

Reference	
Executive Director	Lynne Ridsdale
Cabinet Member	Cllrs Rafiq

Section A

Service Area	Council Wide
Budget Option Description	Workforce Costs

Budget Reduction Proposal – Detail and Objectives

The scale of budget gap forecast for 2023/24 exceeds the extent of potential options which are congruent with organisation strategy. As such it is necessary to bring forward additional options which may not be strategically aligned but represent the opportunity to make savings through reduction in non-statutory services. This template sets out the detailed work and approach to progressing two such options as set out within the October MTFS refresh:

1. Additional unpaid leave (£600K)
2. A review of the Council's Chief Officer Structure (£100k)

Additional Unpaid leave

Background

The Council historically operated a system of 3 days mandatory unpaid leave to support its budget position between 2011 and 2019. When this scheme ceased in 2019 those staff who wished to were enabled to continue to opt-in to access this, with an additional voluntary scheme introduced enabling staff to purchase up to a further 10 days leave each year, subject to managers approval. Savings targets for these schemes continue to be built into the current budget:

	Budget Savings Target	Staff uptake in 2022/23	2022/23 Projected Saving	Variance from target
3 Days Unpaid Leave	£170k	1,213	£234k	+£64K
Additional Leave Purchase	£14k	114	£74	+£60k
TOTAL	£184k	1,327	£308k	+£124k

As per the above table, in year we are projected to overachieve on the budget target across these schemes by £124k.

Work to maximise uptake

Officers have worked to further enhance uptake of the voluntary leave purchase scheme over recent months, working towards a £600k savings target, which is based on an assumed 3 days of unpaid leave being taken by all staff.

This work has been supported by a significant internal communications campaign and a streamlined and simplified application process.

Whilst the level of savings through the remaining staff participating in the original scheme will diminish over time, as staff leave and withdraw, analysis also suggests the target here could safely be increased taking account of turnover patterns.

	Initial Savings Target	Staff uptake projected for 2023/24	2023/24 Projected Savings	Projected additional budgeable savings
3 Days Unpaid Leave	£170k	1,019	£190k	+£20k
Additional Leave Purchase	£14k	250	£140k	+£126k
TOTAL	£184k	1,269	£340k	+£146k

Based on the above, and assuming additional in-year take-up through the ongoing communications campaign a further **saving of £150k through unpaid leave can safely be built into the 2023/24 with a very low risk delivery rating. A potential stretch target of £200k would also be reasonable.**

Going further

Whilst it may be possible to slightly improve on this £150k through additional communications, promotion and incentives within current policy (to say £200k) this falls well below the original target of £600k in savings.

One option to enhance uptake here would be to move to an 'opt out' approach, with staff automatically enrolled to access 3 days unpaid leave but given the option to opt out of this arrangement if they wish to do so.

This approach would be applied to those who are not currently enrolled in the original scheme and, for those who have voluntarily purchased 3 days or more leave already this year, would not increase the number of leave days they are accessing unpaid in 2023/24. The intention would be to apply this on the same basis as the original scheme i.e. that staff are enrolled on an ongoing basis but free to withdraw at any time. Going forward new staff would also be automatically enrolled into the scheme from their start date with the option to withdraw included in the new starters process. – The total potential additional savings from this approach would be £367k

There are several areas of the Council where it would not make financial sense to opt staff into this scheme. Where, for example, staff require cover during any absence and such cover would be more costly (i.e. waste) or those funded by income or specific grants where no saving would be realised by additional leave (i.e. School Catering). – Staff in these areas would retain access to the voluntary additional leave purchase scheme but would reduce the total potential savings through the 'opt in' approach by £48k.

The table below summarises those areas proposed to be excluded from this approach:

Team	Total number of employees
Pupil Escorts	56
School Crossing	20
Adult Learning Service	34
Caretaking and Cleaning Services	197
Catering Services	248
Waste Management	103
Sheltered Services and Carelink	49
Sensory Support Service	23
Choices for Living Well - Killelea	125
Emergency, resilience and response	24
Curriculum Language Access Service	32
	911

Excluding the above areas, taking account of staff already accessing unpaid leave, this would take the total additional potential savings to £319k. A 50% 'opt out' rate has been assumed meaning a projected further £160k of savings through the opt-out approach.

Moving to an 'opt out' approach poses a number of practical and potential legal risks which are explored further below. However, given the scale of budget challenge facing the Council this option, on balance, is proposed to be progressed.

A review of the Council's Chief Officer Structure

The 2022/23 budget includes a savings target of £200k from a review and rationalisation of the Council's Chief Officer structure. £138k will be achieved towards this target in-year, with the remainder to be achieved in 2023/24.

A further £100k saving is proposed for inclusion in this budget. This will be profiled for delivery in 2024/25 and will be incorporated into work by the incoming Chief Executive to review the Council's senior structure.

Bridging the gap

As set out above, clear plans are in place which will deliver circa. £400k of the £700k savings proposed through workforce costs.

A number of options have been considered to bridge this gap including:

- Moving the application of unpaid leave to a mandatory model, most likely through the termination and re-engagement of staff
- Increasing the level of automatically opted in days from 3 to 5
- A further cut in Chief Officer staffing
- Adjustments to the Council working week and hence associated staff costs.

These options have, at this stage, been rejected as the potential impact on service delivery and staff morale and productivity which are seen as disproportionate to the savings value.

It is important that considerations here are set in the context of the Council's overall employee terms and conditions package which, similar to many other local authorities, has seen changes to enable savings in a number of areas over the past decade, including movement to the payment of overtime at plain-time only and a more stringent approach to sick pay.

The 2021/22 budget included £360k in savings from a review of discretionary workforce spend. This target was achieved through a detailed review of all non-salary payments to staff, such as allowances and on-call payments. Over the past year significant analysis was also conducted in relation to organisational management layers and spans of control which, whilst not identifying significant savings opportunities, has identified a number of lines of enquiry for further potential analysis.

The proposal is to seek to achieve the remaining £290k savings through further work to promote uptake of unpaid additional leave and, potentially a continuation of the discretionary workforce spend review and further organisational design analysis. – These savings are scheduled for delivery by 2024/25.

Overall Savings Proposals

	TOTAL savings	23/24	24/25
Review of current '3 days unpaid leave' income target	£20k	£20k	
Additional unpaid leave – voluntary purchase	£130k	£130k	
Additional unpaid leave – Opt out approach	£160k	£160k	
Chief Officers Savings	£100k		£100k
Additional workforce savings	£290k		£290k
TOTAL	£700k	£310k	£390k

Section B

What impact does the proposal have on:

Property
None
Service Delivery
Through the exclusion of areas where additional leave would require cover through either overtime or agency staff the intention is to minimise the impact on delivery in key operational service areas. – However, additional leave will, by definition, reduce workforce capacity which will pose a challenge to service delivery. This risk will be mitigated by prioritisation and structured performance management arrangements across services.
Organisation (Including Other Directorates/Services)
Management of this programme will require increased work across HR and Payroll functions.
Workforce – Number of posts likely to be affected.
This proposal will affect the full workforce, as described above.
Communities and Service Users
No
Other Partner Organisations
No

Section C

Key Risks and Mitigations

Risks	Mitigations
The 'opt out' approach receives legal challenge on the basis of an unlawful deduction from wages	Initial legal advice has suggested a number of measures to mitigate this risk, principally through ensuring the robustness of staff communications and simplicity of the approach to opting out. – Also, it will be important that any individuals who feel they have been inappropriately opted in have a route to raise this and issues to be corrected.
The 'opt out' approach negatively affects staff morale or industrial relations	This risk will be mitigated by strong and open communications with staff and the trade unions and an emphasis on the Council's wider employment offer and support alongside clarity that opting-out requires no form of justification or approval.
The assumed 50% 'opt out' projection is not accurate and a lower level of savings are delivered	Ongoing monitoring will be key to understanding the position here. However, it is not possible to fully mitigate this risk.
Additional leave negatively impacts service delivery	Through the exclusion of key operational areas and the wider focus on prioritisation and performance management this risk will be mitigated.
A reduction in the Chief Officer structure affects the Council's capacity to deliver on its key objectives	The Chief Executive will carefully consider how any reduction is managed with reference to the Council's operational and strategic priorities

The additional savings Gap cannot be met	Focused work will begin on this area from May 2023 with a view to developing a clear and risk assessed plan of action by October. – There is considerable risk here. However, analysis of both the organisational structure and key areas of spend provides some initial confidence in relation to deliverability.
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Key Delivery Milestones:

Milestone	Timeline
S188 meeting to agree proposed approach and progress staff communications	27 February 2023
Communications to all affected staff, including opt-out process	27 February 2023
Ongoing communications and staff briefing	March 2023
New processes agreed for new starters and annual management of the process	March 2023
Opt-out deadline and application of 3 days unpaid leave to staff as applicable	30 March 2023
Ongoing monitoring of savings against budget	From April 2023
Review of Chief Officer structure to generate 2024/24 savings progressed.	September-December 2023

Section D

Consultation Required?	Yes – for Chief Officer review
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Equality Impact

Is there potential for the proposed budget reduction to have a disproportionate/ adverse impact on any of the following?

Disabled people	This process will need to be carefully managed (in particular the employee communications and practical opt-out arrangements) to mitigate any negative impact on protected groups.
Particular Ethnic Groups	
Men or Women (including impacts due to pregnancy/maternity)	
People who are married or in a civil partnership	
People of particular sexual orientation	
People who are proposing to undergo, undergoing or undergone a process or part of a process of gender assignment	
People on low incomes	
People in particular age groups	
Groups with particular faiths and beliefs	

EIA Required?	Yes
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Section E: Financial Implications and Investment Requirements

Investment requirements – Revenue and Capital
No

Finance Comments – Will the proposal deliver the savings and within the agreed timescales?
Yes