

Notice of Meeting

Personnel Committee

Monday, 5th October, 2015 at 2.30 pm
in the Council Chamber Council Offices
Market Street Newbury

Date of despatch of Agenda: Friday, 25 September 2015

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Moira Fraser / Steve Mann on (01635) 519045 / 519465

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Further information and Minutes are also available on the Council's website at www.westberks.gov.uk



To: Councillors Peter Argyle, Adrian Edwards (Vice-Chairman), Tony Linden, Mollie Lock and Quentin Webb (Chairman)

Substitutes: Councillors Paul Bryant, Lee Dillon, Billy Drummond and Tim Metcalfe

Agenda

Part I

Page No.

1. **Apologies for Absence**
To receive apologies for inability to attend the meeting (if any).
2. **Minutes** 3 - 8
To approve as a correct record the Minutes of the meetings of the Committee held on 9 February 2015 and 19 May 2015.
3. **Declarations of Interest**
To remind Members of the need to record the existence and nature of any Personal, Disclosable Pecuniary or other interests in items on the agenda, in accordance with the Members' [Code of Conduct](#).
4. **Review of the Redundancy Multiplier (PC3040)** 9 – 20
Purpose: To review the current multiplier of 2.0 used in redundancy calculations at West Berkshire Council to ensure that it is set at an appropriate level compared to other local authorities.
5. **Succession Planning in West Berkshire Council (PC3041)** 21 - 26
Purpose: To discuss a systematic approach to succession planning as part of service planning following discussion of this subject at Corporate Management Team on 6th May 2015.

Andy Day
Head of Strategic Support

If you require this information in a different format or translation, please contact Moira Fraser on telephone (01635) 519045.

DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

PERSONNEL COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 9 FEBRUARY 2015

Councillors Present: Peter Argyle, Adrian Edwards, Tony Linden, Mollie Lock (Vice-Chairman), Andrew Rowles and Quentin Webb (Chairman)

Also Present: Jane Milone (Human Resources Manager), Robert O'Reilly (Head of Human Resources), Rob Alexander (Policy Officer) and Moira Fraser (Democratic and Electoral Services Manager)

PART I

10. Minutes

The Minutes of the meeting held on 28 May 2014 were approved as a true and correct record and signed by the Chairman.

11. Declarations of Interest

There were no declarations of interest received.

12. Recruitment and Selection Policy Updates (PC2928)

The Committee considered a report (Agenda Item 4) concerning approval for two small changes to the Council's Recruitment Policy in relation to advertising posts. The proposed changes to the policy first adopted in 2009 would allow services to advertise in alternative publications/ websites at their own expense and would allow the Head of HR to approve simultaneous external and internal advertisements of posts. The changes required were a response to the changing economic climate and the ensuing impact this would have on the ability to recruit.

Jane Milone explained that the Council's Recruitment and Selection Policy set out how the organisation recruited and selected candidates to fill vacant posts. The Policy was supplemented by Procedures and Guidance for managers.

Currently all posts usually had to be advertised internally only for two weeks. In exceptional circumstances simultaneous internal and external advertising was allowed provided that the trade unions agreed to the proposal. It was being proposed that in the future the Head of HR (or their nominated substitutes) would be able to agree to simultaneous advertising where there was good reason to believe that there would be no suitable internal applicants and that delaying external advertising would be unreasonable. The unions would be informed about these decisions and would be able to veto it.

In 2013 it had been agreed that in order to reduce costs a policy of on-line only advertising would be introduced through a subscription to 'Jobs Go Public' site. HR had no funding available to fund additional advertising on other websites or in printed publications. Due to changes in the job market it was now being proposed that the policy be amended to allow recruiting managers to advertise elsewhere albeit that the costs would be met from their own service budgets. HR would monitor and analyse the impact

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of advertising in other publications and on other websites in order to be able to advise recruiting managers appropriately.

Councillor Andrew Rowles queried whether the removal of market supplements was impacting on the Council's ability to recruit. Officers reported that this did not appear to be the case although it might be necessary to revisit this policy in the future.

RESOLVED that the proposed changes to the policy be approved.

13. **Employee Performance Management: Revised Policies and Procedures (PC2929)**

The Committee considered a report (Agenda Item 5) concerning changes to policies and procedures associated with Employee Performance Management. The report sought approval for the introduction of performance grades at appraisal for all employees. It also sought approval for the use of a competency framework for all corporate employees as part of the process. Lastly the report sought approval for the introduction of a new 'enhanced support' procedure for employees who were underperforming but were not yet failing to the extent that they should be subject to a formal Capability Procedure.

Officers explained that the current procedure had been in place since 2006 and it applied to all non-school based employees. In 2012 a new approach had been introduced for Corporate Directors, Heads of Service and those reporting to Heads of Service. The revised approach included weighting of objectives and scoring of performance for the first time.

Recently the Leader and some Members of the Executive had met with the Head of HR with a view to introducing a system of performance appraisal for all employees which would ultimately be linked to reward. A new form had therefore been developed which would be introduced from the 01st April 2015 and the procedures had been updated to reflect this new approach. An enhanced support procedure had also been produced to support employees that were underperforming.

Performance would be graded from 1 to 5 with 5 being 'excellent performance' and 1 being 'unsatisfactory performance'. Performance would be appraised against agreed objectives, other significant achievements and set competencies. The Head of HR explained that objectives described 'what would be achieved' and the competencies set out how they should be achieved. The competency framework included eight broad areas which would apply to all employees and an additional set would be included for managers.

The Enhanced Support Procedure would be used to support employees scored a 2 on the new performance scales. The procedure was designed to help these employees raise their performance to be at least satisfactory and would be used in a positive way. These employees would have up to a year to raise performance standards. Employees graded as 2 that were not at the top of their grade would not receive an incremental increase on the 01 April. At the six month review, if performance had improved, this could be reinstated although it would not be backdated. If performance deteriorated to the extent that it met the criteria for the Capability Procedure to be evoked then manager would have to swap to that procedure to deal with the employee's performance.

Workshops have been set up to train all appraisers and an e-learning package was being developed for those unable to attend the training or requiring a refresh.

Councillor Quentin Webb queried what the Unions' views on the proposal were. Robert O' Reilly explained that discussions on the proposals had been taking place since the

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Spring. They were supportive of the Enhanced Support Procedure but were not supportive of performance related pay. The scheme would therefore be reviewed after it had been in operation for a year.

Councillor Quentin Webb queried whether the assessors line manager would have an opportunity to review the assessment. Officers confirmed that they would have to sign off the appraisals.

The Chairman also queried how these changes would be reported to Members. Officers explained that an article would appear in the next edition of the 'Reporter'. Members were included on the circulation list for this publication and the two Group Executives would be asked to highlight the article to Members.

Councillor Adrian Edwards noted that the scheme did not apply to non-teaching school staff. Robert O' Reilly stated that an adapted policy could be sent out to the schools and training could be offered. However it would be up to the individual schools to decide whether or not they wanted to adopt the policy. An article would be placed in the schools' newsletter.

Councillor Adrian Edwards queried what appeal mechanism would be put in place in the event that an employee disagreed with the score they were given. The Head of HR explained that the person being appraised could request a three way meeting involving the assessor and their line manager to discuss the score. If they were still unhappy with the outcome after that meeting they could take out a grievance.

Councillor Tony Linden highlighted the need to ensure that those that did not have access to the internet have appropriate training in place or that they be able to undertake e-learning at work

Councillor Quentin Webb queried what timescales were in place for reviewing the scheme. Robert O' Reilly explained that the reward scheme would not be in place until April 2017 and the impact could then be assessed and any ensuing review would need to take that into account.

RESOLVED that:

- (1) the introduction of performance grades at appraisal for all employees be approved;**
- (2) the introduction of a competency framework for employees and managers which will be used as part of the appraisal process be approved;**
- (3) the introduction of a new appraisal form be approved;**
- (4) the introduction of a new Enhanced Support Procedure to provide extra help for employees judged to be underperforming but not meeting the criteria for formal Capability procedure be approved; and**
- (5) a revised Employee Performance Management Procedure that takes account of points 1- 4 above be approved.**
- (6) Robin Steel and Gillian Durrant to alert Members to read the article once it appeared in Reporter.**

14. Statutory Pay Policy (C2833)

The Committee considered a report (Agenda Item 5) which presented the Pay Policy Statement to be published from 1st April 2015 for approval. Jane Milone explained that Section 38 of the Localism Act ("the Act") of the Act required local authorities to publish

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an annual pay policy statement. Jane Milone explained that the report would be updated regarding the lowest and highest median pay following the recent pay increase. Jane Milone informed Members that the Transparency Report which historically had accompanied the Pay Policy Statement would be published separately on the Council's website.

Councillor Tony Linden said that the Head of Children's Services needed to be changed to the new title of Head of Children's and Family Services. Robert O'Reilly commented that this would be done once Corporate Board had approved the change in Head of Service title.

Councillor Adrian Edwards queried why the gap between Head of Services and Corporate Directors was so large, as well as that between Corporate Directors and Chief Executive. Robert O'Reilly responded that the Corporate Director spinal column points were shortened to make the pay more competitive against other authorities. Robert informed Members that the Chief Executive's salary was not changed due to their pay being assessed by the Society of Local Authority Chief Executives (SOLACE), and no pay rise had been agreed.

Councillor Edwards commented that the Chief Executive pay was low in comparison to other Local Authorities and suggested a pay review should be conducted. Councillor Edwards alluded to the fact that with added responsibilities, most notably the Care Act, coming into affect that there should be a pay review conducted for the Chief Executive and Corporate Directors. Robert O'Reilly responded that it was not for him to suggest such a measure and that it was a political matter. Moira Fraser mentioned that the paper was due to be discussed at Full Council and Members could suggest a pay review there if they were so minded to do so .

RESOLVED that the Statutory Pay Policy Statement be approved subject to the inclusion of the amended salary figures .

(The meeting commenced at 2.30 pm and closed at 3.07 pm)

CHAIRMAN

Date of Signature

DRAFT

Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

PERSONNEL COMMITTEE

MINUTES OF THE MEETING HELD ON TUESDAY, 19 MAY 2015

Councillors Present: Peter Argyle, Tony Linden, Mollie Lock and Quentin Webb (Chairman)

Apologies for inability to attend the meeting: Councillor Adrian Edwards

PART I

1. **Election of Chairman**

RESOLVED that Councillor Quentin Webb be elected Chairman of the Personnel Committee for the 2015/16 Municipal Year.

2. **Appointment of Vice-Chairman**

RESOLVED that Councillor Adrian Edwards be elected Vice-Chairman of the Personnel Committee for the 2015/16 Municipal Year.

(The meeting commenced at 8.24pm and closed at 8.25pm)

CHAIRMAN

Date of Signature

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Agenda Item 4.

Title of Report:	Review of the Redundancy Multiplier
Report to be considered by:	Personnel
Date of Meeting:	5 October 2015
Forward Plan Ref:	PC3040

Purpose of Report: To review the current multiplier of 2.0 used in redundancy calculations at West Berkshire Council to ensure that it is set at an appropriate level compared to other local authorities.

Recommended Action:

1. This report recommends that the multiplier is reduced from 2.0 to 1.5 on 1st December 2015 and reduced again to 1.0 on 1st December 2016.
2. This recommendation to reduce the multiplier is presented to the Personnel Committee for a formal decision.

Reason for decision to be taken: To ensure that the multiplier provides value for money and that WBC is in line with other local authorities on this issue.

Other options considered: None

Key background documentation: Employer Statement of Policy on the Local Government Discretionary Compensation Regulations

The proposals contained in this report will help to achieve the following Council Strategy priority:

MEC1 – Become an even more effective Council

The proposals contained in this report will help to achieve the above Council Strategy priority by:
ensuring that the Council is able to achieve necessary savings on staffing costs efficiently and effectively

Portfolio Member Details

Name & Telephone No.:	Councillor Roger Croft - Tel 07765 224249
E-mail Address:	rcroft@westberks.gov.uk
Date Portfolio Member agreed report:	01 September 2015

Contact Officer Details

Name:	Robert O'Reilly
Job Title:	Head of HR
Tel. No.:	01635 519358
E-mail Address:	roreilly@westberks.gov.uk

Implications

- Policy:** The recommendation in this report would change the Council's policy on the Local Government Discretionary Compensation Regulations. □□□□
- Financial:** There will be some savings, as future redundancy payments will be smaller.
- Personnel:** The recommended reduction in the level of the multiplier will be subject to consultation with the unions.
- Legal/Procurement:** The maximum possible level of the multiplier is set by law at 3.46 (possible maximum payment of 104 weeks' pay).
The Council must publish a policy on the use of the discretions available to it under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. If the policy is changed as a result of this report, employees must be given one month's notice of the introduction of the new policy.
- Property:** none
- Risk Management:** none

Is this item relevant to equality?	Please tick relevant boxes		Yes	No
Does the policy affect service users, employees or the wider community and:				
• Is it likely to affect people with particular protected characteristics differently?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)				
Relevant to equality - Complete an EIA available at http://intranet/EqIA				<input type="checkbox"/>
Not relevant to equality				<input checked="" type="checkbox"/>
Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>		

Executive Report

1. Introduction

1.1 The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 provide for the Council to:

- (1) use an amount up to actual weekly pay rather than the statutory maximum (currently £475 as at Feb 2015) for the purpose of calculating a redundancy payment; and
- (2) Make lump sum compensation payments of up to 104 weeks' pay to employees whose employment ends by reason of redundancy or efficiency.

1.2 Councils, on LGA advice, enhance redundancy pay by multiplying the number of weeks' pay that an employee is entitled to under the statutory redundancy scheme. Redundancy pay is worked out on a combination of age and years of continuous service; the maximum number of weeks' pay for a redundancy payment under the statutory scheme is 30 weeks. To get to the maximum of 104 weeks pay the multiplier would be set at 3.46.

1.3 Until October 2011 WBC used a multiplier of 3.0 times the statutory number of weeks' pay. The Personnel Committee then made a decision to reduce the multiplier to twice the statutory payment. It has remained at 2.0 since October 2011.

1.4 In the May 2015 Queen's speech the Government announced plans for new regulations, to be contained in an Enterprise Bill, to cap severance payments for senior public sector staff who are made redundant. The government is currently consulting on a proposal to limit exit payments in the public sector to £95,000. This could adversely affect higher paid, long serving staff who are made redundant after the age of 55 (as exit costs in the consultation includes the compensation paid to the LGPS fund for the early release of the pension of the employee).

1.5 The multiplier applies to support staff in schools, but not to teachers (defined as employees paid under the provisions of the School Teachers' Pay & Conditions Document, STP&CD). Teachers over 55 have the possibility of receiving added years of pensionable service under the Teachers' Pension Scheme at the discretion of the governing body.

1.6 The multiplier used in WBC is compared to other local authorities in section 2 below. The potential savings by reducing the multiplier are considered in section 3 below.

1.7 The Council has a redundancy policy which seeks to redeploy staff to other posts rather than make them redundant. The policy is contained in the Organisational Change Policy and Procedure (on the HR intranet). A summary of the Council's Redundancy Policy is shown at Appendix C.

2. Comparative data

2.1 HR has conducted a survey of 23 local authorities (LAs) to compare the level of multiplier at WBC with a range of other LAs (including the Berkshire LAs). The

results from the survey are shown at Appendix A. The mean average of all the multipliers in the survey is 1.54. There are 12 local authorities out of 23 in the survey with a multiplier of 1.0.

2.2 Almost all LAs use actual week's pay rather than the statutory definition of a week's pay to calculate redundancy payments.

3. Potential savings if the redundancy multiplier is reduced

3.1 The actual savings from a reduction in the multiplier are impossible to quantify with certainty because future redundancies are not yet known. However, it is possible to predict the level of savings from the redundancy figures from previous years.

3.2 At the end of 2014/15 the cost to the Council for redundancy payments (and compensatory payments to the LGPS for the early release of pension benefits for employees aged over 55) was £305,634 for 9 employees. If the multiplier had been reduced from 2.0 to 1.5 this cost would have been reduced by £43,165. If the multiplier had been reduced from 2.0 to 1.0 this cost would have been reduced by £86,330.

3.3 A summary of the notional savings over the last four years if a multiplier of 1.5 had been used is shown at Appendix B.

4. Discussion

4.1 The costs to the Council of some employees being made redundant seem high. However, this is because these employees have long service and are over the age of 55 when they were made redundant. Under the LGPS regulations, where an employer makes a member of staff aged 55 or over redundant, it triggers automatic payment of the pension rights that the employee has accrued in the scheme. The cost to the Council of the compensation paid to the pension scheme for the early release of the pension can be high. So if the Personnel Committee decides to reduce the multiplier to 1.5 and then to 1.0 there will still be some redundancies which are still high cost, albeit they will be less expensive than if the multiplier remained at 2.0.

4.2 The high cost redundancies must show value for money in terms of business benefits and payback on any savings from changed structures. It is therefore proposed that if the total cost of a redundancy (which will be a combination of redundancy pay and compensation for early release of LGPS pension) will be over £95,000 the Head of HR conducts an investigation into the costs and benefits of the severance package. The result of this investigation will be subject to consultation with the Chief Executive, the Head of Legal Services and the Head of Finance before the redundancy costs are sent to the Executive for approval. However, if the government's consultation leads to legislation preventing the total exit cost being over £95,000 this will be unnecessary.

4.3 There was a hostile reaction to the last reduction in the multiplier in 2011 with a large number of employees attending the Personnel Committee and full time officials of Unison and GMB in attendance to argue for a continuance of the higher multiplier of three. However, under the regulations the rate set for the redundancy multiplier is a discretionary power and does not constitute a contractual right for employees.

- 4.4 The current multiplier of 2.0 means that staff in a redundancy 'pool' are more likely to volunteer for redundancy which obviates the need for a selection process and compulsory redundancy. This reduces organisational conflict and leads to a more positive employee relations environment. However, this benefit needs to be set alongside the financial position of the Council and the potential savings that could be made by a reduction in the multiplier.
- 4.5 The comparative data shows that WBC is generous using a multiplier of 2.0. The comparative data suggests that a reduction to 1.5 and then to 1.0 can be justified.
- 4.6 The timing of any reduction in the multiplier is important. A change should occur before any redundancy notice letters are sent to employees. For the 2015/16 round of redundancies the notice letters will be sent out by HR on 18th December 2015 (to terminate employment on the grounds of redundancy on 31st March 2016). Some notice letters may be sent out on 1st April 2016 after public consultation ends. The Personnel Committee will meet on 5th October 2015 and there needs to be a one month waiting period before any changes to the Council's policy on discretionary payments can come into force. This makes 1st December the most logical date for implementation. This report therefore recommends that the multiplier is reduced from 2.0 to 1.5 on 1st December 2015.
- 4.7 Operation Board would like to see the multiplier reduced to 1.0 and recognise the importance of timing as discussed above. Therefore this report recommends that the reduction to 1.0 is delayed until 1st December 2016.

5. Recommendation

- 5.1 Personnel Committee is asked to support the recommendation in this report to reduce the redundancy multiplier from 2.0 to 1.5 on 1st December 2015; and from 1.5 to 1.0 on 1st December 2016.
- 5.2 Personnel Committee is asked to support the recommendation that if the total cost of redundancy pay and compensation for early release of LGPS pension will be over £95,000 the Head of HR conducts an investigation into the costs and benefits of the severance package. The result of this investigation will be subject to consultation with the Chief Executive, the Head of Legal Services and the Head of Finance before the Head of HR decides whether to send the redundancy/pension costs to the Executive for approval.
- 5.3 Operations Board considered and recommended the two stage reduction in the multiplier at its meeting on 24th September 2015. The final decision will be taken by the Personnel Committee on 5th October 2015.

Appendices

Appendix A - Survey of the level of multiplier used in other LAs

Appendix B - Summary of notional savings if lower multiplier used over last four years

Appendix C - summary of Redundancy Policy in West Berkshire Council

Consultees

Local Stakeholders: Not applicable

Officers Consulted: Corporate Board

Trade Union: Will be consulted before Personnel Committee on 5th October 2015

Survey of Redundancy Multiplier 2014

Local Authority	Multiplier	Comment	Note
Central Bedfordshire	1		A
Bedford	1		A
Bath and North East Somerset	2		A
Cheshire East	1.8		A
Cheshire West and Chester	1		A
Warrington	1.5		A
Milton Keynes	1.5		A
Swindon	1		A
South Gloucestershire	2		A
Adur	2	2 for voluntary; 1.3 for compulsory	A
Arun	1		A
Crawley	1		A
Hampshire	2	Voluntary only	A
Gosport	2.75		A
Southampton	1		A
Spelthorne	2		A
Test Valley	2.7		A;E
Tonbridge and Malling	1		A
Waverley	1		A
West Oxfordshire (Cotswold)	1		A
Winchester	1.6		A
Reading	2	Average 52 weeks	C; E
Bracknell Forest	1.75	Different rule for over 55s with no immediate access to LGPS	C
Windsor and Maidenhead	1		C
Wokingham	1		C; E
Wiltshire	2.5	2.5 voluntary (average at 40 weeks); compulsory max. 30 wks x £464 p/wk	E
	1.542307692		

Notes:

A: Comparator LA to WBC

C: Berkshire LAs

E: Neighbouring LA

1.54 is the average of the 26 individual Councils above

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	Employees/ Redundancies	FTE - occupied	Actual cost	Multiplier 1.5	Multiplier 1
2011/12	32	28.25	£ 1,043,508	£ 941,744	£ 839,980
2012/13	29	24.37	£ 514,213	£ 429,413	£ 344,612
2013/14	16	9.92	£ 251,150	£ 206,451	£ 161,752
2014/15 #	9	6.80	£ 305,634	£ 262,469	£ 219,304
	86	69.34	£ 2,114,505	£ 1,840,077	£ 1,565,648

includes 31/03/15 redundancies only

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Appendix C

West Berkshire Council redundancy policy – summary

Process summary:

1. Identify requirement to reduce number of posts and consult staff and unions on proposals.
2. Finalise proposals, and seek volunteers for redundancy.
3. If necessary, consult on selection criteria for compulsory redundancy.
4. Select staff for redundancy.
5. Seek estimates of costs for 1) redundancy payment and 2) pension fund costs (if applicable) for redundant employees.
6. Continue to seek redeployment to avoid compulsory redundancies.
7. Seek approval for overall costs from Chief Executive or the Executive as appropriate (see below).
8. Issue notice of termination of employment by reason of redundancy,
9. Make redundancy payment to employee and (as appropriate) compensate the pension fund for the cost of early retirement.

The table below shows the use of the Council's discretions under the Regulations and the approval process for the total costs to the Council for each individual redundancy.

	Current policy	Proposed policy
Week's pay	Actual pay	Actual pay
Multiplier (of statutory redundancy weeks to pay)	2	1.5 from 01/12/15 1.0 from 01/12/16
Approvals under £10k cost	Chief Executive in consultation with Leader and Shadow Leader	Chief Executive in consultation with Leader and Shadow Leader
Approvals £10k cost and over	Executive	Executive
Approvals £95k cost and over	Executive	Head of HR to undertake investigation into the case, producing a cost/benefit analysis, and consulting the Head of finance and the Head of Legal and the Chief Executive before allowing the case to proceed for final approval to Executive

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Agenda Item 5.

Title of Report:	Succession Planning
Report to be considered by:	Personnel Committee on 5 October 2015
Forward Plan Ref:	PC3041

Purpose of Report: To discuss a systematic approach to succession planning as part of service planning following discussion of this subject at Corporate Management Team on 6th May 2015.

Recommended Action: That Heads of Service include a systematic approach to succession planning based on the concept of risk management (likelihood and impact). This approach will become part of the overall approach to business continuity.

Personnel Committee support a further proposal that services be permitted to designate a "deputy Head of Service" to help with succession planning.

Reason for decision to be taken: To mitigate the risk of having important posts vacant for long periods of time.

Elected members have asked for a more formal stance on succession planning.

Other options considered: Do nothing.

The proposals will help achieve the following Council Strategy principle:
 CSP8 - Doing what's important well

Portfolio Member Details

Name & Telephone No.:	Councillor Roger Croft
E-mail Address:	rcroft@westberks.gov.uk
Date Portfolio Member agreed report:	17 September 2015

Contact Officer Details

Name:	Robert O'Reilly
Job Title:	Head of HR
Tel. No.:	01635 519358
E-mail Address:	roreilly@westberks.gov.uk

Implications

Policy:	None
Financial:	The proposal to allow 'deputy head of service' roles to develop where required will cost money as honorarium payments are used. However this cost will come from existing service budgets..
Personnel:	In report
Legal/Procurement:	none
Property:	none
Risk Management:	The suggested process will reduce the risk of skill shortages in important posts.
Corporate Board's Recommendation:	Report to proceed to Operations Board for information.

Is this item relevant to equality?	Please tick relevant boxes		Yes	No
Does the policy affect service users, employees or the wider community and:				
• Is it likely to affect people with particular protected characteristics differently?		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Does the policy relate to an area with known inequalities?		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)				
Relevant to equality - Complete an EIA available at www.westberks.gov.uk/eia			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Not relevant to equality			<input type="checkbox"/>	<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 Succession planning is used in many large, private sector companies where employees are fast tracked into senior posts. However there is no successful example of a similar succession planning scheme in a local authority. This is because the emphasis on fairness and equal opportunities in recruitment in local government make it impossible to promise an employee that he/she will be promoted when a colleague leaves or retires.
- 1.2 However "grow your own" succession planning is not universally accepted as the best way to fill vacancies. Some HR commentators argue that companies in fast changing markets should always advertise externally to bring in new ideas and create challenge and creativity.

2. Proposals

- 2.1 This report proposes that as part of service planning each Head of Service (possibly with his/her management team) identifies the posts that add most value to the service and asks:
 - (1) When the current post-holders leave, will the posts be filled in their current form?
 - (2) When the current post-holders leave, are there suitable internal candidates to replace them?
 - (3) When current post-holders leave, are there suitable external candidates to replace them?
- 2.2 This process will identify the risk of not being able to easily replace an important post holder.
- 2.3 The next stage is to consider the likelihood of the current post holder leaving. This information should be obtained from the appraisal discussion under section F:
 - (1) "Record discussion points on career aspirations, retirement plans and/or other issues in the box below".
- 2.4 This report also proposes that the suggestion endorsed by CMT on 6th May 2015 is approved by HR to allow services to designate a "deputy Head of Service" to assist with the learning and development needed for succession planning.

3. Equalities Impact Assessment

- 3.1 The discussion of retirement at appraisal will need to be dealt with sensitively to avoid claims of age discrimination.

4. Conclusion

- 4.1 The above approach will help identify posts where there is a high risk to service outcomes if a post becomes vacant and a high likelihood that the post will in fact become vacant. The head of service can then seek HR advice on the options to mitigate the risk. That is outcome focussed "succession planning".

Executive Report

1. Introduction

- 1.1 Succession planning is used in many large, private sector companies where employees are fast tracked into senior posts. However there is no successful example of a similar succession planning scheme in a local authority. This is because the emphasis on fairness and equal opportunities in recruitment in local government, and the requirement of advertise some senior posts externally, make it impossible to promise an employee that he/she will be promoted when a colleague leaves or retires.
- 1.2 However "grow your own" succession planning is not universally accepted as the best way to fill vacancies. Some HR commentators argue that companies in fast changing markets should always advertise externally to bring in new ideas and create challenge and creativity. The danger with exclusive "grow your own" succession planning is that the organisational culture is replicated and can stagnate.
- 1.3 HR recently took a report to Management Board on a proposal to allow HR to agree to simultaneous external and internal advertising of vacancies (rather than managers having to ask the unions for permission). The reaction of MB to this report suggests that some senior elected members are not in favour of our current "internal candidates first" recruitment policy.
- 1.4 Looking at the data for the past 8 years, the average age of a manager (Grade L or above) retiring is 60 (17 leavers). However both CB and CMT did not support any specific focus on age as a possible risk factor in the likelihood of a key employee leaving, for fear of age discrimination. Therefore the discussion at appraisal of "other factors" which might reveal a key employee's intention to leave should be discussed with employees of all ages.
- 1.5 The external recruitment market is becoming more competitive as the economy grows meaning that external recruitment will become harder. As the Council workforce shrinks more knowledge is concentrated in fewer people who also have less time to write down that knowledge in process maps for others to use if they leave. This means that "organisational wisdom" is more likely to 'walk out of the door' when key people retire or leave for another job or any other reason.
- 1.6 The above factors mean that a risk assessment approach to succession planning is the preferred option outlined in this report,

2. Succession planning as part of service planning

- 2.1 The Head of Service (or Corporate Director for Heads of Service) should discuss succession planning as part of the service planning process.
- 2.2 The succession planning discussion will identify those posts which will have a high impact on service outcomes if they become vacant and ask the following questions:
 - (1) Will the post be filled in its current form when the post-holder leaves or retires? If the post will not be filled in its current form, what is likely to happen to the range of duties and responsibilities that the post-holder

currently undertakes? Some duties might be stopped, or out-sourced, or added to other posts' responsibilities or re-designed.

- (2) If it is likely that the post will be filled in its current form, are there any suitable internal candidates? If there are suitable internal candidates then the discussion will focus on their personal development plans to ensure that they are being given enough experience and training to make the step up if successful at interview. The succession planning will assume that it is likely that a successful internal appointment will happen. This assessment may change if one or more of the possible internal candidates leave. This development of potential internal candidates can be assisted by the use of a deputy head of service role (see section 3 below).
- (3) If the post is to be filled in its current form and there are no suitable internal candidates are there any suitable candidates in the external jobs market? It may be necessary to undertake some research into the external jobs market. The succession planning will assume that it is likely that the post can be filled externally if the job market is buoyant.
- (4) If internal or external candidates are not available and there is a high likelihood of the current post holder leaving then the head of service should discuss options with HR.

3. Deputy Head of service role

- 3.1 One way to develop potential internal candidates is to use a formal deputy role for heads of service if specific services wish to do so. Steve Broughton is ready to use this approach in his service subject to CB approval.
- 3.2 There are two types of 'deputy' roles in local government.
 - (1) The first is to establish posts with the word Deputy in the job role. The classic example is Deputy Chief Executive which is normally a role taking on the operational tasks that the CX doesn't have time for while the CX concentrates on strategic issues. The same principle can be applied to a host of senior posts in an organisation. This type of structure has gone out of fashion as being top-heavy and expensive. This report does not recommend such an approach.
 - (2) The second is for a person to keep their day job but be recognised as the deputy head of service in the absence of the head of service (for example when the head of service is on leave). The deputy head of service would shadow the head of service at key meetings and learn about how to do the role. This improves the possibility of having an internal candidate ready and able to apply for a vacant head of service post. However it would also make the person more marketable and may encourage them to seek a head of service post in another LA.
- 3.3 There are obvious equality issues on how a deputy head of service should be selected. Steve Broughton proposes sharing the role in six or 12 month stints amongst his direct reports who are interested. The deputy head of service would be paid an honorarium by the service while undertaking the role.

3.4 The concept of deputy roles as described above could be used below head of service level and would have the same beneficial effect in terms of succession planning.

4. Conclusion

4.1 This report recommends that services use the service planning process to identify posts where there is a high risk to service outcomes if a post becomes vacant and a high likelihood that the post will in fact become vacant. The head of service can then seek HR advice on the options to mitigate the risk. That is outcome focussed "succession planning".

4.2 This report also recommends that services be allowed, where they perceive a benefit, to use "deputy head of service" (and if appropriate other 'deputy' roles) to improve the possibility of an internal appointment should the head of service post become vacant. This approach will bring other benefits to the service in terms of learning, motivation, service delivery and business continuity.

4.3 CB is invited to decide whether this report should go to Management Board.

Appendices

There are no appendices with this report.

Consultees

Local Stakeholders: Not consulted

Officers Consulted: CMT and Corporate Board

Trade Union: