

Executive Board – 15 December 2020

Subject:	Voluntary Redundancy Programme
Corporate Director(s)/Director(s):	Hugh White Corporate Director for Covid Response and Recovery
Portfolio Holder(s):	Councillor Eunice Campbell-Clark
Report author and contact details:	Richard Henderson – Director of HR & Customer Hannah Gemmill – HR Business Lead
Other colleagues who have provided input:	Aman Patel – Legal Joanne Worster / Theresa Channell – Finance
Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Key Decision: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Criteria for Key Decision: (a) <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision and/or (b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure: <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Total value of the decision: Nil. However, the subsequent value of the decisions pending the outcome of consultation is up to £1.09million.	
Wards affected: All	
Date of consultation with Portfolio Holder(s): Throughout June to October	
Relevant Council Plan Key Theme: Nottingham People <input checked="" type="checkbox"/> Living in Nottingham <input checked="" type="checkbox"/> Growing Nottingham <input checked="" type="checkbox"/> Respect for Nottingham <input checked="" type="checkbox"/> Serving Nottingham Better <input checked="" type="checkbox"/>	
Summary of issues (including benefits to citizens/service users): The Council has a pool of employees who expressed an interest in taking voluntary redundancy in the summer. Budget proposals at that time did not provide the opportunity for those colleagues to be able to take voluntary redundancy. Work is underway to develop a further set of budget proposals to Executive Board on 19 January 2021. There is an opportunity to allow a further cohort of employees to take voluntary redundancy from the existing pool of applicants matched to these new	

budget proposals. This will have the benefit of being able to agree to their application for voluntary redundancy and to facilitate their early exit from the Council thereby generating additional saving.

Exempt information:

The legal observations are exempt from publication under paragraph 5 of Schedule 12A to the Local Government Act 1972 because they contain information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. This is because the legal observations contain a full analysis of the legal risks arising from the decision being sought. In addition, in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because: the information sets out the legal risks inherent in the course of action proposed here, which the Executive Board is arguably entitled to consider without Nottingham City Council's position being affected simply by the consideration of those risks.

Recommendation(s):

- 1) To approve the commencement of a period of 30 days' consultation in relation the proposed redundancies.
- 2) To note that final decision on the redundancies will be determined by the Chief Executive, in line with the Constitution.

1 Reasons for recommendations

- 1.1 A report to Executive Board, titled 'Interim Budget 2020/21, Medium Term Financial Outlook and Draft Strategy 2021/22 to 2023/24', was presented on 22 September. The report confirmed the outcome of the consultation process in relation to in year budget savings proposals amounting to **£12.505million** had been achieved.
- 1.2 Whilst the in-year budget position for 2020/21 was concluded within the 22 September report and approved at Full Council on 5 October, significant savings were identified as still being required to balance the Council's budget for 2021/22 and beyond.
- 1.3 Since then the Council has been subject to a non-statutory review process, which has further highlighted the financial challenges the Council is facing.
- 1.4 Running in parallel to the above budget process, the Council made available a Voluntary Redundancy (VR) programme for employees to submit their interest against. The first set of VR applications that were accepted were used as part of balancing the budget for 2020/21 and a further set of applications were approved for consultation at October's Executive Board. Overall around 200 employees have exited the Council under Voluntary Redundancy, and there remain a further 300 applicants who have been told that their application has not been accepted at this time.

- 1.5 The development of further budget proposals to balance the 2021/22 budget provides an opportunity to match existing VR applicants to those proposals and allow a further cohort of employees to leave under a fast-tracked process.
- 1.6 This will allow a further cohort of existing applicants to take VR and, by fast tracking, will allow the Council to achieve additional savings.
- 1.8 Bringing forward VR associated with these proposals facilitates employees leaving two months sooner, delivering additional savings. Using VR as a mechanism to facilitate post reductions is a safer option and is significantly less demanding of the organisations time than to manage compulsory redundancies.
- 1.7 It is anticipated that the budget proposals presented to Executive Board on 19 January 2021 will require a consultation period of 45 days, and that a further opportunity for employees affected by proposals to apply for voluntary redundancy will be offered.

2 Background (including outcomes of consultation)

- 2.1 Further budget proposals have been developed and it is intended that these will be fully shared to start a period of consultation at Executive Board on 19 January 2021.
- 2.2 Matching the further proposals to existing VR applications will allow an estimated 33 FTE posts to be deleted from the Council's structure. Final details are to be confirmed through consultation but, based on an average salary (with on-costs) of £33,000, this would equate to an annual saving of £1.09million. By starting the consultation process in December for 30 days, the process can be completed 2 months sooner than waiting till January, thereby offering an additional two months saving of approximately £0.18million.
- 2.3 Under the **Officer Employment Procedure Rules (Standing Orders on Employment Matters)**, the constitution spells out the Chief Executives role in determining redundancies under the level of Director.

Any other termination of employment of an employee below the level of Director (including redundancies) will be determined by the Chief Executive or an employee nominated by the Chief Executive. This includes employees who are eligible to be members of a pension scheme other than LGPS.

In compliance with the above constitution, no posts at Director level or above are being considered for this round of VR.

3 Other options considered in making recommendations

- 3.1 The primary other option is wait until the Executive Board meeting in January prior to commencing consultation in relation to these posts.

4 Finance colleague comments (including implications and value for money/VAT)

- 4.1 The Council has been operating in a challenging financial environment for a number of years and, from 2010/11 to 2019/20, has had to make cumulative budget savings of **£271.4million**, and the 2020/21 budget included new savings of **£15.623million**. The 2020/21 budget and Medium Term Financial Plan was approved by Full Council in March 2020, prior to the start of the pandemic. The pandemic has resulted in the Council incurring significantly increased costs and reduced income and the funding from Government is not sufficient to cover the impact of Covid-19. This changing financial environment has resulted in three financial reports being presented and approved by Executive Board, each report highlighting the financial impact of Covid-19. The third report was the Interim Budget for 2020/21, Medium Term Financial Outlook and Draft Strategy 2021/22 to 2023/24, and was approved by September 2020 Executive Board and October 2020 Full Council.
- 4.2 The Interim 2020/21 budget presents a balanced in year position. The strategy for achieving a balanced position required the use of **£70.022million** of reserves and represents a **49.3%** reduction on earmarked reserves from the previous year. Of the **£70.022million** usage of reserves, **£38.718million** are to be permanently released and not replenished, and **£31.304million** are to be replenished and therefore will add to the budget gap for future years. This usage of reserves to support the 2020/21 position has significantly reduced future budget flexibility.
- 4.3 The latest Medium Term Financial Outlook for 2021/22 without further Government funding shows a budget gap in the range of **£39million to £54million**, rising to **£53million to £64million** in 2023/24. The budget gap for 2021/22 has increased from **£25million**, as reported to Executive Board in February 2020, to **£39million to £54million**, this is predominately due to pressures resulting from the pandemic of continued increased expenditure and reduced income.
- 4.4 As reported in the VR Executive Board report, the Medium Term Financial Plan has an annual provision of **£1.5million** for redundancy and associated exit costs. The redundancy and associated pension strain costs from the Interim Budget and the VR October phase will exhaust the 2020/21 and 2021/22 revenue budgets for redundancies and also the redundancies reserve.
- 4.5 The costs associated with these proposed VR applications after factoring in vacant positions is estimated to be £0.543million and, as described in 4.4, the exit costs of these proposals are therefore unfunded will be a pressure to the 2020/21 budget position.
- 4.6 January 2021 Executive Board will be presented with 2021/22 Budget Consultation proposals and the ongoing savings from these proposals will be identified at a service level.

5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

- 5.1 See Exempt Appendix.

6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)

6.1 Not applicable

7 Social value considerations

7.1 Not applicable

8 Regard to the NHS Constitution

8.1 Not applicable

9 Equality Impact Assessment (EIA)

9.1 An equality impact assessment relating to the impact on the workforce will be completed as proposals are finalised. Equality impact assessments will be carried out where there is a service impact and will be considered before final decisions are made.

10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

10.1 None

11 Published documents referred to in this report

11.1 None