

Industrial Relations Committee: 6 June 2013
Executive Management Team: 18 June 2013
General Purposes and Licensing Committee: 5 July 2013
Council: 15 July 2013

A REVIEW OF ORGANISATIONAL CHANGE POLICIES AND PROCEDURES

1. Purpose

- 1.1 This report reviews the Council's current organisational change policies which will help to support the Medium Term Financial Strategy and the Efficiency and Savings plan. These policies will take effect on 1st August 2013.
- 1.2 The key changes proposed are as follows:
 - Staff will need to have 2 years continuous service before they are entitled to be placed on the Redeployment register (previously 1 year).
 - To reduce the Redundancy compensation scheme to x1.5 of statutory redundancy (continuing to be based on actual weekly pay) to a maximum of 45 weeks.

2. Organisational change

- 2.1 The Council is committed to the establishment of effective organisational structures that are flexible and responsive to changing needs.
- 2.2 The Council, in consultation with Employee Side, will seek to minimize the effect of changes and, wherever possible, reductions in the number of employees will be achieved through natural staff turnover by retirement or resignations.

3. Vacancy management procedure

- 3.1 The Council's vacancy management procedure has been in place since January 2009. The procedure requires all vacancies to be approved by EMT. Short term vacancies (less than 12 weeks) and contractual changes of less than 7.5 hours are approved by Heads of Service. This is one of the key measures in place to manage the Council's headcount. EMT review vacancies on weekly basis, this ensures that there is minimal delay in the vacancy process.
- 3.2 The use of agency workers/consultants should be kept to a minimum and must be approved by Head of Service.

4. Age retirement

- 4.1 The default retirement age (65) became unlawful on the 1st October 2011. Staff are free to choose when they wish to retire. To support staff who maybe considering retirement, the Council offers a pre-retirement seminar for all employees over 55. There have also been a number of short awareness sessions run by Prudential which were aimed at encouraging staff to save for retirement.
- 4.2 Employees who are aged 65 or over will remain entitled to join or continue to be a member of the pension scheme up to the age of 75 in accordance with its rules.

5. Where employee numbers exceed requirements

- 5.1 Where work is to be reduced or cease due to the termination of a contract or agency agreement by an external client, or the loss of a contract following Competitive Tendering, every effort will be made to obtain agreement to transfer employees to any new contractors or clients in accordance with the provisions of the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).
- 5.2 Where work has reduced due to funding, technology changes and market conditions, a planned approach to matching resources to workload will take place.
- 5.3 In any changes in employment, wherever possible, practical steps will be taken to avoid redundancies.
- 5.4 There will be early consultation with Employee Side with a view to reaching agreement on revised structures, methods of working etc and reasonable arrangements to protect employees.
- 5.5 The Council will facilitate redeployment through the Council's Redeployment Register and retraining if appropriate. The Council will do all it reasonably can to provide job security and, where this is not possible, take account of employees' views and well-being.
- 5.6 Where security of employment is not possible the Council will provide assistance to employees so that, wherever practicable, alternative work opportunities can be considered.
- 5.7 The services of contractors, consultants or agency staff, in areas where alternative employment opportunities would be possible, will be curtailed subject to legal and contractual constraints.
- 5.8 Overtime working will be examined.
- 5.9 Employees in the Service affected maybe considered for flexible employment, voluntary early retirement on efficiency grounds, voluntary redundancy or flexible retirement. Subject to consultation, areas other than those directly affected will also be considered if such action would create employment or redeployment opportunities. All requests will be carefully considered; it should be stressed, however, that the overriding consideration should be the continued efficient running of the Council and the maintenance of an appropriate and high quality skill base. Therefore the Council reserves the right to reject any requests where it is believed that it is in the Council's best interest to retain their skills.
- 5.10 Opportunities for secondment will be examined.
- 5.11 Compulsory redundancies will only be progressed as a last resort normally when all of the preceding stages have been completed.

6. Selection of employees for posts in a revised/new organisation structure

6.1 Selection

- 6.1.1 Employees will be selected either for posts in revised structures or for redeployment or re-training opportunities, in accordance with the Council's

Recruitment and Selection Management Advice Note, on merit and against consistent and fair criteria.

- 6.1.2 The method of recruitment and the criteria will be decided in advance, this will include an interview. There will be early consultation with employee side representatives.
- 6.1.3 The selection criteria could include:-
- operational requirements;
 - the need to maintain a competent and balanced workforce;
 - employee's skills, conduct, performance, capability, competence, work attendance and any other factors.
- 6.1.4 Selection decisions will not be made on the basis of sex, age, race, colour or ethnic origin, sexual orientation, religion, disability, medical condition, marital status, gender identity, full or part time employment or trade union activities.
- 6.1.5 Decisions on such employment matters will be made by the Head of Service and a member of Human Resources.

Note: - It is good practice to complete a written pro forma as an assessment of employees' skills, performance, conduct and capability, using the criteria so that differences between employees can be satisfactorily identified.

6.1.6 **Ring fencing of employees**

Where seeking to fill vacancies created by a reorganisation, recruitment may be 'ring fenced' to employees within the section being re-organised or to them plus others likely to have appropriate skills or competencies. At this stage employees will not formally be placed on the Council's Redeployment register.

6.2 **Guidelines on Natural Succession**

Where a job ceases to exist as a result of a reorganisation but a similar job is created utilising the same or virtually the same skills, a 'natural successor' situation may arise. A person will be considered to conform to the natural successor rule when there is a substantial match (generally 75%) between their substantive existing job and the new job. An employee who has been "acting up" will be matched on the basis of the substantive job, unless they have been undertaking the acting up for a consecutive 6 months.

- 6.2.1 **Posts must be looked at in the round in consultation with Human Resources.** There is no precise mathematical calculation to determine whether or not a post qualifies as a natural successor or new. If a change merely involves taking on more of the same work that a postholder could reasonably be expected to do, then the post may not be new.
- 6.2.2 **Slotting in of employees** – where it is clear that the post is a natural successor in consultation with employee side, consideration will be given to 'slotting in' employees to available vacancies.
- 6.2.3 Criteria to which managers should look to determine whether or not a post is new include:
- a) **The responsibilities of the job:** where a post incorporates new functions that can be said to involve different responsibilities that may

be said to create a new post. Likewise the scale of responsibility involved may be an important consideration.

- b) **The nature of the post:** where a post requires increased, or new, policy involvement that may incline one to the view that it is new.
- c) **Skills/qualifications required for the post:** where a post demands skills/qualifications that the current equivalent post could not be said to require, that may be a new post.
- d) **The salary for the post:** where there is a difference in pay between the current post and the new one that may incline one to the view that it is new.

7 Redeployment procedure

7.1 Eligibility Changes

The redeployment register gives staff who are at risk of redundancy (or unable to continue their employment due to capability, competence or health reasons) access to appropriate vacancies before posts are advertised. To safeguard the Council against any claims of unfair dismissal all employees with one year's service had an entitlement to the redeployment register (even though the entitlement to redundancy was 2 years).

In 2012, the right to claim unfair dismissal came into line with redundancy - both qualifying periods are now 2 years. In light of these changes it is proposed that the Council's policy be amended and the qualifying period for both redundancy and the redeployment register is 2 years. This qualifying period will apply to staff in the following circumstances:

- i) at risk of redundancy;
- ii) unable to continue in their current employment based on capability or competence;
- iii) under a fixed term contract that is over two years and are approaching the end of that contract.

If an employee is unable to do the following there is no qualifying period of continuous service:

- i) unable to continue in their current employment because of ill health and would otherwise be retired or dismissed on grounds of ill health;
- ii) unable to continue in their current employment because of a disability;

To safeguard the integrity of the process the Head of Human Resources, in consultation with the relevant Service Head, is authorised to exclude from the redeployment register an employee if another route is more appropriate.

7.2 Period of seeking redeployment

Except in exceptional circumstances the period for employees to be on the redeployment register will be a minimum of one month. This includes eligible temporary employees (e.g. those with at least two year of continuous service). In redundancy terms, employees will be placed on the at risk register at the time they are given notice of dismissal.

7.3 Assistance to employees

The line manager and Human Resources will seek to assist the employee on the redeployment register to obtain an alternative post. Employees are expected to cooperate fully and positively and to take all reasonable steps to secure an alternative post. An employee who unreasonably refuses an offer of suitable alternative employment may lose their entitlement to a redundancy payment.

7.4 Job Matching

Under these arrangements Human Resources will compare vacancies with details of employees seeking redeployment to seek a “match”. The employee will be asked to detail their skills, knowledge and experience. The pro forma will be kept in Human Resources and will be used to job match.

Job matching internally continues to be difficult in the current climate. It should also be borne into mind that the external job market for staff leaving the Council remains difficult. Therefore, the Council as a good employer may need to do more in the way of re-training current employees to increase the likelihood of the employee being redeployed within the Council.

Human Resources will monitor details of employees on the Redeployment register and future/current vacancies. This will be done through:

- vacancy management process
- pending retirements
- resignations as they arise

8 Redundancy Policy

8.1 The law on collective consultation has recently changed with the consultation related to larger scale redundancies reduced from 90 to 45 days. This is the minimum level of consultation that the Council is required to take; in practice the Council will continue to consult employee side at the earliest opportunity. The statutory consultation is detailed below:

No. of contemplated redundancies in any 90 day period	Consultation should commence
20-99 possible redundancies	At least 30 days before the first notice of dismissal takes effect.
100+	At least 45 days before the first notice of dismissal takes effect.

8.2 The Council's redundancy selection matrix has been in place for a period of time. ACAS has recently updated their guidance. It is proposed that the Council adopts the ACAS guidance, which includes the following key factors:

- Work Performance
- Skills/Competence
- Disciplinary Record
- Attendance Record

8.3 Redundancy Compensation

8.3.1 All employees with more than 2 years continuous service are entitled to a redundancy payment. If employees are aged at least 55 they are also automatically entitled to the immediate payment of pension benefits if they are retired on the grounds of redundancy.

8.3.2 The Council's redundancy compensation scheme is based on the statutory redundancy grid, which is based on age and length of service (up to 20 years) and gives up to a maximum of 30 weeks (the grid is attached as Appendix 1). This grid determines the number of weeks pay due which is then subject to a limit on weekly pay (currently £450 per week). The majority of employers do not apply the weekly cap but instead pay actual weekly pay.

8.3.3 In a recent local government survey, it was identified that 36% of employers pay a multiplier of x1, a further 46% pay between x1 (and offer an enhanced pension) and x1.75. A further 18% (within the upper quartile) pay x2 or above as a multiplier.

8.3.4 The Council's policy on redundancy compensation should balance the needs of the organisation (financial and its ability to facilitate change), the market and what is fair compensation to staff who are made redundant. The financial situation of the Council continues to be under great pressure, the market comparisons show that the Council's current policy of x2 is above market. Therefore, a revised redundancy compensation scheme is proposed which continues to apply for both voluntary and compulsory redundancies, this is as follows:

- All redundancy payments will be based on actual weekly pay and will be paid a multiplier of x1.5 the statutory grid up to a maximum of 45 weeks. All redundancy cases are subject to a business case which must achieve a maximum financial payback of 3 years.
- The Chief Executive, Executive Director, in consultation with the Head of Human Resources, and an Employee Side representative can approve other retirements under delegated authority.

8.3.5 The proposed policy will apply to all business cases approved from 1st August 2013.

9. Financial implications

9.1 The proposed redundancy policy will reduce future cost of redundancy compensation by 25% (x2 to x1.5). If we look back at redundancy costs for 2012/13, these costs were £276,000 if we had changed the scheme from 1st April 2012 to x1.5, then the costs would have reduced to £207,000.

10. Environmental Implications

10.1 There are no direct environmental implications to this report.

11. Equality and diversity implications

11.1 There are no direct equality and diversity implications, the proposed changes to redundancy compensation will affect potential redundant employees equally regardless of age and length of service.

12. Employee Side comments

- 12.1 The Employee Side understand the reason for change and support the commitment in 5.3 and 5.11 to take practical steps to avoid redundancies, with compulsory redundancy only as a last resort.
- 12.2 We welcome the on-going commitment from the employer to engage with the employee side throughout any process.
- 12.3 We accept that these are difficult financial times, but remain disappointed to see a further erosion of terms and conditions, coming so soon after the changes approved by the Council in October 2012.
- 12.4 We do consider NFDC to be an employer of choice. But by taking the decision to move from x2 multiplier and 60 weeks maximum payment, to x1.5 multiplier and 45 weeks maximum, and so reducing NFDC terms from higher to mid quartiles, the employer may unwittingly appear to be aspiring to be average. At a time when the need for innovation and resilience is greater than ever, such reductions may limit the employer's ability to retain and attract the calibre of employee to meet that need.

13. IRC Comments (from 6th June meeting)

- 13.1 Mr Terry of UNISON expressed a number of concerns and suggestions regarding the proposals to include the following: -
 - 13.1.1 That Employer Side had not made it clear what financial savings would be made as a result of the proposals. He requested that these be detailed in the final report to members.
 - 13.1.2 That Employer Side should consider offering enhanced severance schemes for employees volunteering for redundancy.
 - 13.1.3 That the criteria used to assist in the selection process for employees for posts in revised/new organisational structures should become a universal policy and should apply to all redundancy situations.
 - 13.1.4 That guidelines on natural succession should include the 'rule' that employees who have 75% of the skills required for the post automatically be considered as the natural successor.
 - 13.1.5 When a redundancy situation arises, that Employee Side continues with early consultation and that the consultation period exceeds the 45 day minimum required by law.
 - 13.1.6 That Employer Side considers redeployment pay protection in order to avoid redundancies.
 - 13.1.7 Mr Terry concluded that Employee Side could not support the proposals, particularly when Employer Side had not considered alternative ways to further protect staff against redundancy.
 - 13.1.8 The Employee Side members wished to record their strong opposition to the proposals set out in the report and for their views to be made clear to the General Purposes and Licensing Committee.

14. Response to IRC comments

- 14.1.1 The financial implications of the changes to redundancy compensation are now detailed in section 9 Financial Implications. The future cost of redundancy compensation will reduce by 25%.
- 14.1.2 The Council strongly believes that staff leaving the Council on a voluntary basis should not be treated any more favourably than those individuals who unfortunately face compulsory redundancy. Therefore, there is one policy proposed x1.5 and this applies to both voluntary and compulsory redundancy.
- 14.1.3 The Management Advice Note on Recruitment and Selection contains the Council's policies and practices. The updated Management Advice Note on Redundancy will contain the Council's policies and practices.
- 14.1.4 The guidelines on natural succession in section 6.2 now includes a reference to a 'generally 75%' match.
- 14.1.5 Section 8.1 has been amended to reinforce the Council's current practice of consulting with employee side at the earliest opportunity.
- 14.1.6 A report will be taken to Industrial Relations Committee on the 5th September 2013 to consider a Redeployment Pay Protection policy.
- 14.1.7 Section 5 of this policy details the steps the Council takes to minimise the effect of a redundancy situation.

15. Recommendations

- 15.1 That it be recommended to the Council that: -
 - 15.1.1 The proposed redeployment procedure in section 7 be agreed;
 - 15.1.2 The proposed redundancy policy in section 8 be agreed; and
 - 15.1.3 That the organisational change policy be agreed.

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Background Papers:
None.

REDUNDANCY PAYMENTS TABLE

A GUIDE FOR MANAGERS

The redundancy payment due to each employee under the statutory redundancy payment scheme depends on his or her age and length of service (up to twenty years). This determines the number of weeks pay due, which is then subject to a limit on weekly pay.

To calculate the number of weeks pay due, you should use the following amounts –

- 0.5 week's pay for each full year of service where age during year less than 22
- week's pay for each full year of service where age during year is 22 or above, but less than 41
- 1.5 weeks' pay for each full year of service where age during year is 41+

Statutory Redundancy Pay Table

To calculate the number of weeks redundancy pay, cross reference the person's age and years of service.

17* - The table starts at age 17, as it is possible for a 17 year old to have 2 years service. Compulsory school leaving age can be 15^{3/4} or 15^{4/5} where a child is 16 before 1 September. Particular care should be taken when calculating an individual's redundancy pay when they joined as an employee below the age of 16.

61* - The table stops at age 61 because for employees age 61 and over, the payment remains the same as for age 61.

The table has been changed to incorporate user comments received since the introduction of the Employment Equality (Age Regulations) in October 2006.

Statutory redundancy pay table

Age	Service (Years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
17*	1																			
18	1	1½																		
19	1	1½	2																	
20	1	1½	2	2½	-															
21	1	1½	2	2½	3	-														
22	1	1½	2	2½	3	3½	-													
23	1½	2	2½	3	3½	4	4½	-												
24	2	2½	3	3½	4	4½	5	5½	-											
25	2	3	3½	4	4½	5	5½	6	6½	-										
26	2	3	4	4½	5	5½	6	6½	7	7½	-									
27	2	3	4	5	5½	6	6½	7	7½	8	8½	-								
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½	-							
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½	-						

Age	Service (Years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½	-					
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½	-				
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½	-			
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½	-		
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½	-	
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½	
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18	
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½	
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24	
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½	
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25	
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½	
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26	
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½	
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27	
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½	
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28	
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½	
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29	
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½	
61+	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	