



CABINET – 16TH MAY 2018

SUBJECT: SCHOOL'S WORKFORCE FLEXIBILITIES POLICIES

REPORT BY: ACTING HEAD OF HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek Cabinet approval for the Education HR Team to consult Schools on the following workforce flexibility strategies:
- The Council's Voluntary Severance Scheme
 - A School Specific Strategy that supports the redirection of funds earmarked for redundancy payments back into Caerphilly Schools.
- 1.2 School closure, amalgamation, and internal reorganisation of a school's staffing structure relating to budget, including reductions in grant funding, and falling rolls can all lead to a redundancy consultation. For all of these reasons there has been a defined need in the Council to support some schools to reduce the costs of their staffing structures. This year, a number of Caerphilly Schools have been affected by the funding formula linked to sixth form and smaller pupil numbers. Also, the Pupil Deprivation Grant funding levels that rely solely on Free School Meal (FSM) numbers. A drop in FSM numbers in Schools has a significant impact on the overall funding allocation for that school. Cwmcarn High School will also officially close on the 10th October 2018.
- 1.3 Before declaring a redundancy situation in any capacity, Schools actively work with the Council's HR and Finance Teams to take all reasonable steps to avoid redundancies and Schools have largely had to rely on the Council's Voluntary Early Retirement (VER) Scheme to support this aim. The Council's VER Scheme is a popular scheme but as Pension Regulations change and the costs associated with a VER scheme increase in line with the statutory state pension ages of staff (i.e. 65 – 68 years of age), the costs associated with pension release on a voluntary basis can become prohibitive, circa £100K+. The Council's VER and Redundancy Schemes are the only workforce Strategies that have been recommended to Schools thus far and Schools rely heavily on the VER Scheme to avoid declaring a redundancy situation.
- 1.4 The Workforce Strategies referred to in point 1.1 above will give Schools considerably more freedom to attract applicants from all age ranges who wish to exit their employments. With the introduction of these Strategies, the Schools and the Council will continue to work collaboratively to provide crossmatch opportunities that will benefit Caerphilly Schools to retain teachers and support staff who can deliver the curriculum in the best interest of the pupils' education.

2. SUMMARY

- 2.1 Corporately, Caerphilly County Borough Council consistently demonstrates that it is committed to preventing redundancies wherever possible and the introduction of workforce flexibility schemes such as redeployment, voluntary severance and voluntary early retirement are indicative of this commitment. Through the introduction of these procedures, the Council

has committed to providing its employees with more choice and flexibility with regard to whether they wish to stay in work and recognises that retaining a well-trained, well-motivated and flexible workforce, with a wide range of skills and experience is essential to the provision of quality services.

- 2.2 Not all of the Council's policies and/or strategies however are transferrable in their current context to Schools, for example redeployment. Whilst all staff in Schools are Council employees, only Schools can appoint and dismiss staff under the Staffing of Maintained Schools (Wales) Regulations 2006 and every School has autonomy in this regard. The regulations state in relation to the 'Staffing of Schools', 'At any school there must be employed, or engaged otherwise than under contracts of employment, a staff suitable and sufficient in numbers for the purpose of securing the provision of education appropriate to the ages, abilities, aptitudes and needs of the pupils'.
- 2.3 Headteachers and their supporting organisations advise that it is becoming more and more difficult to sustain and raise educational standards with diminishing budgets. This is a position that is widely reported in the press. The workforce flexibility choice that is currently available to the Schools, i.e. VER, reaches only a small minority of the School workforce.
- 2.4 The proposed extension to the School's workforce flexibilities strategies to include the Council's Voluntary Severance Scheme and a School Specific Strategy that redirects the use of funds earmarked for redundancy payments back into Caerphilly Schools, will provide School employees with more choice and flexibility with regard to whether they wish to stay in work. These schemes recognise that retaining a well-trained, well-motivated and flexible workforce, with a wide range of skills and experience is essential to securing the provision of education appropriate to the ages, abilities, aptitudes and needs of the pupils across Caerphilly Schools.

3. LINKS TO STRATEGY

- 3.1 The policies referred to in this report link to the People Management Strategy and the Workforce Flexibility Policies adopted by the Schools and therefore to all other strategies, including all equality strategies, policies and procedures, which rely on employees to deliver the strategy and schools provision.

4. THE REPORT

- 4.1 There are clear funding parameters in place to support the recommendation of the Council's Voluntary Severance Scheme and School Specific Strategies to Schools. These are covered in the Financial Section of this Report.
- 4.2 Before a School declares staff at risk of redundancy and invite volunteers for redundancy, they have consistently worked with the Council's HR and Finance Teams to bring the VER Scheme to staffs attention. With Cabinet approval, the Council's Voluntary Severance Scheme will be recommended to Schools to run alongside the VER Scheme in Phase One of the staff consultation process to avoid redundancy wherever possible.
- 4.3 The benefits of the Council's Voluntary Severance Scheme for Schools is that it will equitably attract a wider audience of applicants and foreseeably lead to more business cases than VER would attract alone. All business cases received can be assessed for viability to support crossmatch.
- 4.4 With the support of Cabinet, the Council's Voluntary Severance Scheme would be recommended to Schools in its entirety, i.e. the value of individual severance payments would be the equivalent of 60% of the employee's current gross salary. The payment is currently capped at 60% of the gross salary level of HAY Grade C, i.e. £55,702. The nearest monetary equivalent of this cap on the Leadership Pay Scale relating to Teachers is Leadership Point 15, i.e. £55,600 currently. It is proposed to apply this cap value to the Severance Scheme recommended to Schools, if approved.

- 4.5 Business Cases relating to Voluntary Severance will account for the fact that successful applicants who are 55+ years of age will also attract access to their pension on a non-actuarially reduced basis as they would in a redundancy situation. This could be cost prohibitive in some instances but also particularly attractive to those who are of state pension retirement age already and/or near to it. These are the staff that would see little or no value in accessing their pension through the VER Scheme but would see the benefit in accessing the Severance Scheme. The Severance Scheme reaches all age ranges.
- 4.6 If the offer of both the VER and Voluntary Severance Schemes together do not present sufficient viable business cases to avoid a redundancy under Phase One of Staff consultations, Schools would further benefit from a School Specific Strategy that supports the redirection of School and Council funds that are earmarked for redundancy payments back into Caerphilly Schools during Phase Two of Staff Consultation.
- 4.7 The proposal to redirect the funds earmarked for redundancy payment back into Caerphilly Schools would work as follows:
- Under Phase Two of Staff Consultations, the School will confirm a redundancy risk and seek volunteers for redundancy. The School at this point may once again offer an opportunity to staff to consider voluntary severance and VER as a last chance.
 - The redundancy payments of all staff confirmed at risk of redundancy would be calculated.
 - The details of staff confirmed at risk of redundancy would be forwarded to Schools and crossmatches sought.
 - Schools that are not seeking a crossmatch linked to VER or Voluntary Severance but who can offer a permanent post to a member of staff at risk could request a one off funding contribution to support them in employing the person at risk in a permanent capacity.
 - The one off funding contribution would be the equivalent of the redundancy package that is payable to the member of staff who has been confirmed at risk or a year's gross salary whichever sum is less.
- 4.8 For example, a school could be seeking a crossmatch/redeployment opportunity for a Teacher. The Teacher is entitled to a redundancy package equating to £30,000. Another School may come forward to confirm that their succession planning would afford them the opportunity to engage this member of staff on a permanent basis the following academic year. They would however welcome engaging that member of staff on a permanent basis sooner to integrate into their School if financial support to do so could be given to them.
- 4.9 The redundancy payment that the Teacher would be entitled to is less than a year of their gross salary. The monetary equivalent of the redundancy payment could under this proposal be redirected to the interested School to secure the employment offer. If supported, this could open up opportunities for staff at risk and also for engaging schools.
- 4.10 In the cases of VER, Voluntary Severance and the School Specific Strategy that is recommended in this report, there is no obligation upon any party to engage. Matches and crossmatch opportunities can only progress with mutual consent and a relevant viable business case.
- 4.11 Redundancy for many will be a distressing event. In the emerging position of changing budgets and continuing austerity facing Councils as outlined in point 1.2 of this report, teachers and support staff are becoming more and more concerned about their careers, the sustainability of their pay position and status in schools. Teachers strive hard to become School Leaders and Teachers who are paid on the upper pay scales with teaching and learning responsibility payments. Teachers who are made redundant however are often required to compete with Newly Qualified Teachers (NQT's) for new opportunities in Schools. Unfortunately for the more experienced member of staff, without such an incentive as the recommended School Specific Strategy in this report, the appointment of a NQT can often present a more attractive employment proposition for Schools.

- 4.12 As Schools naturally seek to secure their financial sustainability, the substantial investment in time and mentoring that more experienced and often talented teachers and support staff have been given is often lost to Schools in the event of compulsory redundancy.
- 4.13 Employers must consider offering suitable alternative work to employees at risk of redundancy. The Council is committed to avoiding compulsory redundancy wherever possible and at this current time, those opportunities are financially supported solely by the VER/Crossmatch scheme in Schools.
- 4.14 In this proposal to widen the scope of Schools' Workforce Flexibilities Strategies to include the Voluntary Severance Scheme and School Specific Strategy as detailed in 4.7 above, the Council will increase the chances of Caerphilly Schools retaining teachers and support staff who wish to remain in the profession and who can deliver the curriculum in the best interest of the Schools.
- 4.15 If Cabinet agree to the recommendations in this report, it would be for individual schools to adopt the policies following consultation.
- 4.16 Should the policies be adopted, they would be subject to review in accordance with schools' academic years.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Having considered the five ways of working, they will not be affected by the contents of this report.

6. EQUALITIES IMPLICATIONS

- 6.1 With an ageing workforce and changes to retirement age and pension contributions, together with increased financial pressures on both the Council and the Schools' budgets relating to falling school rolls and a reduction in grant funding, this report and the recommendations within it ensures that as fair an approach as possible has been taken in order to balance so many different issues and avoid compulsory redundancies.

7. FINANCIAL IMPLICATIONS

- 7.1 In the absence of voluntary schemes, a compulsory redundancy will be the likely outcome for schools in their attempt to manage their budget deficit position. In the case of Redundancy, and VER, the Council would meet the full costs of release for the Primary Sector. With regard to the Secondary Sector, several years ago a sum of £1M was delegated to schools to fund redundancy. For the first time in 2011/12, it was agreed to pay a 40% contribution to secondary schools due to the ever-increasing financial situation resulting from, in the main, falling roles and Schools currently use these funding arrangements to support applicants for the VER Scheme as an alternative to redundancy.
- 7.2 This report requests the extension of these funding arrangements to cover all Schemes, i.e. Redundancy, VER, Voluntary Severance and the School Specific Strategy as detailed in this report.
- 7.3 The criteria for releasing a member of staff under these schemes and for obtaining a contribution to the relevant secondary schools are currently as follows:
- The Total cost of release, net of restructuring costs, equated to a three-year payback.
 - The school meet the remaining 60% costs over a five-year period.
 - Education Finance agrees there is a need to reduce permanent staff to balance the budget over coming years.

- Funding will not be given unless the schools who have confirmed the redundancy risk position agree to reduce their FTE complement by at least 50% for each VER with immediate effect. Any such post replacement (up to 50%) must be for a maximum 2-year period. Thereafter, the release should equate to a full-time equivalent post. This allows schools to address an immediate curriculum need for specific subject areas but reduce the FTE moving forward.

7.4 Business Cases relating to Pension release require the authorisation of the Council's Pension and Compensations Committee. All other business cases relating to the exit of staff (except in redundancy situations), require Section 151 Officer authorisation if the value is £15,000 or more. The same authorisation procedures would extend to the Voluntary Severance Scheme and one off funding commitment that would come to Schools under the recommended School Specific Arrangement.

7.5 It has been the Council's custom that no Chief Officer, or any other employee, who leaves the employment of the Council on the grounds of early retirement, severance or voluntary redundancy will be later re-employed as an employee of the Council or contracted under a "contract of service" without the express permission of the Chief Executive in consultation with the Cabinet Member for HR and Governance. If Schools choose to re-engage staff who have been supported through these schemes to leave the School's employment, the Council's share of funding could be withdrawn if the Chief Executive in consultation with the Cabinet Member for HR and Governance would not have given their express permission for that re-engagement.

8. PERSONNEL IMPLICATIONS

8.1 The personnel implications are included within the report.

9. CONSULTATIONS

9.1 All consultation responses have been reflected in this report.

9.2 If approval is given by Cabinet to extend the workforce strategies that are recommended in 10.1 (i) and (ii) of this report, there will be further consultation with Head Teachers and Governors to recommend these strategies for their use in the aim of avoiding compulsory redundancies wherever possible.

10. RECOMMENDATIONS

10.1 It is recommended that Cabinet agree to widen the scope of Schools' workforce flexibility Strategies using the funding arrangements outlined in Section 7 of this report, to include:

- (i) The Council's Voluntary Severance Scheme
- (ii) The recommended School Specific Strategy as detailed in point 4.7.

10.2 Furthermore to authorise the HR Education Team to consult with Headteachers and recommend these strategies to Schools.

11. REASONS FOR THE RECOMMENDATIONS

11.1 The recommendation is made to avoid compulsory redundancies wherever possible, and to have a positive impact on the schools affected by retaining Teachers and Support Staff who wish to remain in the profession and who can deliver the curriculum in the best interest of the schools. In doing so, the Council will be investing funding for the continued improvement of education wherever possible rather than making a financial payment to support employees to leave the Council's employment.

12. STATUTORY POWER

12.1 Local Government Act, 1972.
Education Act 1996.

Author: Lynne Donovan, Head of People Services
Consultees: Christina Harrhy Interim Chief Executive
Dave Street Corporate Director Social Services and Housing
Mark S Williams Interim Corporate Director Communities
Keri Cole, Chief Education Officer
Sue Richards, Head of Education Planning and Strategy
Lisa Downey, Acting HR Service Manager
Stephen Harris, Acting Head of Corporate Finance & S151 Officer
Lisa Lane, Interim Monitoring Officer
Cllr Colin Gordon, Cabinet Member for Corporate Services
Cllr Philippa Marsden, Cabinet Member for Education
Anwen Cullinane Senior Policy Officer (Equalities and Welsh Language)