

Finance Scrutiny Committee – Human Resources Subgroup

Minutes of the meeting held on 15 October 2015

Present:

Councillor Ollerhead – In the Chair
Councillors Collins and Russell

Councillor Flanagan, Executive Member for Finance and Human Resources

Apologies

Councillor Connolly and Siddiqi

FS/HS/15/07 Update on Voluntary Early Retirement and Voluntary Severance (VER/VS)

The Subgroup received a report which provided an update on the outcomes 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. The report provided numerical information on the scheme's outcomes, including analysis by protected characteristic. An overview of the activity delivered and underway to support staff motivation and strengthen organisational strategic workforce planning was also set out.

The Chair noted that the report referred to Full Time Equivalent (FTE) whereas some employees may be part time. The Head of Service Delivery HROD agreed noting that FTE was used for simplicity to illustrate savings but the report did refer to actual number of employees where appropriate. For example, 1,115 applications for VER/VS were received equating to 987 FTE.

In response to members' queries the Head of Service Delivery HROD advised that workforce reduction projections were made in November 2014 based on the information available at that time. However, at that time the Comprehensive Spending Review (a governmental process in the United Kingdom carried out by HM Treasury to set firm expenditure limits and, through public service agreements, define the key improvements that the public can expect from these resources) was still underway; the outcome of which contributed to the revised budget proposals presented to Executive in February 2015. A member queried why, if the required workforce reductions were subject to uncertainty, the scheme was not started later. The Executive Member for Finance and Human Resources advised that fewer saving would be made if the scheme started later. Employee release dates would be later and the Council would still be incurring costs for employee's wages over that period. Officers advised that where there was uncertainty about the level of the required reductions, or in areas subject to consultation on service provision, some decisions on release were not taken until as late as April. In addition where applications for VS/VER were declined, an assurance had been given that applications would be re-considered should circumstances change up to June 2015.

The Chair queried why seven employees had been accepted for VS/VER but had not yet been released. The Executive Member for Finance and Human Resources advised that some employees had complex jobs and needed to complete the work they were involved with prior to being released. He explained that once their current work was completed the actual post could be deleted but until the work was complete releasing them may incur greater costs, for example, paying agency staff to complete the work. He explained that in some cases later leaving dates had been rejected and it was dependent on the business case for each individual application.

A member queried why the number of staff released was much lower than the projected workforce savings requirements. The Strategic HROD Business Partner advised that the projected workforce savings were made at a point in time and could be adjusted where savings were made in other ways including natural wastage by not filling vacancies. In response to a query the Head of Service Delivery HROD explained the funding adjustment regarding the airport dividend/investment monies reduced the amount required from workforce savings. Realisation of the £11.47 million target reduction was split over two years and so equated to £9.2million in 2015/16 and £2.3 million in 2016/17. The Executive Member for Finance and Human Resources advised that individual Directorates held responsibility for requesting their own funding adjustments as circumstances changed.

A member noted that Personnel Committee had stated that the total cost of an individual's severance package should not exceed 18 months salary or be over £100,000; unless agreed by Council. The Head of HROD Service Delivery said that termination 'packages' over £100k were rare; he was only aware of one case over the past four years and that was refused because it did not meet the financial affordability criterion in the time limited scheme. The Executive Member for Finance and Human Resources confirmed that referral to Council related only to the amount being over £100,000 and that the affordability criterion applied across the entire salary range. He confirmed that negotiation below these limits was possible in relation to severance packages.

Members discussed when the Council would make savings and the Executive Member for Finance and Human Resources explained that at most each employee the Council released savings would start to accrue 18 months after the release date. Since no severance package equated to more than 18 months salary the severance package would not be more than paying the employees wages during that period. After the costs of the severance package had been accounted for savings would start to be made as the Council would no longer be obligated to pay that employee's wages. In response to a query he confirmed that costs related not simply to wages but also the additional costs the Council incurred for every employee, for example, national insurance and pension contributions, property and equipment. Whilst individual employees had been released at different points during Year One, and despite the additional costs associated with employees, it was argued that the costs of a severance package could be accounted for within a period of 18 months.

The Chair argued that savings would not be realised until Year Three when they showed on the Council's end of year accounts, and were projected savings and not actual. The Executive Member for Finance and Human Resources disagreed reiterating that savings would be made month on month, at most up to 18 months after

an employee's release date as we would not be paying employee wages and additional costs. He argued that funding adjustments made by individual directorates could not be accounted for in respect of reducing the overall level of projected savings. However, the projected savings made by releasing an individual would be realised as soon as that individual was released. In addition he said that severance packages were paid for out of capital funds whereas wages and other costs were paid for from the revenue account. He gave the analogy of a mortgage that was taken out to pay the severance package but did not need to be paid back straight away. The Head of Service Delivery HROD agreed that it was an accurate estimation that approximately £7million of savings would be made each year overall once the costs of individual severance packages were accounted for. The Executive Member for Finance and Human Resources argued that since Directorates made their own funding adjustments they were accountable if the projected savings for their Directorate were not realised.

Members discussed the rationale for releasing social workers when the Council needed to retain social workers. The Executive Member for Finance and Human Resources advised that following discussions with the Trade Unions a decision was made not to place any restrictions on which staff could apply for VS/VER. However, all decisions were dependent on the requirement for 'business continuity and delivery' and he expressed regret that some applicants may have had false hope that their application may be successful. He confirmed that a small number of social workers had been released and explained that in some isolated cases it had made sound business sense to release people.

Members discussed whether employees released under the scheme had already secured alternative employment. The Head of Service Delivery HROD said that anecdotal evidence suggested this was true of some applicants, particularly given the time elapsed between application (December 2014) and release (from April 2015 onwards). A member suggested it was a waste of Council resource approving the severance package for an individual who was going to leave the Council anyway. The Executive Member for Finance and Human Resources disagreed saying that motivations for application differed. In response to a query on the Council's reengagement policy, the Head of Service Delivery HROD advised that the Council had worked with the Trade Unions and ACAS to agree the clauses included in settlement agreements to restrict re-employment by the Council, and limit immediate employment with other local authorities. He explained that there is a greater level of assurance in respect of employment with bodies they have been involved with during the last two years and/or where they have been party to commercially sensitive information arising from their employment with the Council. He confirmed that where an individual had been released they could not then be re-employed by the Council via an agency contract but he was only aware of one case where action had needed to be taken on these grounds.

The Chair noted that a number of rejected applicants had since left the Council. He requested further information on what was being done to address employee dissatisfaction. The Strategic HROD Business Partner outlined some of the Council's reward and recognition strategies which included a discount scheme, reduced price travel passes, salary sacrifice schemes for childcare vouchers, bike purchases and car parking season tickets; and the Awards for Excellence and Long Service Awards.

She explained more was being done to increase engagement with staff; an employee survey had been commissioned and plans for buying annual leave were being investigated. The Strategic HROD Business Partner confirmed that where individuals had been rejected the decision was communicated by their own line manager, who was best placed to address any individual issues. The Chair requested a list of posts carried out by staff that have since left the Council who were refused VS/VER. He also requested information on whether the vacancies were then filled, how long it took to do this, and whether any of these posts were still vacant.

Members questioned why the projected workforce savings requirements for the Children and Families Directorate had not been achieved. The Executive Member for Finance and Human Resources advised that due to issues implementing a new School Transport Policy it had not been possible to release the number of employees originally planned. The Chair agreed that a budget review for the Children and Families Directorate was needed.

Decision

1. To note the report
2. To recommend that a budget review be carried out of the Children and Families Directorate
3. To request a list of posts of staff who have since left the Council who were refused VS/VER. To also request information on whether the vacancies were then filled, how long it took to do this, and whether any of these posts were still vacant.

FS/HS/15/08 M People

The Subgroup received a report of the Strategic Business Partner (Workforce Strategy) which provided an overview of the m people approach and its key achievements since the adoption of the m people framework agreement in 2010. It also highlights a number of areas of future planned activity to further strengthen and embed the m people approach. Members welcomed the report and the M People approach.

A member queried whether the required progress in respect of ICT was in place. The Strategic HROD Business Partner (Workforce Strategy) advised that Mi People Self Service was now in place and access for all Council employees was in progress but was dependent on investment in hardware so was not completed to date.

In response to a query regarding the implementation of a Talent Management System the Strategic HROD Business Partner (Workforce Strategy) said that progress was positive but there was not yet a firm timeline within the ICT priority project plan.

A member asked how many staff was currently employed via M People outside of funded roles, and the average length of time this was for. The Strategic HROD Business Partner (Workforce Strategy) said that twenty five employees were employed outside of funded roles, three of which had been in those roles for over twelve months and nineteen of which were actively looking for placements. Members were advised that there was no restriction on the length of time an employee could be employed outside of a funded role. The Executive Member for Finance and Human Resources advised it was sometimes difficult to match people to appropriate roles and that sometimes individual issues such as location or health issues may be a factor.

Decision

To note the report

FS/HS/15/09 Shared Parental Leave

The Subgroup received a report of the Strategic Director (Reform) which updated members on the new Shared Parental Leave Policy which was previously reviewed by the Human Resources Subgroup on 17 March 2015 and approved by Personnel Committee on 3 June 2015. The report updated members on the launch of the new policy, provided information on take up by employees and identified key themes or issues emerging since implementation.

The Head of Service Delivery HROD advised members that there had been no applications under the new policy to date, however the Council was not unique in this respect. According to a benchmarking service used by the Council that included both public and private sector companies 60% of subscribers did not yet have a Shared Parental Leave Policy; and of those that did only one in twelve had received an application.

Members requested to be updated in 6 months time whether any applications had been received. A member said the same benefits should be offered to both male and female employees and requested that the Council reviews its position on potential unlawful discrimination between Maternity Leave and a male being granted Shared Parental Leave.

Decision

1. To note the report.
2. To request that in 6 months time the Head of Service Delivery HROD advise whether any applications had been received.
3. To request that the Council reviews its position on potential unlawful discrimination between Maternity Leave and a male being granted Shared Parental Leave.

FS/HS/15/10 Terms of Reference and Work Programme

The Head of HROD advised that a report on whistle blowing was recently submitted to Audit Committee.

Members agreed to change the date of the December meeting to either mid November or February 2016 depending on the availability of the reports proposed for that meeting.

Decision

1. To note the work programme.
2. To request the Committee Support Officer re-arrange the next meeting as appropriate