

EMPLOYMENT MATTERS COMMITTEE

2 NOVEMBER 2010

BUDGET PROPOSALS AND IMPLICATIONS FOR STAFF

Report from: Tricia Palmer, Assistant Director, Organisational Services

Author: Paula Charker, Head of HR Services

Summary

This report covers the staffing issues in relation to the current in-year budget reductions and outlines progress since the Employment Matters Committee on 16 September 2010.

1. Budget and Policy Framework

1.1 The staffing implications of budget reductions are a matter for this committee, which can decide on the policies and processes supporting any changes in staffing.

2. Background

2.1 The announcements made in June 2010 by the Chancellor of the Exchequer in respect of the emergency budget reductions resulted in mid-year reductions in Medway of £6m. The background to these budget reductions is contained in the Cabinet report of 29 June 2010 and, subsequently, in the Full Council report 29 July 2010.

2.2 The Joint Consultative Committee of Elected Members and Trade Unions discussed the staffing reductions on 13 July 2010 and Employment Matters Committee on 28 July 2010 and 16 September 2010 considered the staffing implications of making these budget reductions.

2.3 This report outlines progress on the consultation with Trades Unions and employees affected and the present position.

3. Consultation Process

3.1 The Chief Executive held an early consultation meeting with trade union representatives on 29 June 2010 prior to the publication of the budget proposals. In addition the Assistant Director, Organisational Services met the trade unions on 5 July 2010 at the commencement of the formal consultation.

3.2 Formal consultation commenced on 5 July 2010 and provided 30 days consultation. The individuals concerned were notified that they were at risk of redundancy. The posts proposed for deletion or reduction were mainly those

covered by the reduction in grant funding. However it was also necessary to identify some posts in other areas of service as some of the funding has been absorbed into the base budget. The original number of posts at risk were 50, although a further 4 posts were subsequently identified due to a more recent notification of the cessation of the Training Development Agency (TDA) grant which supported workforce development in schools (this was reported to Full Council on 29 July 2010). Individuals were also provided with the consultation documentation so that they were able to make individual representations if they wished to do so.

3.3 Service Managers and Assistant Directors met with the teams and individuals affected to outline the proposals and answer any questions. Individual meetings and team meetings continued throughout the consultation period.

3.4 The consultation process for the following areas ended on 4 August 2010:

- Communications, Performance and Partnerships
- Health and Safety
- Workforce Development
- Cashiers
- Revenues and Benefits
- Audit
- Teenage Pregnancy
- Extended Schools
- Children's University
- Supporting People
- Economic Development

3.5 The consultation period for Schools Workforce Development Team ended on 13 August 2010.

3.6 The consultation period for School improvement (Consultants) ended on 10 September 2010.

3.7 In many areas it was possible to identify individual posts providing a service and therefore the post was proposed for deletion and there would be no selection for redundancy amongst a group of employees. In other areas, such as finance, there was a proposed reduction in service and therefore it was necessary to carry out a selection for redundancy. These selections were undertaken in accordance with the Council's reorganisation procedure and relevant staff and trade unions were consulted on the criteria for selection.

4. Present Position

4.1 Consultation responses and alternative proposals were considered by the Directors, and in the case of Business Support by the Chief Executive. The Directors and the Chief Executive in line with our statutory obligations considered any issues arising from Diversity Impact Assessments in the case of all of the proposals where final decisions have been made.

4.2 Details of the responses to consultation were reported to this Committee on 16 September 2010. The present outcomes in each area are reported below.

4.3 Communications, Performance and Partnerships – Bidding Unit

Notice to the two employees affected has been extended to 17 January 2011 to enable the Chief Executive and the Assistant Director to consider the counter proposal that this unit becomes self-funding from 1 April 2011.

4.4 Health & Safety, Economic Development, Local Strategic Partnership, Teenage Pregnancy, Schools Workforce Development Team and Children's University

Notice was given to the eleven employees affected. One employee left earlier as an alternative post outside of the council was found and the other employees are under notice of redundancy and in the redeployment scheme.

4.5 Cashiers/Audit/Revenues and Benefits

The selection process has been completed and 6 employees have been given notice. This includes 2 volunteers for redundancy.

4.7 Extended Schools

The Director carefully considered the points raised during the consultation period and accepted that time to develop cluster transition plans which detail the exit strategy at a local level for each cluster would be beneficial to the children and families involved. Flexibilities were identified in the funding stream to enable this service to continue until 31 March 2011. This extension of time would also make it possible for the local authority to commission schools to deliver this agenda. Notice of termination of services on 31 March 2011 has been given to the 11 employees affected.

4.8 School Improvement (Consultants)

Whilst 22 employees were originally at risk of redundancy, a number of employees identified alternative posts for themselves and three employees volunteered for redundancy so there was no need to select for redundancy.

5. Overall outcomes

5.1 Redeployment

Overall, five employees from the Workforce Development Team, Supporting People, Children's University and Local Strategic Partnership have been successfully redeployed so far.

5.2 Redundancies

A total of 34 employees are under notice of redundancy between now and 31 March 2011. Every effort will continue to be made to redeploy these employees before the end of their notice periods.

6. Additional areas where there may be redundancies

6.1 There are two additional areas where there may be redundancies.

6.2 ContactPoint

6.3 Following the decision of the Government to cease work on ContactPoint, a database containing information on children in England, which was to have been shared across agencies, three employees are potentially at risk of redundancy. The consultation period for this group ended on 22 October 2010.

6.4 The Government has commissioned Professor Eileen Munroe, London School of Economics, to undertake a review of the child protection system. Her initial findings were published on 1 October 2010 and the final report is due to be submitted in April 2011.

6.5 Medway Renaissance

6.6 Cabinet, at its meeting on 19 October 2010, considered a report setting out details of the cessation of funding by the Homes and Communities Agency from 31 March 2011 and authorised the Director to commence formal consultation with staff and the trade unions on the closure of the Medway Renaissance Unit as no future funding has been identified.

6.7 Nineteen employees are potentially at risk of redundancy. The 30-day consultation period for this group began on 29 October 2010.

7. Support For Staff

7.1 The Council recognises that this is an unsettling time for everyone and is making every effort to support staff. In addition to the individual meetings with managers the HR service is providing support for affected employees and wherever possible we will redeploy individuals into new roles. An independent organisation, Next Step has been engaged to provide guidance on CV writing, interviewing skills and career advice. Next step is funded by a Government initiative. Workshops run by Next Step and SEEDA took place in August and September 2010, and these included sessions on specialist financial advice.

7.2 Numbers of staff who attended were:

Next Step Interview skills	11
Next Step Interview skills and CV writing	14
Financial Planning – Group Session	13
Financial Planning 1:1s	4
SEEDA presentation on career advice and seeking employment	15

- 7.3 The Council's employee assistance provider (Care First) provides a free counselling and information line 24/7, 365 days a year. The Care First information line is managed by Citizen Advice Bureau trained advisers and can offer advice on a wide range of issues, which affect daily life such as employment, benefits, housing, debt etc. Care First will also be providing a set of lunchtime learning sessions for managers in managing change in November 2010. Care First has reported that there was an increase in the number of employees contacting them for advice on redundancy in June and July of this year.
- 7.4 We also encourage staff to talk to their trade unions to ensure that they get the necessary support. Rev. David Helms, Industrial Chaplain will also be providing opportunities for staff to contact him for support.
- 7.5 There have been regular communications with all staff to keep them up-to-date with the budget proposals. The Chief Executive sends out regular e-mails and there have been articles in *The Headlines* (staff newsletter), a bespoke "Achieving Better for Less" website for communicating progress of the review to employees went live in October. There is also an employee consultation email address where staff can make their comments, suggestions for saving money and ask questions. Line managers have been encouraged to brief staff on a regular basis.

8. Risk management

- 8.1 The risks in relation to these changes relate to both the services and staff involved. For the purposes of this report it is important to focus on the risk to staff. In addition to the personal implications for employees there are also some risks in losing highly valued skills. The proposal to review recruitment arrangements and redeploy individuals may go some way to mitigate these risks. In addition discussions will be held on increasing the flexibility of current staff to increase the ability for individuals to move around the authority where the need for services change.

9. Financial and legal implications

- 9.1 The full budget changes are outlined in the Council report of 29 July 2010 and the costs of any redundancies will be met from reserves. It should also be noted that there will only be a part year effect of any savings in staffing.
- 9.2 The proposed redundancies are being carried out in accordance with the Council's reorganisation procedure, and formal consultation with the trade unions and staff has taken place.
- 9.3 The Council must ensure that the process for any proposed redundancies complies with the required statutory obligations to inform and consult employees both collectively and individually under Section 188 of The Trade Union and Labour Relations (Consolidation) Act 1992. The Council is also under a duty to inform the secretary of state under Section 193 of the above Act about proposed redundancies.
- 9.4 The process adopted must be in accordance with the council's redundancy procedure and comply with the general principles of fairness to avoid the risk of unfair dismissal claims.

10. Diversity Impact Assessment

10.1 Now that the selections for redundancy are completed, the Diversity Impact Assessment has been completed and is attached at Appendix A.

11. Recommendation

11.1 The Employment Matters Committee is asked to note:

- The present position.
- The support arrangements for staff.

Lead officer contact

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Background papers

Cabinet Report - Public Spending Reduction 29 June 2010

Employment Matters Committee 28 July 2010

Council Report – 29 July 2010

Employment Matters Committee 16 September 2010

Diversity Impact Assessment: Screening Form

Appendix A

Directorate	Name of Function		
All Council	Review of staffing implications due to in year budget reductions		
Officer responsible for assessment	Date of assessment	New or existing?	
Paula Charker	11 October 2010	New	
Defining what is being assessed			
1. Briefly describe the purpose and objectives	<p>This is an overarching DIA on the staffing implications of the in year budget reductions.</p> <p>This assessment responds to announcements made by the Chancellor of the Exchequer in respect of the emergency reductions of £6.2 billion in public spending and the further announcements in the emergency budget presented to Parliament on 22 June 2010. As a result Medway Council had to find savings of some £6.1 million in year. As part of this process a series of measures were announced which will impact on the capacity of the Council to deliver some projects and services.</p> <p>The budget reductions announced by the Government required changes to the budgets agreed by Council to avert an over spend occurring and bring the planned expenditure for the Council back in line with the funding available.</p> <p>The impact assessment is reviewing the staffing aspects of the savings required, and is being completed after the end of the selection for redundancy processes This DIA will be reviewed after all notice periods have ended i.e. 31 March 2011.</p>		
2. Who is intended to benefit, and in what way?	<p>Savings were intended to be achieved in a way that ensures financial sustainability whilst not disproportionately impacting on or unfairly disadvantaging any sections of the community. This will underpin the ongoing work by officers to deliver the savings.</p> <p>Particular areas have been identified:</p> <p><u>Capital budgets:</u> A loss of £0.945 million funding against the approved LTP programme A loss of £0.9 million of expected PSA reward grant</p> <p><u>Revenue budgets:</u> A loss of £1.961 million of expected Area Based Grant of which £1.6 million falls within Childrens' services A loss of £0.830 million of expected PSA reward grant allocated as per Capital</p> <p>Cabinet on 29 June 2010 decided which areas would require staffing reductions to achieve the savings. At that time, there were 68 staff either directly affected or awaiting selection for redundancy, depending upon the</p>		

	<p>outcome of the consultation process. A further 4 staff in the Schools Workforce Development Team were added shortly afterwards due to the reduction of the Teacher Development Grant, bringing the total to 72 employees.</p> <p>These staff work in the following areas:</p> <p>Communications, Performance and Partnerships = 4 employees Health and Safety = 2 employees Workforce Development = 2 employees Cashiers = 8 employees Revenues and Benefits = 4 employees Audit = 7 employees Teenage Pregnancy = 2 employees Extended Schools = 11 employees Children’s University = 1 employee Supporting People = 1 employee School Improvement – Consultants = 25 employees Economic Development = 1 employee Schools Workforce Development Team = 4 employees</p>	
<p>3. What outcomes are wanted?</p>	<p>For the redundancies to be carried out in accordance with the law and the Council’s procedure on Organisational Change and for the best talent to remain within the organisation, where possible. To ensure that the objective of the Workforce Strategy to:</p> <p><i>Build a workforce that reflects the community we serve through better workforce planning, recruitment and retention.</i></p> <p>is maintained as far as possible.</p>	
<p>4. What factors/forces could contribute/detract from the outcomes?</p>	<p>Contribute Organisational Change Procedure followed Counter proposals carefully considered Redeployment opportunities being available</p>	<p>Detract Employees not co-operating with redeployment process</p>
<p>5. Who are the main stakeholders?</p>	<p>Employees and Residents of Medway.</p>	
<p>6. Who implements this and who is responsible?</p>	<p>Senior Management Team and Elected Members.</p>	

Assessing impact		
7. Are there concerns that there <u>could</u> be a differential impact due to <i>racial groups</i>?	YES	
	NO	
What evidence exists for this?	<p>Monitoring of the workforce as at 31 March 2010 showed that 6.6% of the workforce (excluding schools) are from minority ethnic (ME) groups.</p> <p>Of the 72 employees potentially affected by the reductions, 5 of them are from minority ethnic groups, which equates to 6.95 % i.e. 0.35% higher than the representation in the workforce. Depending upon the final outcomes of the selection processes there could have been a disproportionate adverse affect on employees from ME backgrounds.</p> <p>However, of the final number of 34 employees under notice of redundancy, 1 is from an ethnic minority group, which equates to 2.9% and is therefore lower than the representation in the workforce.</p> <p>Via the redeployment scheme, every effort is being made to retain talent within the workforce and to minimise the impact on under-represented groups of employees</p>	
8. Are there concerns that there <u>could</u> be a differential impact due to <i>disability</i>?	YES	Possibly
	NO	
What evidence exists for this?	<p>Monitoring of the workforce as at 31 March 2010 showed that 3.5% of the workforce (excluding schools) have declared a disability.</p> <p>Of the 72 employees potentially affected by the reductions, 3 of them have declared a disability, which equates to 4.17% i.e. 0.67% higher than the representation in the workforce. Depending upon the final outcomes of the selection processes there could have been a disproportionate adverse affect on employees declaring a disability.</p> <p>Of the final number of 34 employees under notice of redundancy, 2 of them have declared a disability, which equates to 5.88% i.e. 2.38% higher than the representation in the workforce</p> <p>It should be noted that small numbers are involved and should the number of disabled employees affected reduce to 1 or lower, the percentage affected would reduce to 2.9% or lower, which is lower than the representation in the workforce.</p>	

	Via the redeployment scheme, every effort is being made to retain talent within the workforce and to minimise the impact on under-represented groups of employees. Both of these employees have had their notice periods extended into 2011.	
9. Are there concerns that there <u>could</u> be a differential impact due to <i>gender</i>?	YES	
	NO	
What evidence exists for this?	<p>Monitoring of the workforce as at 31 March 2010 showed that 71.6% of the workforce (excluding schools) are women. In the specific areas affected by the in year savings, 80% of the work groups are women.</p> <p>Of the 72 employees potentially affected by the reductions, 62 of them are women, which equates to 86.1% i.e. 14.5% higher than the representation in the workforce and 6.1% higher than the representation in the specific areas affected. Depending upon the final outcomes of the selection processes there could be seen to be a disproportionate adverse affect on women employees.</p> <p>Of the final number of 34 employees under notice of redundancy, 29 of them are women, which equates to 85.3% i.e. 13.7% higher than the representation in the workforce and 5.3% higher than the representation in the specific areas affected.</p> <p>However, taking into account the fact that men are under-represented within the workforce compared to the community, the proposals do not have an adverse impact due to gender.</p> <p>Via the redeployment scheme, every effort is being made to retain talent within the workforce and to minimise the impact on under-represented groups of employees.</p>	
10. Are there concerns there <u>could</u> be a differential impact due to <i>sexual orientation</i>?	YES	Not known
	NO	
What evidence exists for this?	Not known as the Council does not monitor the workforce for sexual orientation	

11. Are there concerns there could be a have a differential impact due to <i>religion or belief</i>?	YES	Not known																														
	NO																															
What evidence exists for this?	Not known as the Council does not monitor the workforce for religion or belief																															
12. Are there concerns there could be a differential impact due to people's age?	YES	No																														
	NO																															
What evidence exists for this?	<p>Monitoring of the workforce (exc. schools) shows the following percentages:</p> <table> <tr> <td>Under 30 =</td> <td>17%</td> </tr> <tr> <td>30 – 39 =</td> <td>18%</td> </tr> <tr> <td>40 – 49 =</td> <td>28%</td> </tr> <tr> <td>50 – 59 =</td> <td>29%</td> </tr> <tr> <td>60 – 65 =</td> <td>8%</td> </tr> </table> <p>Of the 72 employees potentially affected by the reductions, the age breakdown shows the following percentages:</p> <table> <tr> <td>Under 30</td> <td>= 11%</td> </tr> <tr> <td>30 – 39</td> <td>= 26%</td> </tr> <tr> <td>40 – 49</td> <td>= 25%</td> </tr> <tr> <td>50 – 59</td> <td>= 29%</td> </tr> <tr> <td>60 – 65</td> <td>= 9%</td> </tr> </table> <p>Of the final number of 34 employees under notice of redundancy, the breakdown is as follows:</p> <table> <tr> <td>Under 30</td> <td>= 18%</td> </tr> <tr> <td>30 – 39</td> <td>= 15%</td> </tr> <tr> <td>40 – 49</td> <td>= 27%</td> </tr> <tr> <td>50 – 59</td> <td>= 25%</td> </tr> <tr> <td>60 – 65</td> <td>= 15%</td> </tr> </table> <p>This indicates proportionate impact on younger employees and potential disproportionate impact on employees aged 60 – 65. However, 60% of those in this group volunteered to be released on the grounds of redundancy and were entitled to early release of pension benefits and therefore no disproportionate impact has been identified.</p> <p>Via the redeployment scheme, every effort is being made to retain talent within the workforce and to minimise the impact on under-represented groups of employees</p>		Under 30 =	17%	30 – 39 =	18%	40 – 49 =	28%	50 – 59 =	29%	60 – 65 =	8%	Under 30	= 11%	30 – 39	= 26%	40 – 49	= 25%	50 – 59	= 29%	60 – 65	= 9%	Under 30	= 18%	30 – 39	= 15%	40 – 49	= 27%	50 – 59	= 25%	60 – 65	= 15%
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50 – 59	= 25%																															
60 – 65	= 15%																															

13. Are there concerns that there <u>could</u> be a differential impact due to <i>being transgendered or transsexual</i> ?	YES	Not known
	NO	
What evidence exists for this?	Not known as the Council does not monitor the workforce for being transgender or transsexual	
14. Are there any <i>other</i> groups that would find it difficult to access/make use of the function (e.g. young parents, commuters, people with caring responsibilities or dependants, young carers, or people living in rural areas)?	YES	Not applicable
	NO	
What evidence exists for this?	N/A	
15. Are there concerns there <u>could</u> have a differential impact due to <i>multiple discriminations</i> (e.g. disability <u>and</u> age)?	YES	No
	NO	
What evidence exists for this?	<p>Of the 72 posts originally potentially affected, three disabled employees are women and one of them is also from a ME community. However, of the final number of 34 employees under notice of redundancy, only 1 is from an ethnic minority group and this person has not declared a disability</p> <p>Of the final number of 34 employees under notice of redundancy, 2 of them have declared a disability (and these are both women), which equates to 5.88% i.e. 2.38% higher than the representation of disabled employees in the workforce. Both of these employees have had their notice periods extended into 2011.</p> <p>It should be noted that small numbers are involved and should the number of disabled employees affected reduce to 1 or lower, the percentage affected would reduce to 2.9% or lower, which is lower than the representation in the workforce.</p> <p>Via the redeployment scheme, every effort is being made to retain talent within the workforce and to minimise the impact on under-represented groups of employees.</p>	

Conclusions & recommendation		
16. Could the differential impacts identified in questions 7-15 amount to there being the potential for adverse impact?	YES	No
	NO	
17. Can the adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or another reason?	YES	Not Applicable
	NO	
Recommendation to proceed to a full impact assessment?		
No		

Action plan to make Minor modifications		
Outcome	Actions (with date of completion)	Officer responsible

Planning ahead: Reminders for the next review		
Date of next review	Not applicable to schedule this DIA for full review, but the council will continue to monitor impact of individual proposals.	
Areas to check at next review (e.g. new census information, new legislation due)		
Is there <i>another</i> group (e.g. new communities) that is relevant and ought to be considered next time?		
Signed Assistant Director  Tricia Palmer	Date	11 October 2010