	33.36	27.9	18.5	24.1	31.03	9.21	1	16	4.82
8	58.28	24.76	9.66	12.86	11	13.6	11	0.6	2	
9	37.12	15	6.71	12.41	3	14.36	6.86		7.5	
10	23.6	6	3	7	7.6	11.3	8.8	1.5	1	
11	4	2	1	1		5	4	1		
12	8.7	6.7		2						
Special	9	2	1	4	2	6	4		2	
TOTAL	700.45	167.78	201.37	196.99	134.31	164.41	79.56	18.2	41.37	25.28

APPENDIX 2. VER/VS Applications Agreed / Rejected by the Individual

Grade	FTE of Agreed Applications by the Individual					FTE of Rejected Applications by the Individual				
	TOTAL	Corporate Core	Neighbourhood Services	Children's Services	Adults Health and Wellbeing	TOTAL	Corporate Core	Neighbourhood Services	Children's Services	Adults Health and Wellbeing
1										
2	35.08	5.18	12.15	14.25	3.5	1.36		0.36		1
3	81.38	10.73	42.28	24.94	3.43	10.14		2.96	7.18	
4	96.46	9.8	36.43	28.36	21.87	11.5	2	2	5.5	2
5	76.34	15.1	36.02	10.06	15.16	6.86	2	1	3.86	
6	103.1	32.15	15.9	23.5	31.55	9.3	1	3	3.5	1.8
7	92.76	27.76	27.9	13.5	23.6	9.1	5.6		3	0.5
8	45.28	19.76	8.66	9.86	7	10	4	1	1	4
9	34.62	13	6.71	11.91	3	2	2			
10	23.6	6	3	7	7.6					
11	2	1		1		2	1	1		
12	8.7	6.7		2						
Special	10	2	2	4	2					
TOTAL	609.32	149.18	191.05	150.38	118.71	62.26	17.6	11.32	24.04	9.3