
Report to Council

Date of Meeting: 22 October 2015

Subject: Making our Organisation Stronger

Report by: Depute Chief Executive

1.0 Purpose

- 1.1. The purpose of this report is to present to Council for approval key elements of the Making Clackmannanshire Better workstream theme focussed on making our organisation stronger.
- 1.2. The projects within this workstream theme are focussed on the establishment and/or embedding of a robust framework for recruiting, retaining and supporting the Council workforce through a period of potentially significant change.
- 1.3. The key policy documents submitted for approval are:
 - Interim Workforce Strategy
 - Organisational Change Procedure
 - Severance Policy
 - Redeployment Policy.

2.0 Recommendations

It is recommended that Council:

- 2.1. Notes the background to the development of the Interim Workforce Strategy
- 2.2. Endorses the phased approach to implementing and embedding Corporate Workforce Planning using the steps outlined in the Workforce Planning Business Case (Appendix A).
- 2.3. Approves the Interim Workforce Strategy (Appendix B)
- 2.4. Notes the Strategic Action Plan (Annex A Interim Workforce Strategy)
- 2.5. Notes the feedback received from Trade Union representatives to date (paragraphs 3.19, 3.20 and 4.7)

- 2.6. Notes the ongoing consultation with Trade Union representatives and that a verbal update will be provided to Council on further discussions (paragraph 4.7)
- 2.7. Approves the Organisational Change Procedure (Appendix C)
- 2.8. Notes the proposed changes to the Council's existing Severance policy (paragraph 4.5)
- 2.9. Approves the Severance Policy (Appendix D)
- 2.10. Approves the Redeployment Policy and notes the underpinning process (Appendix E).

3.0 Making Our Organisation Stronger: Interim Workforce Strategy

- 3.1. The Council's workforce is a significant and valued resource. It is important that the Council's staff are deployed effectively and that we have:
 - the right number of people
 - with the right skills
 - in the right jobs
 - at the right time
 - and at the right cost.
- 3.2. As part of Making Clackmannanshire Better, consistently implemented and embedded workforce planning arrangements have been identified as a priority. This is a significant undertaking given the wide range of services and functions the Council delivers. However, effective workforce planning arrangements are critical to the delivery of sustainable and affordable service delivery and costs of employment for the Council in the future.
- 3.3. The public sector, including local government, continues to experience a period of unprecedented uncertainty and change in terms of its, financial, legislative and demographic challenges- this position is well documented, and set to continue for the foreseeable future.
- 3.4. The Council established Making Clackmannanshire Better to 'reduce costs, better meet our customers' changing needs and operate in a more integrated way with our partners, so that we can collectively achieve better outcomes for our communities'. This approach recognises the likelihood of continuing reductions in resources and the need for significant and fundamental reprioritisation and redesign of service delivery.
- 3.5. The costs of employing Council staff account for around two thirds of the Council's annual revenue expenditure. Therefore it is important that such valuable resources are deployed within areas of greatest priority. It is also clear, that as part of Council's consideration of options to reduce expenditure

by up to £23 million over the next three years to March 2020, it must also seek to reduce its costs of employment.

- 3.6. To facilitate this, in February 2014, the Council's budget established the principle of a 'managed contraction' in staffing. To date this has been implemented opportunistically, for instance by reviewing the need for each vacant post, using redesign within teams following the retirement and /or voluntary severance of team members, and latterly by using vacancy management. In addition to this, the Executive Team introduced new arrangements for officers to obtain approval for recruitment requests, resulting in significant and enhanced managerial scrutiny of recruitment requests, including agency staffing and fixed term contract extensions.
- 3.7. Over the last 6-12 months, however, it has become increasingly apparent that this opportunistic approach is not sustainable. The approach does not provide for the effective deployment of skills and resources to areas of greatest priority and need. Impacts have fallen disproportionately in individual services, resulting in stretched capacity and it has not been possible to proactively target resources or reductions in resources.
- 3.8. At the end of August ,2015, Tranche 1 MCB Business cases were submitted to the MCB Programme Co-ordinator. These business cases included an initial workforce planning business case and Interim Workforce Strategy which have formed the basis of this proposal being submitted to Council for approval.
- 3.9. The Workforce Planning Business Case (Appendix A) recognises that implementing coherent and consistent corporate workforce planning arrangements needs to be managed over time. As a consequence, *Making our Organisation Stronger: Clackmannanshire Council's Interim Workforce Strategy* (Appendix B) sets out our longer term workforce planning objectives but also highlights the short to medium term financial pressures and the need to deliver an increased pace and momentum with regards the Council's managed contraction of staffing.
- 3.10. The Strategy is classified as 'interim' to allow for a focus on delivering this increased pace and momentum in the short to medium term. This in turn is anticipated to result in reductions in the current costs of employment within a more immediate timescale i.e. the next budget round.
- 3.11. An interim Strategic Action Plan is included at Annex A of the Interim Workforce Strategy and details the key high level milestones required to deliver the short to medium term ambitions referred to in paragraph 3.9 and 3.10.
- 3.12. The Interim Strategy is set within the strategic framework established by the Council's People Strategy (2013-17) and Making Clackmannanshire Better. It considers the following key issues:
 - Our current workforce
 - our future workforce
 - the future needs of our organisation

- how we will achieve our vision.

3.13. The Interim Strategy also sets out the underlying principles and culture which the Council aims to deliver. These include:

- positive and inclusive organisational culture
- Clacks is an 'Employer of choice'
- Sustainable and affordable service delivery based on clearly defined core council services
- Sustainable, resilient and affordable workforce
- staff are valued and supported
- the organisation engages and develops its staff effectively.

3.14. The Business case provides 4 scenarios for consideration as follows:

- Scenario 1: do nothing
- Scenario 2: using the 10% and 15% modelling exercise undertaken by chief officers, target a managed contraction in temporary and fixed term contracts, vacant posts and /or discretionary service areas
- Scenario 3: undertake a managed contraction aligned to the 'realistic' financial planning scenario (see separate Budget Strategy report on this Council agenda).
- Scenario 4: implement full workforce planning model.

The business case concludes that Scenario 1 perpetuates the status quo resulting in a reactive and 'staggered' approach that is unlikely to deliver the necessary managed contraction of our workforce.

3.15. The Business case evaluation then suggests that scenarios 2-4 are not mutually exclusive options but rather represent an evolution of workforce planning over time. On this basis, scenario 2 is proposed as the means by which the Council could deliver its short to medium terms ambitions whilst options 3 and 4 are developed, refined and adapted in parallel in the medium to long term in order that the Council embeds full and effective workforce planning for the future.

3.16. This is a pragmatic approach which seeks to proactively manage the contraction in staff resources over the medium to long term, whilst delivering a contribution to the savings requirement in the short term. It also seeks to provide greater clarity and support for staff and minimise the likely unavoidable anxieties that increasing the pace and momentum of the managed contraction will likely bring.

- 3.17. Current assumptions suggest that a reduction of approximately 320-350 FTEs is required over the next few years. This forecast will, however, require to be kept under review as the level of reduction is sensitive to the policy decisions and prioritisation of service delivery by Council.
- 3.18. Prior to submitting this Strategy to Council for approval, a short life Trade Union/ management consultation Group was established. The group's membership comprised five JTUC representatives and key council officers. Given the nature of the matters being consulted on, this Group also consulted with all JTUC representatives, full time officials and sought appropriate legal and technical input to inform its feedback.
- 3.19. The consultation group committed to a consolidated consultation phase during September. Feedback received from Trade Union representatives on the Interim Workforce Strategy and Business case to date, is as follows:
- the ambition set out within the Interim Workforce Strategy is viewed as positive as a statement of the Council's future intent
 - concerns were , however, raised that the existing underlying operational processes, for instance in respect of the completion of PRDs and the robustness of the existing skills database require review and improvement.
- 3.20. Management provided assurances over these aspects by reference to the three areas of essential work highlighted in the Business case (Definition of Core Council functions, Assessing staff skills and Flexible Staff Deployment) and in the Strategic Action Plan which accompanies the Interim Workforce Strategy. These tools recognise the need for improvement in the areas highlighted.

4.0 Organisational Change Procedure and Redeployment and Severance Policies

- 4.1. In order to support implementation of the Workforce Strategy, it is critical that comprehensive and robust employment policies are in place. This will ensure that staff, managers and trade unions have a clear and shared understanding of the Council's policies, procedures and processes.
- 4.2. In the context of a 'managed contraction' in staff numbers, it is important that the Council's policies which set out the processes and entitlements for staff being either redeployed within the organisation or, leaving the organisation, are up to date and fit for purpose.
- 4.3. As a consequence, HR have reviewed key Council policies and an Organisational Change Procedure, and revised Severance and Redeployment Policies are being submitted to Council for approval. These policies and procedures should be read in conjunction with the Interim Workforce Strategy and each other to form a full picture of the framework proposed for implementing a 'managed contraction' in staffing.

- 4.4. The Organisational Change Procedure (Appendix C) aims to ensure that the Council is able to minimise the impact of organisational change, including redundancies, on its staff by ensuring that fair and open processes are in place for implementing change. The Procedure sets out requirements and expectations in respect of consultation, and appointing and supporting staff into new roles . The Procedure includes a Consultation checklist to be applied where service restructure and redesign is applied.
- 4.5. The revised Severance Policy (Appendix D) sets out the Council's Policy and principles with regards the main forms of severance. It also provides definitions and details of three severance processes: voluntary severance, voluntary redundancy and compulsory redundancy. The Policy seeks to establish a comprehensive policy framework for the Council. The report is proposing the following key changes to the current policy:
- the Council's existing policy does not cover all potential forms of severance but focuses on voluntary severance. The revised policy sets out a fuller range of potential severance options, including voluntary redundancy and compulsory redundancy to provide clarity over the processes and terms of such arrangements, should these mechanisms be implemented by the Council.
 - when a member of staff submits a voluntary severance (VS) application, there is the option to offer discretionary Compensatory Added Years (CAY). Over the last five years, the precedent has been to consider up to three added years subject to the applicant meeting the VS eligibility tests relating to business impact and affordability. The proposed Severance policy seeks to formally adopt this precedent for all forms of severance.
 - in both voluntary and compulsory redundancy situations, employees are entitled to a compensatory redundancy payment. The level of the payment is, however, discretionary. The revised policy proposes that the entitlements for both voluntary and compulsory redundancy payments are based on the statutory minimum levels.
- 4.6. The Redeployment Policy (Appendix E) focuses on ensuring that the redeployment process is fair, consistent and supportive. The Policy and supporting operational procedures were the product of extensive consultation with Trade Union representatives in the past. It is important that these are consistently embedded and implemented to support delivery of the Workforce Strategy. It is important that this policy and procedures are refreshed and understood in the context of establishing a clear framework for the implementation of the Workforce Strategy.
- 4.7. The TU/Management consultation group also considered these revised policies and procedures and feedback received to date is as follows:
- requests for a number of narrative changes to provide greater clarity within the Organisational Change Procedure and Redeployment Policy were accommodated

- Trade Union representatives indicated that they were unable to accept the proposed changes to the Severance Policy and Procedure in respect of Compensatory Added Years and redundancy payments (as detailed at paragraph 4.5)
- at the time of writing this report for Council Trade Union representatives had made arrangements to further consult with elected members on the proposed changes prior to the Council meeting on the 22nd October. It is envisaged that a verbal update on progress will be provided at the Council meeting.

4.8. In order to facilitate Council decision making on this important matter, an elected member briefing was also held on the 15th October at which, elected members were able to ask more detailed questions to aid understanding and obtain any necessary clarifications prior to taking decisions on the matter.

5.0 Conclusions

5.1. This report presents a suite of Strategy and Policy documents which aim to establish a clear workforce planning framework for the Council to facilitate the implementation of the 'managed contraction' in staffing needed to support the Council's drive for financial sustainability.

5.2. The report proposes a pragmatic phased approach to the implementation of its Workforce Strategy to proactively manage the contraction in its workforce whilst delivering a contribution to the Council's short term savings requirement.

5.3. Trade Union representatives have been consulted and their feedback is incorporated within the report to inform Council decision-making.

6.0 Sustainability Implications

6.1.

7.0 Resource Implications

7.1. *Financial Details*

7.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

7.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

7.4. *Staffing*

8.0 Exempt Reports

8.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- The area has a positive image and attracts people and businesses
- Our communities are more cohesive and inclusive
- People are better skilled, trained and ready for learning and employment
- Our communities are safer
- Vulnerable people and families are supported
- Substance misuse and its effects are reduced
- Health is improving and health inequalities are reducing
- The environment is protected and enhanced for all
- The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A Workforce Planning Business Case

Appendix B Interim Workforce Strategy

Appendix C Organisational Change Procedure

Appendix D Severance Policy and Procedure

Appendix E Redeployment Policy

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

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Approved by

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