

CABINET

DIRECTORS' MANAGEMENT BOARD

15 NOVEMBER 2016

REPORT NO. DMB1605

KEY DECISION: YES

## **Resourcing priorities and introduction of Mutually Agreed Resignation Scheme**

### **SUMMARY AND RECOMMENDATIONS:**

This report seeks agreement for additional staff resources to focus on areas of priority work for the next two years. It also recommends the introduction of a Mutually Agreed Resignation Scheme with a view to achieving ongoing cost reductions where this is in the interest of both employee and the Council.

RECOMMENDED that the Cabinet

1. Agree the staffing proposals and consequential financial implications and delegations as set out in this report at 5.4
2. Approve a supplementary budget for the current financial year (2016/17) of £18,000
3. Agree to the introduction of a Mutually Agreed Resignation Scheme as set out in Appendix 1

### **1. INTRODUCTION**

1.1 Cabinet have recently agreed their priorities for the remainder of the current financial year into the medium term. These include an increased focus on a number of areas including regeneration, quality of the environment, car parking, transformation of the way services are delivered to customers through the implementation of a digital strategy and an ongoing commitment to achieving financial sustainability over the medium term. This report sets out proposals for additional staff resources to help drive delivery of those priorities alongside enabling sustainable cost reductions over the medium term.

1.2 This is a key decision as it has a broad impact on the future strategy and finances of the Council.

### **2. RESOURCING PRIORITIES**

2.1 Cabinet have agreed a set of priorities, which were shared with elected members at the budget seminar in September and are currently being incorporated into a Council Plan for 2017/18, alongside the development of the budget for the next financial year. A number of these priorities will require additional or diversion of existing resources.

2.2 The Council's financial forecast and supporting strategy have set out the Council's approach to balancing the budget, primarily through the delivery of the outcomes in the 8 Point Plan. The Directors' Management Board have now considered the impact of the new priorities on this strategy and have developed proposals which seek to achieve a balance between ensuring sufficient resources are available to work on key priorities with the need to drive service transformation and achieve sustainable employee cost reductions.

2.3 The Directors' Management Board will be working with Heads of Service over the coming months to realign staffing resources to ensure delivery of member priorities and the new Council Plan. However, in some areas DMB have concluded that it is necessary to recommend additional temporary resources are put in place as soon as possible if we are to increase momentum and make the progress needed. These areas are regeneration, property and estates and project support to our transformation programme.

#### 2.4 **Regeneration**

The Council's regeneration activity has increased significantly over the past 6 months and the continued emphasis by Cabinet through the Aldershot Regeneration Task Force, will continue. Key regeneration projects include intervention work to help bring forward a number of regeneration sites in Aldershot and taking forward the Farnborough Civic Quarter Masterplan. As these projects develop, we will need a flexible approach to resourcing, with a mix of internal and external resources. Looking at the workload over the next 2 years, DMB are proposing the establishment of a new role at manager level to support the work of the Aldershot Regeneration Member task force and to take the lead on a range of projects in Aldershot Town Centre. It is proposed that this post should be established initially on a 2 year fixed term basis and filled via a secondment of an existing employee with backfill as appropriate.

2.5 In addition to this new role, we are proposing to increase the hours spent on regeneration by the Principal Planning and Regeneration Officer towards full time by April 2017 and make appropriate back fill arrangements to ensure successful delivery of the Local Plan.

#### 2.6 **Property and Estates**

The role of the Property and Estates function has changed significantly alongside that of the legal team over the past 12 months. This has been driven in part by the focus on commercial property acquisition. As the Council considers its next steps with this alongside increased property activity associated with regeneration, potential private sector housing development and increasing trading activity, DMB think it appropriate to consider the resources in this area. Subject to agreement in principle from Members, proposals will be developed by the Head of Legal and Estates and brought forward for consideration early in 2017.

## 2.7 Transformation Programme

A key part of the 8 Point Plan is delivering services more effectively and efficiently. As a Council, we want to really grasp the opportunities offered by increasingly affordable digital technologies to help us truly redesign our services around the customer. Linked to a more innovative approach to our contracts, our processes will need to change to enable the key outcomes and improvements we are seeking. Customers will increasingly access services in the ways and at the times they want to and our systems, structures and processes will be redesigned so that our staff can work together more effectively across professions to deliver excellent customer service at lower cost.

2.8 To make sure we maximise the potential of the new arrangements as early as possible, the review of our processes and implementation of the new technologies to support the new contracts will require additional project resources. Whilst we will also need to buy in some expertise, where possible we would hope to meet much of this need by creating some secondment opportunities for staff who demonstrate talent and are keen to progress their careers and develop both the skills we need to support this type of work in future.

2.9 Initially, we propose to establish a transformation project role to work with the Directors' Management Board for up to 2 years to lead, drive and support projects in the transformation programme. This role would be offered as a secondment and any external support plus any backfilling costs be met from the Service Improvement Fund or capitalised if appropriate in accordance with the Government's advice on funding efficiency work.

## 3. MUTUALLY AGREED RESIGNATION SCHEME

3.1 The changes to senior management made over the past 4 years have demonstrated that our Heads of Service had the skill and capability to lead a wider range of services, including those outside their professional disciplines. This model of working is consistent with how leadership across public services is developing, with more flexible generic leaders and managers with a range of core skills and behaviours equipping them to work across their own and a wide range of organisations in and outside the public sector.

3.2 We believe that this model can be extended to some of our 'middle managers' and over the next 2 years, we can move towards a model where we can have fewer managers in services, each managing a range of functions, supported where necessary by additional technical specialists and front line staff.

3.3 We also know that we will be increasingly competing with other public and even private sector organisations for the most talented staff and we need to create career pathways and progression to help us develop and retain our most talented staff. To achieve this we will need to maintain our investment in individual and organisational development to help create the conditions where this talent can flourish.

- 3.4 Looking across our workforce, we have recognised that we have a number of experienced staff in management and other roles who may have reached a stage in their lives/careers where they would perhaps welcome the opportunity to plan to conclude their employment with Rushmoor over the next 2 years. This may involve reduced working hours for an extended period leading to retirement or working in a different area of the organisation to enable other change to follow. Some employees might consider this an opportunity to consider a planned move to an alternative career outside the Council. Given our forecasted financial position, we would like to provide an opportunity over the next few weeks for those employees to come forward and discuss their options with us with a view to reducing overall costs on an individual business case basis. To support this we are recommending the introduction of a Mutually Agreed Resignation Scheme often known as a MARS.
- 3.5 A MARS enables individual employees, in agreement with their employer, to choose to leave their employment voluntarily in return for a discretionary 'severance' payment. This creates job vacancies that may be filled by the redeployment of staff from other jobs or those seeking career development. By using this approach, the Council is hoping to create enough movement to avoid compulsory redundancies in future, enable the redeployment of resources to higher priority areas of work and reduce costs in lower priority areas. Each case would need to be considered on its merits and move forward only where future organisational benefits were clear. The proposed scheme is set out at Appendix 1.
- 3.6 One organisational benefit of this scheme is that it prevents many of the negative associations with redundancy programmes. Employee initiated applications are considered on their organisational merits and there is no obligation whatsoever on any member of staff to apply to the scheme, and there is no obligation on the Council to accept any application submitted. Combining these 'exit opportunities' with our thinking about the type of roles and managers we need in future, will shape the future management structures we need to enable our plans for transformation and to provide a solid foundation for future sustainability.
- 3.7 Where applicable, MARS payments could be capitalised and potentially funded from the flexible capital receipt discussed and approved at Cabinet 29 March 2016 (Agenda item 3), for which the Council currently holds a qualifying receipt of £500,000. The strategy for flexible capital receipts would require updating to accommodate this proposal, and following approval, a notification to the DCLG would need to be made. If agreed, it is proposed that the MARS be offered to all employees for an eight-week period closing on 12 January.

#### **4. CONSULTATION**

- 4.1 Engagement has commenced with staff in relation to these proposals. UNISON have also been advised. Consultation within teams will be required as an outcome of any MARS proposals.

## 5. IMPLICATIONS

### Risks

- 5.1 Using secondments as the basis for filling new roles relies on applicants coming forward from within the organisational with sufficient skills or potential to carry out the required roles and for staff with the appropriate skills to be able and willing to undertake backfill arrangements.
- 5.2 As the MARS is a voluntary scheme, there are no guarantees that the Council will receive sufficient applications to enable the level of transformation desired.

### Legal Implications

- 5.3 External advice has been sought to inform the development of the MARS Scheme and it is based on schemes used widely in Colleges, Universities and the NHS. The Council's Legal Service will be involved in drawing up the MARS agreements.

### Financial and Resource Implications

- 5.4 The costs associated for the staffing proposals detailed in this report are estimated as follows.

Work Area	Additional Costs Range (with on-costs)
Regeneration (Estimated for secondment to Aldershot Regeneration Manager role and backfill costs)	£45,000 - £50,000
Transformation (Project Manager and external support)	*£20,000 - £25,000
Other consequential backfill	*£5,000 - £10,000
<b>Total Year 1 (Year 2)</b>	<b>£70,000 - £85,000 (£45-60,000)</b>
* Potentially appropriate for Service Improvement Funding or capitalised where appropriate and financed in accordance with Government advice on funding efficiency work.	

- 5.5 It is recommended that the Cabinet agree funding up to £85,000 for 12 months from the appointments and £60,000 for the second 12 month period, with the detail of the proposals being confirmed with the Chief Executive (as Head of Paid Service) in consultation with the Cabinet Member for Corporate Services.
- 5.6 Recommendations for entering into MARS agreements would be confirmed by the Chief Executive (as Head of Paid Service) in consultation with the Cabinet Member for Corporate Services.

- 5.7 A recommendation is included for a supplementary estimate for the current financial year of £18,000 (which is included within the total 12 months finding of £85,000). The remainder will be included in the budget process.

**Equalities Impact Implications**

- 5.8 There are no direct equalities impact implications associated with these proposals.

**6. CONCLUSIONS**

- 6.1 The proposals in this report aim to make sure that key priorities are effectively resourced whilst providing the opportunity for sustainable reductions in staffing costs through the introduction of a Mutually Agreed Resignation Scheme (MARS). These proposals have the support of the Leader and Cabinet Member for Corporate Services.

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**BACKGROUND DOCUMENTS:**

Medium Term Financial Strategy 2016/17-2019/20 – Council 6 October 2016  
Staff Restructuring Report to Cabinet March 2015

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## **Rushmoor Borough Council**

### **Mutually Agreed Resignation Scheme (MARS)**

#### **1. Introduction**

The Council's Financial Strategy sets out how the Council will be working towards sustainability over the medium term. One key element of this is the Council's 8 Point Plan and this contains a number of projects, which rely on staffing cost reductions.

Where it is decided to cease or substantially reduce an area of work altogether, any resulting reduction in the requirement for jobs will normally be dealt with under the Council's Organisational Change or Redundancy Policy. However, due to a number of years of service cost reductions and the merging of many roles combined with the addition of new priorities, it is often not possible to simply cease or change work and make whole posts redundant.

The Council has therefore adopted an additional approach known as a Mutually Agreed Resignation Scheme (MARS) that would be more flexible, give choice to employees and managers, open up career development opportunities and enable cost reductions over the medium term. This scheme will be offered on a time-limited basis from time-to-time as organisational requirements demand.

#### **2. What is a MARS**

MARS enables individual employees, in agreement with their employer, to choose to leave their employment voluntarily in return for a discretionary 'severance' payment. This creates job vacancies that may be filled by the redeployment of staff from other jobs or those seeking career development. By using this approach, the Council is hoping to create enough movement to avoid compulsory redundancies in future, enable the redeployment of resources to higher priority areas of work and reduce costs in lower priority areas.

#### **3. The Scheme**

##### **3.1 Applications**

From time to time Rushmoor will invite applications from staff who may be thinking of leaving their employment in the foreseeable future to resign at an agreed date in return for a 'MARS' payment.

There is no obligation whatsoever on any member of staff to apply to the scheme, and there is no obligation on the Council to accept any application submitted. The scheme will usually be open to any staff who have been

employed for a minimum of two years, except those who have already given, or been given, notice of leaving.

### 3.2 **MARS Payments**

As a general guide, MARS payments will be equivalent to the amount that a staff member would receive if they were made redundant by the Council. In summary this is as follows;

An employee becomes eligible for redundancy pay after 2 years of service, and entitlements are as follows:

- half a week's pay for each full year of employment under 22
- one week's pay for each full year of employment 22 or older, but under 41
- one and half week's pay for each full year 41 or older

A maximum of 20 years' service is recognised, with discretion to increase the total weeks of entitlement x 1.5. See the 'Organisational Change' or Redundancy Policy for further details.

However, as these are **not** redundancies, no top-up payments will be made on reduced pensions should a staff member who is over 55 wish to take part in the scheme and on resignation access their pension early.

Under current HMRC rules, the first £30,000 of any severance payment would be tax-free. The employee would be required to sign a MARS agreement outlining the terms and conditions of their departure.

Any severance payment agreed must comply with legislation. Legislation is currently proposed by the government to limit severance payments in the public sector to £95,000 per individual. The Council will not, therefore, agree any MARS payment in excess of this amount.

MARS payments or a proportion can be added to the pension under the AVC scheme if the staff member wishes to use a severance payment in this way. To do so, the staff member **must** notify the council prior to their date of leaving.

Those offered and accepting a MARS payment will not be eligible for re-employment with the council for a period of at least two years from the date of leaving.

### 3.3 **Criteria for acceptance**

Acceptance of any application for MARS will be entirely at the council's discretion. Criteria that may be taken into consideration could include:

- Retention of relevant skills/experience that cannot be replaced at lower cost
- Whether there is anyone else who can undertake the work
- Compassionate grounds or other special circumstances



- The employee's ability to adapt to future changes and requirements
- Creation of internal job/promotion opportunities which provide for succession planning
- Potential impact on other staff

There is no right of appeal against non-selection.

#### **3.4 Process for application**

Invitations to apply together with the process and any time limits for doing so will be communicated to staff by email. Applications will be in writing and normally be made to the Directors' Management Board via the HR team. Employees should also advise their manager or relevant Head of Service that they are making an application.

#### **3.5 Approval Process**

The Directors' Management Board will consider applications and decisions will be made in discussion with the relevant Head of Service and be based on a business case developed by the Head of Service. The business case will normally require an ongoing saving of a minimum of 40% to commence within 2 years.

If agreed final approval will be sought from the relevant elected Cabinet Member(s) and a MARS agreement will be drawn up and signed by the employee and the Council. Severance payments will be calculated as at the leaving date.

Employees will usually be required to work a minimum of their contractual notice period and take any outstanding annual leave before their leaving date. Staff accepting a severance payment will not be eligible to be re-employed by Rushmoor for a minimum period of 2 years.