

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 20 May 2014

**BY:** Depute Chief Executive – Resources and People Services

**SUBJECT:** Progress Report on Managing the Workforce

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## **1 PURPOSE**

- 1.1 The purpose of the report is to provide members with updated information in relation to the implementation of the Council's Voluntary Early Release Scheme (VERS) which was approved at Cabinet on 12 March 2013 and in addition provide an update on Efficient Workforce Management Planning (known as EWMP) during 2013/14.

## **2 RECOMMENDATIONS**

- 2.1 Members are asked to note the recent progress made with implementation of the VER Scheme and EWMP during 2013/14.

## **3 BACKGROUND**

- 3.1 A report was approved by Cabinet in March 2013 introducing a Voluntary Early Release Scheme into the Council to achieve the necessary financial saving of £2m in 2013/14 and a further £1m full year effect in 2014/15 identified in the Council's 3 year budget (2013-16) approved on 12 February 2013.

Efficient Workforce Management Plans were first introduced in 2010 as part of a wider efficiency programme and now form an integral part of the Council's Financial Strategy in relation to managing costs down. EWMP data is reported to Heads of Service each month and this data is an important control measure because it:-

- Assists with service remodelling (headcount, FTE, permanent, temporary and joiners/leavers)
- Contributes to the monitoring of staffing costs and the achievement of ongoing efficiency savings/targets contained within approved service budgets (cost of casuals, overtime and agency workers)

- 3.2 The Council opened the VER Scheme to employees to make application from 18 March until 5 April 2013 and initially received 289 applications of which 97 were ultimately approved. These applications were progressed on the basis that they did not adversely impact upon services and that they satisfied certain financial criteria. The final decision to grant early release was taken under specific delegation by the Chief Executive in association with the Head of Council Resources, respective Executive Directors and Heads of Service.
- 3.3 The introduction of the scheme, together with the related realignment of Council services and appointment of new service managers has enabled the Council to streamline the workforce and facilitate the necessary organisational changes to deliver priority Council Services in the most cost effective way possible.
- 3.4 The planned and actual savings relating to VERS and EWMP are shown in the table below:-

	<b>Target Saving (Whole Year) £M</b>	<b>Actual/Secured Savings £M</b>	<b>Variance £M</b>
VERS savings (as per approved 2013-16 budget)	3.000	2.853	- 0.147
EWMP planned savings 2013/14	1.825	1.505 <i>Comprises efficiency savings secured from Service Reviews £0.459M, Casual Workers £0.146M, Overtime £0.5M and Agency Workers £0.4M.</i>	- 0.320 <i>The balance of planned EWMP savings were achieved through a combination of other measures, most notably the non-filling of vacancies.</i>

In addition to VERS, planned EWMP savings are built into the budgets as efficiencies to be achieved and comprise of a variety of measures by Heads of Service and Service Managers such as reduced overtime, non-replacement of vacant posts and also on some occasions, savings on non-staffing budgets. Along with all other efficiency measures built into the approved budgets, progress is now monitored and reported by Finance within quarterly financial performance reports to Cabinet.

- 3.5 Of the 97 VERS leavers approved in May, 1 withdrew their application, 94 left in 2013/14, 1 left in April 2014 and the remaining applicant is due to leave at the end of August 2014. An analysis of leavers by Quarter is shown in the table below:-

## VERS Leavers Analysis by Quarter

Count of Position			
Leaving Month	Department	Division	Total
Apr - June 13	EL Health & Social Care	Adult Wellbeing	5
	Part'ships & Community Servs	Housing & Environment	5
		Infrastructure	13
		Policy & Partnerships	4
	Resources & People Servs	Children's Wellbeing	1
		Council Resources	1
Education		4	
<b>Apr - June 13 Total</b>			<b>33</b>
July - Sept 13	EL Health & Social Care	Adult Wellbeing	4
	Part'ships & Community Servs	Housing & Environment	6
		Infrastructure	7
		Policy & Partnerships	6
	Resources & People Servs	Children's Wellbeing	8
		Council Resources	6
Education		1	
<b>July - Sept 13 Total</b>			<b>38</b>
Oct - Dec 13	Part'ships & Community Servs	Housing & Environment	6
		Infrastructure	1
		Policy & Partnerships	2
	Resources & People Servs	Children's Wellbeing	3
		Council Resources	3
Education	3		
<b>Oct - Dec 13 Total</b>			<b>18</b>
Jan - March 14	Part'ships & Community Servs	Housing & Environment	1
		Policy & Partnerships	3
	Resources & People Servs	Children's Wellbeing	1
		Council Resources	1
<b>Jan - March 14 Total</b>			<b>6</b>
Leaves Aug 14	Resources & People Servs	Children's Wellbeing	1
<b>Leaves Aug 14 Total</b>			<b>1</b>
Withdrawn	Resources & People Servs	Council Resources	1
<b>Withdrawn Total</b>			<b>1</b>
<b>Grand Total</b>			<b>97</b>

3.6 With a large number of staff departures still relatively recent, it is difficult to fully assess the impact of their departure upon service delivery although as mentioned earlier, approvals were restricted to circumstances where service impact could be minimised. There is some feedback amongst the staff group that indicate workloads continue to be challenging with some noting the impact of VERS. The loss of experience accumulated by the VERS leavers' group over many years has placed a managerial challenge upon the Council and its employees to maintain effective and efficient service delivery. We continue to focus upon the key outcomes identified within the SOA and delivery of the Council Plan. It is clear that the overall impact of VERS upon service delivery has been minimised due to the proactive management of services and budgets (including where

appropriate, service reviews and service redesign) and the diligence and commitment of remaining council employees.

- 3.7 In meeting the combined requirements of VERS, EWMP and the realignment of council services, there has been a large increase in Service Review activity which in itself has been a major challenge (50 reports approved since July 2013 with a further 24 in progress to date. This compares with 49 in the full year July 2012 – June 2013). Service reviews follow an established process in accordance with the Protocol for the Conduct of Service Reviews which ensures that the service review reports are subjected to the necessary HR and Financial scrutiny and that the required staff and trades union consultation is undertaken.
- 3.8 A comprehensive staff engagement survey was undertaken during March 2014 with preliminary results recently shared with senior managers. As part of the HGIOC Self Assessment process, a detailed review of the survey findings will help identify any areas of concern and inform the development of improvement plans for individual service areas. Provisional assessment of the results on a Council wide basis suggest that both the level of participation and the level of positive engagement remain consistent with those returned by the equivalent 2013 survey.
- 3.9 The Customer Feedback Manager has been consulted and confirmed that there has been no notable increase in adverse feedback from customers suggesting that the standard of services provided by the Council may not have been significantly affected.

#### **4 POLICY IMPLICATIONS**

- 4.1 There are no direct policy implications associated with the recommendations in this report. The VER scheme has been applied in accordance with the decisions already taken at Council on 12 February 2013 as part of the budget and the decision of Cabinet taken on 12 March. The scheme has also been applied in accordance with the Council's Policy on Enhanced Compensation for Redundancies and Early Retirement approved by Council in December 2010.

#### **4 EQUALITIES IMPACT ASSESSMENT**

- 4.1 An Equality Impact Assessment is not required.

#### **5 RESOURCE IMPLICATIONS**

- 5.1 Financial – At today's date it is currently estimated that the VER Scheme will lead to a recurring annual reduction in staffing costs of £2.84 million. The cost of releasing these staff has been calculated as £3.1 million suggesting an equivalent payback period relative to cost of just less than 1.1 years. Since its introduction, EWMP has assisted the Council in meeting significant planned efficiency savings and in 2013/14 this has been assessed at just over £1.5m. Additional EWMP savings not included

within this figure were made through a series of other measures, most notably the non-filling of vacancies.

- 5.2 Personnel – There are no direct staffing implications associated with this report although as part of the ongoing process of managing the workforce and budgets, further staffing and service review reports will be brought forward in due course.
- 5.3 Other – None.

## **6 BACKGROUND PAPERS**

- 6.1 Detailed analysis of VERS approvals
- 6.2 Protocol for the Conduct of Service Reviews
- 6.3 Efficient Workforce Management Plan – Year End Summary 2013/14
- 6.4 Council Budget 2013-16 as approved at the Council meeting held on 12 February 2013.

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