
**Manchester City Council
Report for Information**

Report to: Human Resources Subgroup – 17 March 2015

Subject: Progress update on the 2014 Time Limited Voluntary Early Retirement & Voluntary Severance Scheme & Overview of *m people* Monitoring Information

Report of: Head of HROD Service Delivery & Strategic Business Partner (Workforce Strategy)

Summary

This report provides the Committee with an update on the progress of the time limited Voluntary Early Retirement and Voluntary Severance Scheme (VER/VS) agreed in November 2014 in support of the required workforce savings associated with the Council's 2015/16 budget. It also provides an overview of information on how staff movement aligned to *m people* has supported the delivery of workforce savings and change since 2011 as requested by this Committee at its last meeting.

Recommendations

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

Wards Affected:

All

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Background documents (available for public inspection):

Report to Personnel Committee, 24 November 2010:
Proposals for adoption of m people – Framework Agreement

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

Report to Finance Scrutiny Committee – HR Sub Group, 4 December 2014:
Overview of Key Outcomes from the 2013 Time Limited Voluntary Early Retirement & Voluntary Severance Scheme

Report to Executive, 13 February 2015:
Budget 2015/17 – A Strategic Response

1. Introduction & 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. This period has seen a reduction of in excess of 3,360 FTE from the Council's workforce, over a third, including circa 2,400 FTE through time limited incentivised voluntary severance schemes in 2011 and 2013, which have supported the delivery of around £94 million 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. Both schemes were funded by a mix of available allowances in the Council's Employer Pension Fund contributions and one-off funding from reserves with these costs totaling £39.5 million for the 2011 scheme and £16.3 million for the scheme in support of the 2013/15 budget.
- 1.2 Across the 2015/17 budget period the Council will again be faced with the need to deliver significant savings, with the Executive noting the requirement to reduce mainstream budgets by £59 million in 2015/16, rising to an anticipated £91 million in 2016/17. The budget proposals set out in support of these required savings will require a further reduction of circa 450 to 550 staff and savings of £12.9 million from the workforce. This however has been offset by additional investment which will mean the need for a net reduction of circa 400 to 500 staff and associated savings of £11.4 million. In support of these savings the Executive and Personnel Committees agreed a new time limited, incentivised VER/VS scheme on 26 November 2015. The scheme opened for applications on Thursday 27 November 2014 with all eligible employees sent letters detailing personal estimates of their potential leaving benefits and briefed by service managers on the budget options for their service area. The scheme closed on 19 December 2014 and decision making on the applications began in January 2015, in coordination with further work on the development and agreement of budget proposals and new service models.
- 1.3 The organisation's ability to deliver against its ongoing priorities and to reform its approach whilst reducing the workforce and delivering the associated savings has been contingent on the successful delivery of ***m people***. This approach has supported staff across the Council through service redesigns and provided a flexible framework to move individuals to the point of greatest 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. 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 the further

required savings noted above and the population of new operating models. 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. Workforce Savings Required During the 2015/17 Budget Period

- 2.1 The savings options included in the November Scrutiny reports indicated a workforce reduction of around 550-650 FTE was required to support the delivery of the Council's budget with £21.2 million of savings options linked to the workforce. As set out above, in line with the revised budget proposals presented to Executive in February 2015, this figure has been adjusted to a workforce reduction of around 450-550 FTE required to support savings of circa £12.9 million from the workforce as set out below.

February Budget Proposals		
Directorate	Workforce Savings Requirements	Indicative FTE Reduction Required
Corporate Core	£3.781M	95
Children & Families	£7.684M	319
Growth & Neighborhoods	£1.446M	40
Total	£12.911M*	454*

* Mainstream budget and mainstream funded posts

- 2.2 When the additional investment proposals are taken into account, this figure reduces further to a required reduction of around 400-500 FTE linked to mainstream workforce savings of £11.470 million.
- 2.3 It should be noted that the above does not take account of the need for a small additional number of workforce reductions in areas which are not mainstream funded.

3. Update on the Current time limited Voluntary Early Retirement and Voluntary Severance Scheme (VER/VS)

- 3.1 At the scheme's close, a total of 1,115 applications (987 FTE) were received. 28 FTE have subsequently withdrawn their application or left the authority via other means before any decision was been made under the scheme. The table below sets out details of current applicants once these withdrawals are discounted.

VER/VS Applicants Discounting Withdrawals 27/02/15			
Directorate	FTE	Mainstream Budget Value	Salary and On-Costs Value
Corporate Core	292	£6.347M	£9.301M
Children & Families	431	£9.906M	£13.911M
Growth & Neighborhoods	236	£4.329M	£8.287M
Total	959	£20.582M	£31.499M

- 3.2 Up to £17.1 million of one-off funding was identified to support the delivery of the scheme. However, it is worth noting that this figure was calculated in November 2014 based on a significantly higher anticipated FTE reduction, with the latest estimate suggesting the likely cost of the scheme will be in the region of £10.5 million.
- 3.3 In approving the scheme, Personnel Committee agreed that the decision on release of individuals would take account of two broad 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.
- 3.4 In line with the above criteria, decisions have been made to date to release 253 FTE applications. 186 FTE have so far accepted the offer of severance and 26 FTE have rejected the offer. A total of 21 FTE have so far left the authority, with the majority of other staff accepting the offer to leave under the scheme due to do so in the course of the current financial year, either after their contractual notice period or aligned to specific transition plans. Leaving dates agreed are based on the recommendation of Directorates 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.
- 3.5 As previously reported to this Committee a strong focus has been placed on succession planning over recent months in line with the principles of **m people**, to both develop plans to replace individuals who are nearing the end of their natural careers and enable the release of individuals who have applied under one, or both, of the previous VER/VS schemes. In some cases it will, however, take time for plans to come to fruition.
- 3.6 At the point of producing this report a total of 703 FTE applications remain the subject of ongoing consideration under the terms of the scheme, with the intention to conclude the decision making process in relation to these applications in the coming month. This remaining decision making process is taking account of the outcomes of service redesigns across the authority as well as significant work to identify available backfill across the organisation to enable individuals from areas of reduction to move across the authority to enable the release of staff in an area of continued need. As set out above, in some cases it will not be possible to support applications where the scheme

criteria are not met, particularly in cases where roles and skills are required within the organisation and where these do not exist elsewhere.

- 3.7 It should be noted that, to date, 49 FTE have been supported on the basis of backfill from an appropriately skilled individual elsewhere within the Council to either support the delivery of a saving or alleviate a cost pressure. 51 FTE of those agreed for release to date have applied for release under one or both of the two previous schemes and been rejected by the organisation. Succession planning will continue to be a focus going forward in support of the principles of ***m people***.
- 3.8 Prior to the agreement of the current VER/VS scheme a full Equality Impact Assessment was conducted. This assessment highlighted 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. An overview of the baseline equality profile of the organisation and the equality breakdown of applicants under the scheme is provided at Appendix A. This presents a number of areas where the baseline equality profile varies from the profile of applicants, most notably in relation to age as would be anticipated. A further equality analysis will be undertaken once decisions have been made on all applications.

4. ***m people*** Update and Overview of Key Information

- 4.1 The ***m people*** approach was developed jointly with the Trades Unions and agreed by the Personnel Committee in November 2010, with implementation from January 2011. ***m people*** is the Council's approach to flexibly developing and deploying its workforce in line with the changing needs of the organisation and the aspirations of individuals. The ***m people*** approach was based on the principle of investment in skills and development and a commitment to aim to avoid compulsory redundancies, in return for the flexibility of staff and their commitment to Manchester.
- 4.2 ***m people*** has supported over 10,000 individuals to move across or out of the organisation, directly moved around 3,300 staff into new roles since the implementation of the ***m people*** MatchJobs system in February 2011, supported over 700 staff who have opted for a voluntary move and provided circa 10,800 places across 1,150 support for change workshops. The approach has received local and national awards for its continued drive of the Council's People Strategy, which has included the recruitment of around 240 apprentices and a strengthened approach and focus on development for all staff: from basic literacy, numeracy and ICT skills to leadership development. As set out above, ***m people*** has been an essential tool in the organisation's ability to deliver the required level of savings from the workforce whilst ensuring the continued effective delivery of services and avoiding compulsory redundancies. Appendix B below provides a number of recent case studies

which demonstrate how ***m people*** has supported the movement of staff across the organisation to meet need, sometimes outside of traditional career pathways.

- 4.3 The ***m people*** agreement set out three routes through which individuals enter ***m people***.
- **Opt in:** This is where people opt for a voluntary move or career development opportunity.
 - **Reach Out:** To support the development of skills to meet organisational need, succession planning, talent management and the proactive targeting of under-represented groups. – This involves the targeting of staff with specific skills or expertise for movement into priority positions which require these skills.
 - **Service Redesign:** Where staff move to a new role through the service redesign process.
- 4.4 This approach has proved largely successful in supporting the population of vacant roles from the existing Council workforce, one of the core ***m people*** principles. A total of 169 FTE external appointments made in 2014 compared to 530 FTE in 2010. The majority of new starters in 2014 fall into a number of key groups:
- 51 FTE were entry level appointments to catering assistant roles linked to the introduction of free school meals
 - 41 FTE were linked to a change in service model within the Adult Networks function and the cessation of use of NHS Bank staff
 - 31 FTE were qualified Social Work staff
 - 9 FTE were entry level appointments to positions across cleaning, school crossing patrol and passenger transport and
 - 6 FTE formed part of the Council's Graduate trainee scheme.
- 4.5 Only 31 FTE external appointments were made outside of these above areas which were largely linked to roles requiring technical specialisms that could not be sourced in-house in areas such as ICT and Legal Services. In comparison to this, a total of circa 800 appointments were made internally through ***m people*** movement in 2014. A separate report is included on today's agenda which presents information on Agency Staffing expenditure across the Council.
- 4.6 This focus on internal resourcing has also enabled the more timely filling of roles. Roles filled internally between November and December 2014 took on average 40 working days from the point of approval to the start date of the individual, compared to an average of 76 working days for external recruitment over the same period. However, it is recognised that there is more work to do to further increase the pace of internal movement and resourcing.
- 5. Management of Employees not Securing Roles through Redesigns.**

- 5.1 At its December 2014 meeting, Committee Members asked for further information on the management and funding of individuals who do not secure positions through the service redesign process.
- 5.2 The majority of the workforce (99%) currently sit within structured funded roles on the Council's established structure. In addition, in line with the **m people** agreement, **m people** placements are utilised to provide opportunities for employees to gain skills and experience by supporting the delivery of time limited pieces of work aligned to organisational priorities, with 33 individuals currently undertaking placements. Both of these types of position are funded directly from available resources within the Council's agreed budget.
- 5.3 Where staff are unsuccessful in securing a position through a service redesign, they are actively supported by their line manager and the HROD Service to move into another available funded position or placement elsewhere across the organisation, which is aligned to their skills and aspirations and meets an organisational need. In some cases, this may be in a significantly different area of work and, where appropriate, clear development plans are utilised to support individuals to gain the skills needed to effectively undertake their new roles. As part of the **m people** agreement a Quality Assurance process was established to consider any issues which arose in relation to **m people** movements. This process is managed by a joint Trade Union officer based within the HROD service and overseen by a panel of officers and Trade Union officials.
- 5.4 In the majority of circumstances, staff are supported to move to funded positions or placements elsewhere within the overall service redesign timeline. However, for some individuals this process can take a longer period of time, dependant on the nature of available roles and individuals' specific skillsets and experiences and any restrictions related to either grade, working pattern or medical conditions. During this period, individuals continue to be managed within their current service and are provided with work packages which support both service objectives and their own development. As part of activity to support movement into a new position, the HROD service undertake career management conversations with individuals to better understand their skills and aspirations. In some circumstances, individuals are supported to undertake time-limited work elsewhere within the Council to help them develop skills and gain experience to support their placement. Whilst individuals are awaiting placement, they continue to be funded by overall Directorate workforce budgets through available funds related to vacancies elsewhere.
- 5.5 It is worth noting that a small sub-set of the above will not be matched to alternative positions outside of their service for a period of time for variety of reasons, such as staff currently absent from work, or being managed through formal management of attendance or capability procedures. These individuals will continue to be managed by their existing line manager until such time as it is appropriate to begin supporting them to move through **m people**.
- 5.6 At present, there are 29 people (27 FTE) across the organisation who are not in structured roles or placements across the organisation and are funded via

the organisation's overall workforce budget which is currently projecting a significant underspend. This represents 0.4% of the organisation's workforce. During the course of 2014 a total of 131 individuals either left the organisation or were supported to move into a new position having not secured a structured funded role during a redesign.

6. Conclusion

- 6.1 The above information provides the Committee with an update on the progress of the current time limited Voluntary Early Retirement and Voluntary Severance Scheme together with an overview of key information on how staff movement aligned to **m people** has supported the delivery of workforce savings and change since 2011.
- 6.2 Decision making under the VER/VS scheme concludes over the coming weeks and work continues on the programme of service redesigns required to support the delivery of the 2015/16 budget, **m people** will continue to represent a critical tool in supporting the organisation to deliver against its priorities whilst focusing on supporting the development and flexibility of its existing workforce.
- 6.3 The Finance Scrutiny Committee: HR Sub Group is asked to note the content of this update report.

APPENDIX A: VER/VS Applicants, Equality Breakdown

Characteristic	Denomination	All Employees (December 2014)		Applicants to the VER / VS Scheme		Percentage Point Difference
		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	
Age	24 and below	162	2.12%	9	0.82%	-1.30%
	25-54	5871	76.91%	548	50.14%	-26.77%
	55 and above	1601	20.97%	536	49.04%	28.07%
	Total Empl. Known	7634		1093		
Disability Status	Disabled	259	3.70%	47	4.64%	0.94%
	Not Disabled	6737	96.30%	965	95.36%	-0.94%
	Total Empl. Known	6996		1012		
Gender	Female	4905	64.25%	626	57.27%	-6.98%
	Male	2729	35.75%	467	42.73%	6.98%
	Total Empl. Known	7634		1093		
Ethnic Origin	BME	1321	18.52%	157	15.18%	-3.33%
	Non BME	5813	81.48%	877	84.82%	3.33%
	Total Empl. Known	7134		1034		
Sexuality	Bisexual	37	1.08%	9	1.94%	0.86%

	Gay	76	2.22%	15	3.24%	1.02%
	Heterosexual	3240	94.60%	428	92.44%	-2.16%
	Lesbian	49	1.43%	10	2.16%	0.73%
	Other	23	0.67%	1	0.22%	-0.46%
	Total Empl. Known	3425		463		

APPENDIX B: *m people* Case Studies

Person A was employed as a Catering Assistant for over 7 years but due to medical restrictions was no longer undertake this role. The individual had very limited ICT skills and no experience of working in an office environment. An opportunity was identified to work alongside a Business Support team to help them develop their skills and, with the support of the ***m people*** team and their manager the employee attended a 13 week ICT Course with the Manchester College.

This was a very challenging time for the individual but they embraced the opportunity and enjoyed developing new skills. The individual stated that they truly enjoyed working within a team and felt that they were a valuable contributor to the work of their service. They felt excited about the future, especially with regards to their continuous learning and growth of knowledge. Following the work shadowing and ICT training, the individual secured a permanent role as a Technical Officer within Pest Control service and has received positive feedback from their new manager about their performance and professionalism.

Person B worked for the organisation for over 26 years, and for the last 14 years has been employed as a Building Attendant. The individual has a proactive attitude and has taken up many opportunities to develop new skills and knowledge. Following the Early Years Service redesign they did not secure a role within the Service and required an alternative position which made best use of their skills and experience. They remained positive and engaged and, with the support of the ***m people*** team have secured a role in Galleries as a Visitor Service Assistant.

Person C opted into ***m people*** in October 2014 from her G8 Youth inclusion Lead post which she had held since April 2012. As a former youth work professional she felt that she now wanted to return to a front line management role working directly with young people. The ***m people*** career management meeting was useful in crystallising the individual's aspirations and expectations and the meeting also served to ensure that she formed a realistic view about the process and what it could potentially deliver, balanced against the wider needs of the organisation.

This conversation challenged the individual to think more widely about her skills and experiences and made her reflect on her previous achievements from her former youth management role. The individual was successfully matched to a number of roles in a short period of time and successfully interviewed for a management role in Youth Offending which aligned with her skills and aspirations and was a clear area of organisational need.

Person D, a Nursery Nurse for 15 years, opted into ***m people*** as a positive step in advance of changes within her service area. The individual was terrified of 'doing something else', and was provided with support through interview training and a one-to-one career management conversation. This helped the individual to keep an open mind and positive attitude.

Their first match was as a Deputy Registrar, something completely different, but the individual was successful at interview and offered the job and in turn gained new confidence. After two years, having acquired new skills, the individual opted back

into ***m people*** and following a 6 month maternity cover, has now secured a permanent administrative position within the City Solicitor's Division, offering new challenges.

*More detailed case studies can be found on the ***m people*** intranet pages:
<http://intranet.mcc.local/hrod/mpeople/Pages/mpeoplecasestudies.aspx>*