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**Manchester City Council  
Report for Information**

**Report to:** Human Resources Subgroup – 4 December 2014

**Subject:** Overview of Key Outcomes from the 2013 Time Limited  
Voluntary Early Retirement & Voluntary Severance Scheme

**Report of:** Head of HROD Service Delivery

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**Summary**

This report provides the Committee with an update on the outcomes and impact of the time limited 2013/15 Voluntary Early Retirement and Voluntary Severance Scheme (VER/VS). This scheme was open for applications from Council Employees between 6<sup>th</sup> December 2012 and 15<sup>th</sup> February 2013 to support the required workforce savings associated with the Council's 2013/15 budget.

**Recommendations**

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

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**Wards Affected:** All

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

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

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 Communities Scrutiny Committee, 4 September 2013:  
Initial Overview of the Equality Impacts of the Enhanced VER/VS Scheme

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

Report to Finance Scrutiny Committee – HR Sub Group, 31 March 2014:  
Update on the Time Limited Voluntary Early Retirement & Voluntary Severance Scheme

Report to Executive & Personnel Committee, 26 November 2014  
2015/17 Budget: Initial Workforce Implications

## 1. Introduction & Background

1.1 The Local Government budget settlements in 2011 and 2013 set a challenging context for the financial position of local authorities, with Manchester requiring an overall mainstream budget reduction of £285m over the four year period, of which £94m related to the workforce. This has resulted in an overall reduction to the non-schools workforce of 3,348 FTE between December 2010 and September 2014. Further reductions will be required across the 2015/17 budget period, and Executive has agreed a new enhanced voluntary early retirement and voluntary severance scheme to run in November and December 2014 in support of these cuts, with the expectation of a further reduction anticipated to be between 550 and 650 FTE. The focus of this report however, is related to the scheme which was in operation in 2012/13.

1.2 The 2013 Voluntary Early Retirement and Voluntary Severance Scheme (VER/VS) was agreed by Personnel Committee on 5 December 2012 and was open for applications until 15 February 2013. 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 as, 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 two year programme of change across the organisation.

1.3 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 and the release of staff on a phased basis aligned to the implementation of service redesigns. The final decisions under the scheme were made on 16 June 2014.

1.4 Workforce reductions through the VER/VS scheme were managed in a coordinated way to ensure they were aligned to the overarching organisational changes and phased to ensure effective transition of skills and experience. In line with the decision making criteria, careful consideration was given to the impact on business continuity and delivery throughout the decision making process. Where individuals had skills which the organisation needed to retain, release has not been agreed unless backfill arrangements could be identified, through internal movements, which were financially viable. In practical terms, this meant that release has only been agreed where either applications were directly aligned to agreed areas of workforce reduction, or where flexible movement through *m people* could provide backfill from areas of reduction to enable release.

1.5 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 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.

1.6 A detailed overview of the scheme, applications and decisions was provided to this group in a previous report of 26 September 2013, with an update provided on 31 March 2014. The remainder of this report provides a further update on these statistics. It also provides a summary of how the scheme has been managed to support effective business continuity, together with an overview of current activity focused on strategic workforce planning in the context of the developing 2015/17 budget options. It should be noted that the detail provided by Directorate represents the Directorates at the time of application in alignment to the budget savings agreed by the Executive in February 2013. Therefore, for example, "Neighbourhood Services" applications represent the functions within the former Directorate and not the new Growth and Neighbourhoods Directorate.

## **2. Applications under the Time Limited Scheme.**

2.1 When the scheme closed on 15<sup>th</sup> February 2013, a total of 1,074.17 FTE of applications were received. Detail of this cohort, including an overview of these applications broken down by grade and Directorate was provided in the previous report to this Committee.

2.2 The previous report to this Committee stated that 117.96 FTE had either withdrawn their applications or left the authority via other means. Since that point, a further 23.57 FTE have either withdrawn their applications or left the Council by other means. This leaves a total of 932.64 FTE where a decision has now been made.

2.3 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. Decision Making**

3.1 Corporate decisions have now been made for all applications, with the outstanding 67.78 FTE applications considered since the last report to this Committee. A total of 932.64 FTE VER/VS applications have therefore been considered, with 733.6 agreed and 199.04 FTE rejected. 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. Of the 733.6 FTE offers made, 660.64 FTE have been accepted and 72.96 FTE declined by employees. This rejection rate of circa 9.9% is significantly lower than that under the 2011 scheme, which saw 18.3% of offers rejected by employees.

3.3 When employees were made an offer under the scheme, this was based upon a leaving date agreed and approved by the Corporate Panel. Leaving dates were based on the recommendation of the service in partnership with HROD. The aim of this process was to ensure effective business continuity and provide assurance that adequate transition arrangements were in place whilst maximising the delivery of savings. In some cases leaving dates are in accordance with an individual's contractual notice period, whilst in others, dates are further into the future to account for the phasing-in of service changes and to ensure skills transfer. By the end of October 2014, 644.23 FTE will have left the organisation under the 2013 VER/VS scheme, representing 97.5% of those who have currently agreed to leave. The remaining 16.41 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 The 660.64 FTE individuals who have agreed to leave represented £21.526m of salary costs to the organisation including employer's oncosts. The reduction of these costs has made significant contributions to the £24m target for workforce savings which forms part of the 2013/15 budget. The organisation as a whole is currently projecting an in-year underspend on its workforce budgets. Any remaining mainstream savings requirements linked to the workforce are being accounted for through the 2015/17 budget planning process and will be supported by the current VER/VS scheme.

#### **4. Equality Impact**

4.1 Prior to the agreement of the 2013 VER/VS scheme a full Equality Impact Assessment was conducted. The assessment stressed that there may well be some small level of differential between the overall representation of protected characteristics taking up the VER/VS offer and the overall make-up of the workforce due to the scheme's voluntary nature and the make up of the workforce across grades and service areas. However, it stressed that equality was not a factor within the decision making framework and that there were no anticipated discriminatory implications of the scheme. A report to Communities Scrutiny Committee in September 2013 re-affirmed this assertion and highlighted the negligible impact of the scheme on the workforce make-up at that point in time.

4.1 Following the conclusion of decision making, intelligence has been gathered to assess impact on Equality and the workforce makeup. This evidence suggested that the impact of the scheme was broadly aligned to the expectations contained within the Equality Impact Assessment undertaken prior to the agreement of the scheme with no significant or unanticipated variance from the general levels of representation in the organisations. An overview of the baseline equality profile of the organisation and the equality breakdown of employees leaving under the scheme is provided at Appendix 3.

4.2 When considering the shift in protected characteristics between December 2012 and August 2014, it is important to stress that the VER/VS scheme, whilst significant, is only one in a number of factors which has impacted on the change in

workforce make-up over this period.

4.3 An overview of the shift in representation between December 2012 and August 2014 and the variance between the organisational baseline and leavers under the scheme is provided below.

Organisational Shift	Variance of leavers to baseline	Comment
<b>Race</b>		
Increase in the percentage of BME employees from 17.94% to 18.52%	Percentage of BME leavers 3% below the organisational baseline.	This is in line with expectations given the age profile of the BME workforce and the higher percentage of leavers over 55 through VER
<b>Disability</b>		
Increase in the percentage of disabled employees from 3.66% to 3.72%	Percentage of disabled leavers above the organisational baseline by under 1%.	
<b>Gender</b>		
Increase in the percentage of female employees from 63.88% to 65.66%	Percentage of female leavers 3% below the organisational baseline.	
<b>Age</b>		
Average age of the organisation has shifted from 44 to 45	49.93% of leavers from the 55+ age group compared to 18.49% of the baseline	The disproportionate percentage of leavers from the 55+ age group is in line with the EIA and linked to the nature of the VER offer. Actions are in place to ensure effective transition and succession planning
<b>Sexual Orientation</b>		
Decrease in the percentage of lesbian, gay or bisexual (LGB) employees from 5.75% to 5.38%	The variation of lesbian, gay or bisexual (LGB) leavers compared to the LGB population of the organisation at the baseline position was less than 2% for each protected characteristic. The percentage of leavers who were bisexual or gay was above the organisational baseline, whereas the percentage of leavers who were lesbian or other sexuality was below the organisational baseline.	It should be noted that this information is only available for 39% of the workforce which distorts both the baseline and the percentage of leavers.

## 5. Strategic Workforce Planning

5.1 A key area of activity for managers across the organisation, supported by HROD, continues to be strategic workforce planning. This work is focused on assuring the **m people** principles by developing the organisation's workforce cognisant of both future likely organisational changes and the required skills and behaviours to support the priorities of growth and reform. This activity is being supported by an analysis of current skills, the organisation's age profile and details of those who have been rejected under both the 2011 and 2013 VER/VS schemes.

5.2 As set out above, 199.04 FTE applications were rejected by the organisation under the 2013 scheme, with the vast majority rejected 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 and solicitors; 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.

5.3 Succession planning activity is being focused both on considering these individual and groups and further areas suggested by detailed analysis of workforce intelligence. Since the last report to this Committee, a range of activities have taken place in support of this agenda.

5.4 As part of this work the career pathways framework has been further developed, both as a "self serve" interactive tool and a component of the career management approach used to support staff through the **m people** process to guide personal development. Intelligence aligned to career pathways is also supporting succession planning activity both corporately and by individual managers. Linked to this, a Leadership Development Framework has also been developed, which focuses specifically on developing future leaders from within the organisation. This has resulted in 966 course places having been offered to circa 420 individuals at Grade 5 and above since 2012/13, with 174 course places either currently ongoing or scheduled to commence prior to April 2015.

5.5 Work is also continuing to identify and develop interest in high demand / high turnover roles, and to develop pools of staff who wish to develop into these areas. 203 employees attended three separate events held across the city during March 2014 which promoted interest in roles at various levels where specific qualifications or skills sets are required as a baseline for appointment. Information was also available on the range of roles likely to become vacant over the next twelve months. Following these events a number of work shadowing and insight days were held in services such as Customer Services and Revenues and Benefits, which have supported staff in some areas to develop the skills they will need to progress and streamlined the recruitment timelines, enabling roles to be filled by internal candidates. These shadowing opportunities are continuing, with a number of days

due to take place in Legal Services in the coming months.

5.6 Alongside employee-focused work, bespoke succession plans for broad service areas and professions are being developed where there are clear skills gaps, or where intelligence suggests ongoing skill requirements for the organisation. These are being put into place in areas such as Revenues and Benefits, Strategic Commissioning and Capital Programmes & Property. These are also supported by “Grow Your Own” approaches in areas such as Children’s Social Work, which has resulted in 25 individuals moving into Social Worker roles in September 2014 and is now being rolled out across Adult’s Social Work, and further “Grow Your Own” schemes planned in areas such as Legal Services.

5.7 Alongside these targeted internal schemes, continued recruitment through the Graduate Trainee Scheme and Apprenticeship Scheme will assist in filling entry-level roles, which is critical to support the natural turnover levels for the organisation, and developing future leaders. Since April 2012, 14 graduates have joined the organisation alongside 250 apprentices, of whom 190 remain with the organisation. These schemes will be a key priority if the Council is to continue with the ***m people*** commitment and to avoid compulsory redundancies.

## 6. Conclusion

6.1 The 2013/15 time limited VER/VS scheme was a key mechanism through which the organisation supported the delivery of required workforce savings as set out within the Council’s 2013/15 budget. Key to the decision making process was the assurance of business continuity and the development of succession plans.

6.2 Going forward a continued focus on skills intelligence and development will be necessary to allow the organisation to effectively focus on existing resources in support of the ***m people*** principles, with external recruitment only in exceptional circumstances and for entry level positions. Effective succession planning will be a key element of this, and HROD will continue to work with services to progress this work.

6.3 The scheme was subject to a full Equality Impact Assessment and data on both leavers under the scheme and the shift in organisational representation indicates no significant unanticipated impacts.

6.4 With further savings from the workforce required to support the 2015/17 budget, a new VER/VS scheme was proposed to and agreed by Executive and Personnel Committee on 26<sup>th</sup> November 2014. As well as the need to support the delivery of cuts, the focus on succession planning and business continuity will remain a key element of the scheme, supported by broader ongoing activity to develop the skills and behaviours required for the organisation of the future.



**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						0.29		0.29		
2	37.51	5.18	12.51	15.32	4.5	14.54		5.44	6.1	3
3	96.52	10.73	48.24	34.12	3.43	26.35	3.73	5.86	4.5	12.26
4	132.65	11.8	39.43	39.93	41.49	44.01	3.8	5.47	5.79	28.95
5	92.16	17.1	37.02	15.78	22.26	23.55	18.69	2	1	1.86
6	124.4	34.95	17.9	38	33.55	15.51	9.6		2	3.91
7	105.66	33.36	27.9	20.3	24.1	28.53	8.21	1	14.5	4.82
8	60.28	24.76	9.66	14.86	11	11.6	9	0.6	2	
9	37.12	15	6.71	12.41	3	12.36	5.86		6.5	
10	24.6	6	3	8	7.6	10.3	8.8	1.5		
11	4	2	1	1		7	5	1	1	
12	9.7	6.7		3						
Special	9	2	1	4	2	5	4		1	

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TOTAL	733.6	169.58	204.37	206.72	152.93	199.04	76.69	23.16	44.39	54.8
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**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	36.15	5.18	12.15	15.32	3.5	1.36		0.36		1
3	84.38	10.73	44.28	25.94	3.43	11.14		3.96	7.18	
4	117.29	9.8	36.43	32.43	38.63	15.36	2	3	7.5	2.86
5	86.16	15.1	36.02	12.78	22.26	6	2	1	3	
6	110.9	33.95	15.9	27.5	33.55	6.5	1	2	3.5	
7	96.56	27.76	27.9	17.3	23.6	9.1	5.6		3	0.5
8	48.28	19.76	8.66	12.86	7	10	4	1	1	4
9	34.62	13	6.71	11.91	3	2	2			
10	24.6	6	3	8	7.6					
11	2	1		1		2	1	1		
12	9.7	6.7		3						
Special	10	2	2	4	2					

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TOTAL	660.64	150.98	193.05	172.04	144.57	63.46	17.6	12.32	25.18	8.36
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**APPENDIX 3. Equality Profiles**

		<b>All Employees (Equality Report run on 10/12/2012)</b>		<b>Employees recorded as having accepted their VER/VS offer as at August 2014.</b>	
<b>Characteristic</b>	<b>Denomination</b>	<b>Number of Employees who are in the denomination of the characteristic</b>	<b>Number of Employees who are in the denomination as a percentage of All Employees for whom the information on the characteristic is recorded</b>	<b>Number of Employees who are in the denomination of the characteristic</b>	<b>Number of Employees who are in the denomination as a percentage of All Employees for whom the information on the characteristic is recorded</b>
<b>Age</b>	<b>24 and below</b>	<b>259</b>	<b>2.95%</b>	<b>5</b>	<b>0.67%</b>
	<b>25-54</b>	<b>6903</b>	<b>78.56%</b>	<b>367</b>	<b>49.39%</b>
	<b>55 and above</b>	<b>1625</b>	<b>18.49%</b>	<b>371</b>	<b>49.93%</b>
	<b>Total Empl. Known</b>	<b>8787</b>		<b>743</b>	
<b>Disability Status</b>	<b>Disabled</b>	<b>299</b>	<b>3.66%</b>	<b>30</b>	<b>4.26%</b>
	<b>Not Disabled</b>	<b>7874</b>	<b>96.34%</b>	<b>675</b>	<b>95.74%</b>
	<b>Total Empl. Known</b>	<b>8173</b>		<b>705</b>	
<b>Gender</b>	<b>Female</b>	<b>5613</b>	<b>63.88%</b>	<b>451</b>	<b>60.70%</b>
	<b>Male</b>	<b>3174</b>	<b>36.12%</b>	<b>292</b>	<b>39.30%</b>
	<b>Total Empl. Known</b>	<b>8787</b>		<b>715</b>	
<b>Ethnic Origin</b>	<b>BME</b>	<b>1491</b>	<b>17.94%</b>	<b>107</b>	<b>14.97%</b>
	<b>Non BME</b>	<b>6821</b>	<b>82.06%</b>	<b>608</b>	<b>85.03%</b>

Characteristic	Denomination	All Employees (Equality Report run on 10/12/2012)		Employees recorded as having accepted their VER/VS offer as at August 2014.	
		Number of Employees who are in the denomination of the characteristic	Number of Employees who are in the denomination as a percentage of All Employees for whom the information on the characteristic is recorded	Number of Employees who are in the denomination of the characteristic	Number of Employees who are in the denomination as a percentage of All Employees for whom the information on the characteristic is recorded
		<b>8312</b>		<b>715</b>	
Sexuality	Bisexual	46	1.19%	7	2.39%
	Gay	92	2.38%	12	4.10%
	Heterosexual	3642	94.25%	268	91.47%
	Lesbian	56	1.45%	3	1.02%
	Other	28	0.72%	3	1.02%
	Total Empl. Known	<b>3864</b>		<b>293</b>	
Grade	Grade 1 - 5	4982	56.70%	547	52.55%
	Grade 6 - 8	2968	33.78%	371	35.64%
	Grade 9 - 10	586	6.67%	87	8.36%
	Grade 11+	251	2.86%	36	3.46%
	Total Empl. Known	<b>8787</b>		<b>1041</b>	