

**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Scrutiny Committee - Human Resources (HR) Subgroup - 4 October 2018

**Subject:** HR Policy Review Update

**Report of:** Director of HROD

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**Summary**

This report provides an update on work to deliver the agreed £3.2M savings target from employment policies, procedures and working arrangements across the 2017-2020 budget period. It sets out progress to date and the key future actions for consideration by the Subgroup.

**Recommendations**

Members are recommended to consider and comment on the contents 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.

- Executive; 7 February 2018 - *Corporate Core Budget and Business Planning 2018-2020*

## **1.0 Introduction**

- 1.1 A total savings target of £3.2M was agreed for employee policies, procedures and working arrangements across the three year budget period with £200K in 17/18 and £1.5M profiled in each of the following two years. - To deliver these savings Members agreed a strategy focused on compliance and promoting voluntary opportunities without the need for enforced changes to terms and conditions. This work was coupled with a focus on activity to reduce non-cashable workforce costs i.e. agency spend, sickness absence and the volume of and time to place those outside the funded structure.
- 1.2 In progressing work to identify and deliver these savings Officers from HROD have worked closely with leaders across the organisation and the Trade Unions to understand any risks or implications of proposals. To date, £1.7M in savings have been achieved in line with the agreed targets for 2017/18 and 2018/19. Measures to release £810K of the remaining £1.5M savings target have also been identified and work is underway to agree measures to close the remaining gap.

## **2.0 2017/18 and 2018/19 Savings**

- 2.1 The £1.7M in savings profiled across these two years has been achieved through the measures outlined below.

### **2.2 2017/18 - £200K target**

This target was achieved through introduction of a five day voluntary annual leave purchase scheme.

### **2.3 2018/19 - £1.5M target**

This target has been achieved and, indeed, exceeded through a number of measures.

- £1.040M has been delivered through an adjustment to the standard vacancy factor used across the Council from 2% to 2.5%, this has been enabled by work to reduce areas of non-budgeted workforce spend as outlined above.
- £160K has been delivered through work to release long term vacancies in the Core
- £45K has been delivered to date through a review of Council funded car parking passes and the creation for clear criteria for allocation. (A further

£23K has been saved in non-mainstream areas through this work and a number of passes remain under review)

- £350K has been delivered through additional annual leave purchase, supported by an enhancement of the scheme to enable a further five days to be purchased and a voluntary Christmas closedown of non-essential Council services<sup>1</sup>.

### **3.0 2019/20 Savings Update**

#### **3.1 Review of Essential Car User Allowance**

- 3.1.1 Essential car users (ECU) are people who need a car to carry out their role. There are clear criteria to determine whether car use is 'essential'. Under existing policy, essential car users receive a lump sum of circa £1,000 p.a. as well as a mileage allowance of 42.6p per mile. In contrast, casual car users are paid at a higher rate of 54.4p per mile but without the lump sum payment on the basis of no bar on minimum miles travelled. - A total budget of £2.1M is currently held across the Council for staff mileage and ECU 'lump sum' payments.
- 3.1.2 Analysis has revealed that the vast majority of ECU recipients are not compliant with this minimum (2,000) miles eligibility threshold in place under the scheme (1,091 out of 1,204 based on an analysis of the previous financial year). - A strict application of this criteria will therefore generate significant budget savings. However, in progressing this work consideration has been given to two key risks:
1. It should be expected that former essential users will claim a number of miles at the casual rate and sufficient budget provision will need to be retained for this, with this provision kept under review.
  2. Whilst policy compliance will be applied to all staff, there is a significant risk to workforce stability in some areas, particularly Children's Social work where turnover is high and local competition for workers significant. Thought needs to be given as to how this compliance is pursued without destabilising the workforce.
- 3.1.3 Taking account of the above, a savings plan to release budget savings of £460K through ECU compliance, ending the lump sum payment to those not reaching the minimum mileage threshold, has been developed. Subject to

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<sup>1</sup> This figure is above the £200K savings target from 2017/18

detailed planning work, this will be progressed from November to enable savings to be realised by the new financial year.

3.1.4 Throughout the implementation period HROD Officers will work closely with services to understand and mitigate any risks or issues which arise at an individual level. Ongoing engagement with the Trade Unions will also continue on both implementation and in the development of clear criteria for ongoing proactive review of ECU payments.

3.1.5 In support of this work, discussions are underway with the TfGM Travel Choices team who are providing support in identifying more sustainable and efficient transport options for staff both to and from and in work. Further work is also being undertaken with a view to extending the Car Club, which can facilitate access to vehicles on an hourly or daily basis, if this is deemed to be a more efficient and sustainable means of transport.

### 3.2 Additional Savings Measures

3.2.1 Subject to the implementation of the above proposal there remains a further 'gap' of £1.04M against the £1.5M savings target for 2018/19. Two further options have been identified to close this gap by £350K:

- An increase off the income target for annual leave purchase by £150K to a total of £600K based on projected performance in 2018/19
- £200K savings from the introduction of a salary sacrifice model for pension AVCs. (Discussions on this are at a very early stage and implementation will be subject to further analysis).

### 3.3 Closing the Gap

3.3.1 Accounting for the above there remains a £690K savings gap and an analysis of opportunities to close this gap is currently underway.

## 4.0 **Conclusion**

41 The above information summarises progress in relation to delivery of the £3.2M savings target from workforce policies, procedures and working arrangements across this budget period. Members' comments and questions are welcomed.