

PERTH AND KINROSS COUNCIL

Finance & Resources Committee

1 February 2023

FRAMEWORK FOR MANAGING WORKFORCE CHANGE

**Report by Corporate Human Resources Manager
(Report No. 23/33)**

1. PURPOSE OF REPORT

This report seeks approval of changes to the Framework for Managing Workforce Changes (“the Framework”). The provisions contained in the Framework have been reviewed to ensure that the terms effectively support the Transformation & Change agenda in terms of pace and scale and remain fit for purpose and affordable. The Framework continues to ensure that we promote fair, consistent and equitable treatment of employees. The proposed changes relate to the voluntary redundancy compensation and the search periods for suitable alternative employment.

2. RECOMMENDATION

- 2.1 It is recommended that the Finance & Resources Committee:
- Approve the revised provisions within the Framework for Managing Workforce Change.

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background
- Section 5: Proposals
- Section 6: Consultation
- Section 7: Conclusion
- Appendices

4. BACKGROUND

- 4.1 The Framework for Managing Workforce Changes (the Framework) was initially approved by the Strategic Policy & Resources Executive Sub-Committee on 8 December 2010 (Report No. 10/625) and implemented on 1 March 2011. It was updated at the Strategic Policy Committee on 15 June 2016 (Report No. 16/271). The Framework’s discretionary terms were updated in 2019. The Framework applies to all staff groups, although certain aspects do not apply to Teachers.
- 4.2 The Framework enables organisational change in any workforce change scenario. It is one of several tools that is used to support transformation and other service redesign projects.

- 4.3 The main driver for the review is to ensure that the provisions within the Framework remain relevant and fit for purpose in the current financial climate. The changes will enable workforce change reviews to take place smoothly and timeously while supporting flexibility when responding to the Council's Transformation & Change programme.
- 4.4 The Framework continues to promote fair, consistent and equitable treatment of our employees. It also supports a culture of innovation, learning and our ongoing commitment to employability and positive approaches to managing our employees. The Council remains committed to continue to provide support and learning opportunities for all employees leading or affected by change and transformation.

5. PROPOSALS

- 5.1 The revised Framework, attached at Appendix 1, will complement other policies and procedures in supporting improved flexibility and adaptability and movement of staff across the Council.
- 5.2 It is proposed that the Framework is adapted to refresh the provisions to ensure that the terms effectively support the Transformation & Change agenda in terms of pace and scale and are fit for purpose and affordable.
- 5.3 The proposed key changes are listed in Appendix 2 and revised wording is shown in ***bold italics*** and explained below:

Redundancy Provisions

- 5.4 The Council applies discretion to calculate a redundancy payment based on the actual week's pay rather than the statutorily capped rate which is currently £571 per week. No change is proposed here.
- 5.5 The Council also uses its discretion to double the compensation payable for **voluntary redundancy** using the statutory calculator for age and length of service. This results in a maximum redundancy payment based on 20 years' service, giving a maximum of 30 weeks' pay. This was doubled for volunteers who were not able to access their local government pension, giving a maximum of 60 weeks' pay. This arrangement was introduced temporarily in 2016 as part of a council-wide Voluntary Severance exercise and was confirmed in 2019 as permanent. This arrangement is no longer affordable in the current economic climate and its impact on local government services. Therefore, it is proposed that the Council reverts to using the statutory maximum compensation of a maximum of 30 weeks' pay.
- 5.6 It is further proposed that a cash flat payment of £6k (pro-rated for part time staff) be introduced for volunteers for redundancy who are not eligible to access their local government pension; this will be paid in addition to the redundancy payment. Anyone who is eligible to access their local government pension will receive unreduced access to their Pension in addition to their redundancy payment and will not qualify for the cash flat payment.

- 5.7 There is no proposed change to the terms for employees with 2 years or less service.
- 5.8 There is an established process (para 6.3 in the Framework) for assessing applications for voluntary redundancy which will continue to be applied.
- 5.9 The Council will remain a large employer in the area and will always consider ways to mitigate the need for redundancies by considering retraining and finding suitable alternative employment. However, the current terms which effectively double an employee's notice period during which the search for suitable alternative employment is carried out are no longer affordable. This is particularly the case where there is no reasonable prospect of finding an alternative role. It is proposed that the search period for suitable alternative employment is the greater of statutory or contractual notice of up to a maximum 12 weeks or 3 months depending on the individual employee's contract of employment.
- 5.10 During the consultation period on the proposed changes, the trade unions requested the search period remains at the current minimum 8 weeks search, rather than the original proposal which was to revert to the contractual minimum of 4 weeks. The trade unions argued that a minimum period of 8 weeks is a more reasonable period of time to search for suitable alternative employment. Officers have accepted this argument and therefore it is proposed that the minimum search will be 8 weeks for those employees who have 8 years or less continuous service, with a search period up to a maximum of 12 weeks/3-month based on the contractual notice period for those who have qualifying service.
- 5.11 Employees who accept suitable alternative council employment with a lower salary during their search period will retain the existing provision of salary preservation to the current maximum of 26 weeks.

6. CONSULTATION

- 6.1 There have been a number of meetings with the Trade Unions to consult them on the proposed changes to the provisions within the Framework and their feedback and suggestions have been carefully considered and reflected in the final draft of the Framework for consideration by the Committee. In principle, they advised that they cannot agree to the changes proposed as their role is to optimise and maintain employment. They indicated that they could not agree to proposals or changes to any existing arrangements that detrimentally impact on their members. They are keen to ensure fair and equitable treatment of all employees and security of employment for all.
- 6.2 The Executive Leadership Team have been consulted on the revised Framework and have agreed with the proposed changes.

7. CONCLUSION

- 7.1 The Framework for Managing Workforce Change is a key policy framework for enabling workforce change.

- 7.2 The revised Framework will provide greater flexibility and pace for developing and implementing transformation and change.
- 7.3 The revised Framework will protect people, as far as reasonably practical, to remain in Council employment.

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Approved

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Karen Donaldson	Chief Operating Officer	18 January 2022

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Other Background Papers:

- Financial Strategy –approved by Council (22 June 2022) Report No. 22/141
- Transformation and Change Strategy 2022/23 to 2027/8 –approved by Council (22 June 2022) report No.22/142

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	Yes
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Corporate Plan

- 1.1 The Council's Corporate Plan 2022 – 2027 lays out seven outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Tackling Poverty
- (ii) Tackling climate change and supporting sustainable places
- (iii) Growing a sustainable and inclusive local economy
- (iv) Enabling our children and young people to achieve their full potential
- (v) Protecting and caring for our most vulnerable people
- (vi) Supporting and promoting physical and mental wellbeing
- (vii) Placing communities at the heart of how we work

- 1.2 It is considered that the proposals contained within this report contribute to all objectives.

2. Resource Implications

Financial

- 2.1 There are no financial implications arising directly from this report.

Workforce

- 2.2 The implications to the Council workforce of the revisions to the Framework are that there will be greater flexibility in terms of the pace of change necessary to support movement of employees from one role to another, preparing and enabling employees to adopt new roles and new ways of working. The Framework continues to protect people to remain in Council employment if they are willing to be flexible and agile in their approaches. The revision allows for a more streamlined approach to the costs associated with transformation and change, reducing the time to search for suitable alternative employment, reduced time to populate new organisational structures, and reduce the anxiety around the implementation of any changes. In a review or restructure situation the recognised Trade Unions will continue to be consulted about the approach and solutions proposed.

Asset Management (land, property, IT)

- 2.3 There are no land, IT or property implications arising from this report.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties. The proposals have been considered under the Corporate Equality Impact Assessment Process (EqIA) and assessed as **relevant** for the purposes of EqIA. A range of measures have been incorporated to ensure our arrangements make appropriate provision for the protected characteristics, and in particular for disability, pregnancy, maternity, paternity leave, race, sex and age. The Equality Impact Assessment undertaken in relation to this report can be viewed clicking [here](#).

Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate. The proposals contained in this report are assessed to have no sustainability related impacts.

Legal and Governance

- 3.4 The Head of Legal and Governance Services has been consulted in the preparation of this report.

Risk

- 3.5 The practices set out within this report are designed to ensure that the Council is resourced with a skilled workforce to enable it to modernise, transform and deliver its strategic objectives. It will provide opportunities to maximise and sustain employability of our people. Updating the redundancy provisions may lead to less people volunteering in the targeted areas. This could result in selection methods being applied to deliver changes and potentially more appeals from affected employees.

4. Consultation

Internal

- 4.1 The Head of Legal and Governance Services, the Executive Leadership Team have been consulted on the content of this report. Several meetings and formal consultation has been undertaken with the Trade Unions on the revised Framework.

External

- 4.2 No external consultation was required.

5. Communication

- 5.1 If approval is given for these proposals a communication plan will be developed to ensure that all employees are aware of and understand the approved changes. An implementation date of the next available month following the Committee decision will be set to enable the communication of the changes to be undertaken. This will be through Manager's Briefings, Service updates and face to face opportunities, such as briefings or team meetings.

2. BACKGROUND PAPERS

There were no background papers relied upon in the preparation of this report.

3. APPENDICES

Appendix 1: Framework for Managing Workforce Changes

Appendix 2: Table setting out the current and proposed changes