

Report to Employment Panel

Agenda
Item:

A.1

Meeting Date: 19th February 2016
Portfolio: CROSS CUTTING
Key Decision:
Within Policy and
Budget Framework YES
Public / Private Public

Title: VOLUNTARY REDUNDANCY APPLICATIONS - CHIEF
OFFICERS
Report of: TOWN CLERK & CHIEF EXECUTIVE
Report Number: CE 02/16

Purpose / Summary:

Following the offer to staff of voluntary redundancy or early release in the interests of efficiency (reported to the Employment Panel on 1st October 2015 RD 34/15), two chief officers have applied for voluntary redundancy under the scheme. These redundancies are a decision for the Council with a recommendation from the Employment Panel.

The costs of redundancy for the two posts total £124,810 with a recurring revenue saving of £161,000. The deletion of two chief officers' posts affords a significant opportunity for management restructure, with a leaner management aligned to the Council's priorities and available resources. The right structure for the future will be determined following consultation with councillors and officers and will be the subject of future reports to the Panel and Council.

The agreement to deletion of these posts is therefore a necessary first step in redesigning a leaner officer structure for the City Council.

Recommendations:

1. That the Employment Panel recommends that Council:
 - a. Note the applications for Voluntary Redundancy made by the Director of Resources and the Director of Local Environment and, subject to settlement agreements, approve the said officers' dismissal by way of redundancy;

- b. agree the deletion of the posts of Director of Resources and Director of Local Environment as described in this report.
- c. Delegate authority to the Town Clerk & Chief Executive to negotiate and agree the above settlement agreements in line with current policy and the exit arrangements of the two Directors with such arrangements ensuring that the Council complies with the legal requirement to have a s151 Officer.

1. BACKGROUND

The Council's Medium Term Financial Plan clearly articulates a pressing need to deliver a further £3.475m of revenue savings and £1.360m of which is targeted at staffing reductions. The Council's aim of avoiding compulsory redundancy where possible led to development of a scheme whereby officers could apply for voluntary redundancy/early release under the terms agreed by the Employment Panel on 1 October 2015 (RD 34/15).

Administration of the scheme was delayed by the floods in December 2015, however the Senior Management Team are now minded to agree a number of post deletions totalling £1.1m of recurring revenue savings with a one-off cost of £1.4m. The £1.1m of savings is a 'gross' figure – there will be some costs of reorganisation in the wake of post deletions. However the overriding need to make substantial savings and meet the MTFP targets are fully understood.

Among these are two chief officer posts; Director of Resources and Director of Local Environment. Authority to delete these sits with the City Council and it is the intention to present a report with recommendation of the Employment Panel at the Council meeting on 8th March 2016.

If the Council agree the applications for voluntary redundancy (technically, any redundancy is a dismissal by way of redundancy) it will both facilitate and necessitate a restructure that will deliver the savings required in the Medium Financial Plan and ensure adequate arrangements for the Council's statutory s151 Officer are secured. Initial discussions with the Council's incumbent s151 Officer have indicated a willingness to remain with the Council until the Autumn of 2016 to ensure a smooth transition to new arrangements. In relation to the post of the Director of Local Environment, transitional and sensible exit arrangements will similarly be put in place to ensure that suitable management oversight of that area of the Council's business remains in place.

The nature of the new structure, including roles and responsibilities of senior managers will naturally be of considerable interest to members and will be the subject of future reports. Moreover, it is important that the new structure is developed in an inclusive way that involves members and officers. This work will begin immediately upon members reaching a decision on reducing the number of chief officers.

It is the firm view of the chief executive that the City Council can operate effectively with two fewer chief officers. The high potential and talent in the next tier of management can be effectively deployed to further develop the nascent culture of empowered officers

making flexible operational decisions in accordance with the Council’s priorities and values. The deletion of these posts is necessary (but not sufficient) to achieve that aim.

Governance – Legal Comments: Chief Officer Voluntary Redundancy

Redundancy, whether voluntary or compulsory, is, in law, deemed to be dismissal by way of redundancy. Therefore, irrespective of the fact that the Directors of Resources and Local Environment have each applied to be made redundant, the Council must follow relevant regulations and its Officer Employment Procedure Rules in processing the voluntary redundancy requests.

In the Articles of its Constitution, the Council states that it will have a specified number of Chief Officer posts and these include the following, together with relevant responsibilities:

Director of Resources	Finance, IT Services, Revenues and Benefits, and Facilities Management and Section 151.
Director of Local Environment	Bereavement Services and Cemeteries, Streetscene, Highways and Drainage, Waste Refuse Collection and Recycling, Environmental Protection, Food Hygiene, CCTV, Green Spaces and Car Parks.

Accordingly, for the posts to be made redundant, Council must approve both the redundancy decision and the removal of the posts from the officer structure. Whatever decision Council make, the Authority must still have an appointed ‘section 151’ Officer in accordance with s151 of the Local Government Act 1972.

The post of Director of Resources is the aforementioned statutory post (the s151 officer) which means that there is a statutory procedure for his dismissal as set out in the Local Authorities (Standing Orders)(England)(Regulations) 2001/3384. In accordance with the regulations, the Council has appointed two Independent Persons to advise the Employment Panel on the dismissal. Before the taking of a vote at the relevant meeting on whether or not to approve the dismissal of the s151 officer, the Council must take into account, in particular—

- i. any advice, views or recommendations of the Employment Panel;
- ii. the conclusions of any investigation into the proposed dismissal; and
- iii. any representations from the relevant officer.

In the case of the authority's chief finance officer, in accordance with the regulations, the Council must approve his dismissal before notice of dismissal is given to him. In addition, in accordance with our officer employment procedure rules, before the dismissal of either of the Chief Officers, the 'dismissor' (in this case full Council) must notify the Director of Governance for him to then notify the members of the Executive of the name of the Chief Officers to be dismissed and any other matters which the Council feel to be relevant to the dismissal.

- A time period is given for objections to be made by the members of the Executive to the Director of Governance.
- Following which, either:
 - the Leader notifies that neither he nor any member of the Executive has any objection to the dismissal (and the Director of Governance advises the Council to this effect) or,
 - the Council is satisfied that any objection received from the Executive is not material or is not well-founded.

When no objection is raised, Members of the Council will be notified of this fact in writing: where an objection is raised, the matter will be reported to a subsequent Council meeting.

Once the above procedure has been properly followed, the Council may give Notice to each of the two Chief Officers.

HR- Comments

HR have provided guidance regarding the VR/ER exercise throughout and would remind members of the following:

- ensure redundancy payments remained in line with current policy
- notice period remains in line with contracts of employment as a minimum (3months) extended notice periods may be agreed as described within the content of this report.

With careful management the deletion of the two Director posts from the current structure should have no negative impact on the Council and may provide the opportunity to further reduce 'silo' working.

Resources – Finance Comments: Chief Officer Voluntary Redundancy(Principal Accountant)

The Council's Medium Term Financial Plan highlights a need to deliver a further £3.475m of revenue savings over the next 3 years. This is broken down into staffing (£1.36m) and non-staffing (£2.115m) reductions profiled as shown in the table below.

	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Non Staffing Savings	386	400	1,329	2,115
Voluntary Redundancy/ Vacancy Management	815	395	150	1,360
Total Savings	1,201	795	1,479	3,475

The maximum savings available from the deletion of a number of posts through this Voluntary Redundancy/Early Release Initiative is £1.1m. The actual savings achievable is however expected to be lower than this level due to costs of reorganisations as a result of certain post deletions. It should also be noted that £199.5k is already achieved by vacancy management and service reviews towards the £1.36m target.

Based on current estimates, the one-off costs of the post deletions is expected to be around £1.4m. The Executive, on 19th October 2015, approved the release of the balance of £940,000 from the Transformation Reserve to fund redundancy and pension strain costs and that any additional balance required once actual costs are known, being subject to a further report to the Executive as part of the 2015/16 year end process.