

NAME OF COMMITTEE	Council
DATE	24 June 2014
REPORT TITLE	T18 Human Resource Work Stream
Report of	Head of Paid Service
WARDS AFFECTED	All

Summary of report: The purpose of this report is to inform Council of the progress made on the Human Resource work stream within the T18 Programme and to seek approval to a number of initiatives.

Financial implications: The two Councils face large scale financial challenges in the next three years with a reduction in Government funding creating an anticipated budget gap of £4.7m on a combined net budget of £16.8m. The Transformation Programme enables both Councils to respond to the financial challenges. The overall budget for the T18 Programme is made up of many component parts, both the savings and the expenditure. As the Programme progresses, the Business Plan is incrementally refined and both cost and savings predictions can be clarified. The financial implications of the recommendations in this report are set out in Section 9 of this report.

RECOMMENDATIONS:

That Council resolves to:

- (i) **approve the Job Level Assessment Scheme and the resulting pay and grading structure as set out in Appendix C and that any subsequent assessment of any role is delegated to the Head of Paid Service in consultation with the appropriate Head of Service or Service Lead;**
- (ii) **approve the IMPACT behavioural framework as set out in Appendix D;**
- (iii) **agree to establish the host organisation and delegate the naming of the host organisation to the Head of Paid Service in consultation with the Leader and the Deputy Leader of both Councils;**
- (iv) **approve the Domestic Allowance for home workers as set out in Section 5 of the report;**

- (v) note that all redundancies will be carried out under the existing provisions of the Council's Redundancy and Interest of Efficiency Policy.

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1. BACKGROUND

- 1.1 The Council resolved on 4 November 2013 to:

Minute No CM 49 – Consultation should continue with staff and unions on the creation, in partnership with SHDC, of a new 'host organisation' able to give a whole organisation response to service demands rather than a traditional departmental response. That new contracts of employment be issued with new terms and conditions for all staff who will still be employed by both Councils.

- 1.2 As part of the T18 Transformation Programme, a formal consultation was carried out with all affected employees on proposals arising from the Human Resource work stream. The consultation was issued on 11 April and over 100 responses were received before the consultation period closed on 9 May 2014. The consultation document can be obtained from Member Services.
- 1.3 Responses were received from UNISON, teams and individuals. A formal response has been issued to UNISON and negotiations continue on some outstanding issues. A formal response was published to all staff on 13 June and this is attached at Appendix A. The response to UNISON is attached at Appendix B.
- 1.4 During the same period a consultation document was issued on proposals affecting the senior management structure and this is subject to a separate report on this agenda.
- 1.5 The work that has taken place within the T18 HR Workstream and the outcome from the staff consultation requires the Council to consider a range of issues which are summarised as follows.

2. PAY AND GRADING

- 2.1 As part of the programme, a new approach to pay and grading has been developed.
- 2.2 It is proposed to use Job Level Assessment to evaluate all roles in the new operating model and to replace the current schemes used at South Hams and West Devon Councils. This will enable all roles within the new operating model to be evaluated under a single scheme, irrespective of whether the post holder is employed by South Hams or West Devon and will be an important component of

creating a new unified culture in the host organisation. Furthermore Job Level Assessment provides greater flexibility to manage any adverse impact on staff and/or corporate budgets compared to more prescriptive job evaluation schemes.

- 2.3 The Job Level Assessment tool is based around an assessment of 4 key criteria:
- The knowledge and skills required to carry out the activities and duties of the role
 - The degree of discretion used when decisions are taken
 - The responsibility for managing resources, including people, data and physical assets
 - The impact the role has on our customers and communities
- 2.4 A new grading structure is proposed that maintains the contractual link to the National Joint Council pay spine, but replaces the existing 14 grades with a simplified structure using 7 levels below senior management. The reduced number of grades is in accordance with current best practice in reward management and better reflects the reduced number of roles within the new operating model.
- 2.5 Using the Job Level Assessment tool, SMT evaluated all roles within the new operating model (excluding roles at senior management level) and assigned a proposed level. Where a new role is identified or there are changes to the responsibilities of a role, a reassessment will be carried out by the Head of Paid Service in consultation with the appropriate Head of Service or in due course Service Lead.
- 2.6 The Job Level Assessment framework and proposed pay and grading structure, showing salary bands and the assigned level for each role is attached at Appendix C.

It is recommended that Council approve the Job Level Assessment scheme and the resulting pay and grading structure as set out in Appendix C.

It is recommended that any subsequent assessment of a role is delegated to the Head of Paid Service in consultation with the appropriate Head of Service or future Service Lead.

3. IMPACT BEHAVIOUR FRAMEWORK

- 3.1 As Members will be aware, the T18 Programme is a cultural change programme. Following workshops with staff, a new behaviour framework is proposed to embody the attitudes and behaviours that all staff will need to display. The framework is known as IMPACT to reflect the idea that how we do things has an impact on the lives of our customers and communities every bit as much as what we do.
- 3.2 The new IMPACT behavioral framework will help provide a common language to understand and define the behaviours required for success across the new organisation and will help to drive a joint set of values and culture. Additionally,

this approach will serve to link key aspects of Human Resource Strategy in a seamless framework to allow for recruitment selection, performance management and other HR activity to be fully integrated based on the joint behavioural framework.

- 3.3 The IMPACT behaviour framework is set out in Appendix D.

It is recommended that Council approves the IMPACT behavioural framework.

4. HOST ORGANISATION

- 4.1 As part of the T18 Transformation Programme, during the Autumn the Council resolved to continue consulting with staff and unions on the creation of a new 'host organisation' that would be able to give a whole organisation response to service demands rather than a traditional departmental response. Following consultation with staff and the trade unions, it is now proposed to establish the host organisation.

- 4.2 By creating a 'host organisation' with its own identity, we can create a catalyst to enable the cultural shift required to work in a very different way. This will not require the creation of a separate legal entity and staff will continue to be employed by the two councils but they will have new terms and conditions (still within the national agreement) aligned with new ICT and a new working environment. This proposal also ensures that both SHDC and WDBC will still retain full control of their workforce but creates a model that could be attractive to new potential partners. It will then be possible to take the next step of creating an ASDEM (Alternative Service Delivery Model, as an example, a social enterprise) should further examination prove the business case for doing so.

It is recommended that Council agree to establish the host organisation and delegate the naming of the host organisation to the Head of Paid Service in consultation with the Leader and the Deputy Leader of both Councils.

5. AGILE WORKING

- 5.1 At the heart of agile working is the philosophy that work is something we do, not somewhere we go – it is an activity, not a place. Agile working means not working from a fixed location, at a fixed time, all the time. Most roles can be agile, and the extent to which people work in an agile way can vary from role to role. Agile workers have the flexibility to work from a variety of places, without necessarily needing to have a fixed base to return to on a regular basis.

- 5.2 A Fixed worker will be based almost 100% in the office in a fixed area or at a fixed desk.

- 5.3 A Home worker will be based almost 100% at home and appropriate when it is beneficial for the officer, the Councils and their customers.

- 5.4 A Mobile worker will work mostly on the move and out in localities.

- 5.5 A flexible worker will work in a variety of locations, including at home, in offices, in localities and often attending meetings both in the office and elsewhere. We will be providing desks for flexible workers on a 6:10 ratio.
- 5.6 To support employees who become permanent home workers it is proposed to pay a monthly domestic allowance of £18. This is in line with the tax-free allowance payable under HMRC guidelines and will provide compensation for all additional expenditure such as heating, lighting and wear and tear to fixtures and fittings.
- 5.7 Where an employee incurs unavoidable expenditure above the allowance, it is proposed that SMT consider additional payments on a case by case basis.
- 5.8 It is not proposed to pay a domestic allowance to flexible workers who may work from a variety of locations, including home, unless there are exceptional circumstances where expenditure is unavoidable and SMT agree that it is in the financial or other interests of the Council.
- 5.9 Following the consultation period, it is no longer proposed to restrict the eligibility for an essential car user allowance to Mobile Locality Officers. Instead, it is proposed to retain the existing approach and to carry out individual assessments, whilst acknowledging that the role of the Mobile Locality Officer and a more flexible way of working will reduce the need for some officers to receive an essential car user allowance.
- 5.10 The current Travel and Subsistence Policy will be re-negotiated with the trade unions and will be subject to a further report to members.

It is recommended that Council approve the Domestic Allowance for home workers.

6. SELECTION PROCESS AND REDUNDANCY

- 6.1 The design and delivery of the selection process is being carried out in partnership with iESE and will be subject to discussions with the trade unions.
- 6.2 As part of the consultation process, 56 officers in total from both Councils expressed an interest in voluntary redundancy. The requests are under consideration by SMT. It should be noted that employees retain the right to withdraw their interest in voluntary redundancy up to the point that the Council issues a notice of redundancy. The selection process is being phased through the life of the Programme. To ensure that service delivery can be maintained through the transition, in general voluntary redundancies will be agreed on a phase by phase basis unless there is a benefit to the Councils of early release. All redundancies will be managed in accordance with the Council's agreed Redundancy and Interests of Efficiency Policy, including the level of financial compensation paid.
- 6.3 Under existing provisions, the responsibility for approving a redundancy is delegated to the Head of Paid Service and decisions are taken in consultation with the Leader.

It is recommended that Council note that all redundancies will be carried out under the existing provisions of the Council’s Redundancy and Interest of Efficiency Policy.

7. PHASE 1A

- 7.1 Initially selection of staff into the new model was proposed to take place in two phases, broadly relating to “place” and then “people” based activities. The original first phase has now been subdivided into two (1a and 1b) to enable SMT to manage the scale of organisational change. The new initial phase will relate to support services to provide a firm basis for new ways of working for front line service activity provided to external customers. Phase 1a implementation is anticipated in October 2014. A detailed business process review for Phase 1b is about to start with anticipated implementation during June 2015.
- 7.2 The Phase 1a selection process will be starting shortly. There are 71 posts within Scope for Phase 1a for Support Services and approximately 50 FTE’s within the new model, therefore a reduction of around 21 posts. The structure for Phase 1a is still being finalised but the current version is attached at Appendix E. It is unlikely to change by any significant amount.
- 7.3 Of the 21 posts to be reduced, 8 are anticipated to be achieved through voluntary redundancy and 8 through current vacant posts. In addition SMT have agreed that a further 5 officers from future phases who have expressed an interest in voluntary redundancy can also be released without any adverse impact on service delivery during the transition phase.
- 7.4 Our Councils have strived to make every effort to work with our current staff to try to minimise the level of any compulsory redundancies. The figures that are currently materialising from Phase 1a look encouraging in terms of facilitating that desire and being able to manage the transition for staff sensitively.
- 7.5 The costs of the 13 voluntary redundancies are shown below, with a split shown of how those costs would be divided up between both Councils. The basis of the split of costs is on the same basis as the recharge of salaries for the 2013/2014 financial year. Therefore if a postholder’s salary was recharged on a 60% SHDC/40% WDBC basis in the 2013/2014 financial year, their redundancy cost and pension strain costs would be met by each individual Council on this same basis. Some postholders are wholly 100% charged to one Council.
- 7.6 The total of the 13 Voluntary Redundancies is shown below:-

<i>Total of Phase 1a and Early release Voluntary redundancies</i>	<i>Total Cost</i>	<i>SHDC element of cost</i>	<i>WDBC element of cost</i>
13 posts	£295,722	£219,729 74.3%	£75,993 25.7%

7.7 The costs associated with staff exits cannot be finalised until the completion of the recruitment process.

8. LEGAL IMPLICATIONS

8.1 UNISON does not recognise the Job Level Assessment scheme as it is not a nationally agreed scheme that has been subject to a formal equality impact assessment. The Council's own equality impact assessment does not identify any discrimination and the impact of the scheme will be kept under review.

8.2 The Council is bound by the provisions of the Employment Rights Act 1996 when selecting officers for redundancy and the provisions of the Council's Redundancy and Interest of Efficiency Policy when managing redundancies and setting the appropriate level of financial compensation.

9. FINANCIAL IMPLICATIONS

9.1 It is anticipated that the proposed pay and grading structure, in conjunction with the reduction in the number of posts, enables the Council to deliver the level of salary savings of £3.2m as identified in the original business plan as approved by Council. Phase 1a is an early step in the implementation of the Programme.

9.2 The maximum financial liability for the Domestic Allowance is £216 per annum per employee and it is anticipated that the number of eligible employees in Phase 1a will be minimal.

9.3 The financial implications of the redundancies under Phase 1a are contained in paragraph 7.6 above.

10. RISK MANAGEMENT

10.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

11. OTHER CONSIDERATIONS

Corporate priorities engaged:	T18 Transformation programme
Considerations of equality and human rights:	There are no equality or human rights considerations
Biodiversity considerations:	There are no biodiversity considerations
Sustainability considerations:	There are no sustainability considerations
Crime and disorder implications:	There are no crime and disorder considerations
Background papers:	Staff Consultation document
Appendices attached:	A: Response to Staff Consultation B: Response to UNISON C: Job Level Assessment and Pay and Grading Structure D: IMPACT Behavioural Framework E: Phase 1a Organisational Design

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Equal Pay	That the Job Level Assessment tool is not a recognised scheme that would provide a defence to an equal pay claim in the same way as a formal job evaluation scheme.	2	1	2	↔	An Equality Impact Assessment has been carried out and it has not identified any discrimination on the grounds of gender. The impact of the pay and grading structure will be kept under review to ensure there is no unforeseen detrimental impact by gender.	SMT
2	Opening a phased selection process to all internal candidates	Challenge from the Unions and potential challenge from any unsuccessful current employee that the approach does not meet the agreed Managing Organisational Change Policy	2	2	4	↔	SMT have taken a range of advice and on balance have concluded that it is in the wider interest of both Councils to open all posts to all employees within the scope of the T18 Programme given the particular emphasis on behaviours and the desire to create a new culture within the organisation	SMT
3	Financial	That the cost of redundancies is greater than the budget provision	2	2	4	↔	Regular monitoring of the Business Plan assumptions with an acknowledgement that initial assumptions about both levels of savings and costs will change as this complex change programme progresses through each phase	SMT

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
4	Loss of knowledge	That the loss of skills, knowledge and experience through redundancy will create a skills gap and adversely affect corporate performance and service delivery	3	2	6	↔	<p>There is a work stream dedicated to identifying and capturing any potential loss of skills and knowledge</p> <p>A comprehensive learning and development programme will ensure that employees are given new skills to fill any identified gaps</p>	SMT
5	Staff morale	That asking staff to put themselves forward for selection will damage morale and affect corporate performance and service delivery	4	3	12	↔	<p>A comprehensive communication plan continues to inform employees of the rationale for the selection process and the need to make significant financial savings.</p>	SMT