Finance and Resources Committee

10.00am, Thursday, 07 March 2019

Managing Change Policy

Item number	7.9
Executive/routine	
Wards	
Council Commitments	

1. Recommendations

1.1 To approve the new Managing Organisational Change Policy.

Stephen S. Moir

Executive Direct of Resources

Contact: Katy Miller, Head of Human Resources

E-mail: katy.miller@edinburgh.gov.uk | Tel: 0131 469 5522

Report

Managing Change Policy

2. Executive Summary

2.1 The Managing Organisational Change Policy sets out our approach to drive continual improvement when a significant requirement for change is identified. Organisational Change can take many forms, and not all cases will require a full organisational re-design, however, significant changes such as Divisional or team restructures, significant changes to working practices or reductions and redundancies should all be managed in line with the provisions set out in this Policy. This Policy aims to ensure that colleagues are engaged early in the design process and that they are engaged and supported throughout the process.

The Managing Organisational Change Policy replaces our current policies covering Organisational Reviews, Redeployment and Redundancy, which were approved at Committee on 1 March 2011, 4 February 2010 and 28 January 2010 respectively.

3. Background

3.1 The Council currently has three policy/procedure documents and various supporting documents, which provide guidance on preparation for and managing ongoing changes, such as: Organisational Reviews, Redeployment and Redundancy. The Managing Change policy brings together these documents and will cover all aspects involved in these procedures. Bringing this together into one document will make it easier to understand and more accessible to colleagues and Managers.

3.2 Managers will receive training on leading and managing change using the policy before undertaking a review and this will be supported with relevant guidance and processes.

3.3 This policy sets the tone and cultural shift required to engage more with colleagues on changes affecting them and facilitates the need to meaningfully consult on matters where redundancy may be an outcome.

4. Main report

4.1 In addition to outlining the key principles that need to be observed during the planning of any change, a section on the 'why of change' is included which encourages those managing change to consider the current state (i.e. what works, what doesn't work, purpose of the service etc) prior to initiating the design process.

4.2 Under the provisions set out in this policy regarding Organisational Reviews, colleague involvement will be sought before, during and after, as opposed current practice of only during formal consultation. By encouraging colleagues to participate in the design process ideas and solutions are more likely to flow from colleagues who do the role and have real insight into how improvements could be made.

4.3 Involvement at the outset will allow the formal consultation period to focus more on mitigation of redundancy and provide more clarity on securing roles or alternative options by the end of the formal consultation period. It is proposed that this is preferable to the current practice of often waiting weeks after consultation closes to know if they have secured a role or not, which can contribute to more prolonged periods of stress. This will ensure that colleagues will be fully aware of their individual position at the end of consultation and that there is clarity throughout the process.

4.4 This policy proposes a change to the current Redundancy Multiplier of 1.7 for those with access to pension and 2.7 for those without access to pension, to a multiplier of 1.5 for those with access to pension and 2.5 for those without access to pension. This continues to be enhanced above the statutory minimum whilst being cognisant of our cost envelop and may mitigate the need for deeper cuts as a result of funding higher awards.

4.5 This policy highlights the continued personal accountability and responsibility of line managers for their direct reports, when placed on the redeployment register, ensuring continued engagement with colleagues, which include formal monthly reviews. Line managers will continue to support colleagues and assist them to record their activities when placed on the redeployment register and to produce an action plan including any relevant training, which may help colleagues secure an alternative role. This change will ensure colleagues placed on the redeployment register will continue to be supported and that they have an opportunity to gain alternative employment with the Council.

4.6 The Managing Change Policy incorporates the information outlined in the aforementioned documents and is now displayed in a new format which includes the key information relating to these procedures and stakeholder roles and responsibilities. The Policy is user-friendly and will provide stakeholders with clarity on the role we all play in making a significant change happen within the Council.

5. Next Steps

5.1 An implementation plan will be put into effect, commencing with the design of management development course to support the policy.

5.2 It is expected that all necessary implementation steps will be able to be completed by 6 May 2019, at which point the new policy would become effective.

6. Financial impact

6.1 Using the profile of those released during transformation, a reduction in the Voluntary Redundancy multiplier would have saved an estimated £350k, based on a reduction of 300 employees.

6.2 Costs of voluntary and early release represent a direct cost to the Council. In some cases, there may also be an associated strain cost payable to the Pension Fund for early payment of benefits. To ensure that cases of staff release deliver best value to the Council, the Executive Director of Resources shall stipulate appropriate financial criteria against which to assess such applications, liaising as appropriate with the Finance and Resources Convener.

7. Stakeholder/Community Impact

7.1 The policy meets our legal obligations in relation to formal consultation.

7.2 The policy applies to all employees and is explicit in the consistency of its application.

8. Background reading/external references

8.1 None

9. Appendices

Managing Change Policy:

Including Restructuring, Redeployment and Redundancy

The Council (we) recognise the need for continuous improvement and recognise this can result in large scale change. However, this can take many forms and not all change requires an organisational re-design or review of structures. If this is needed to meet current and future service demand, then this policy sets out the steps that should be taken to manage change in our organisation.

As a general rule, this policy and supporting guidance should be applied where significant changes are proposed including departmental or team restructures, changes to working practices, or workforce reductions and redundancies. This policy is not intended for low impact or minor changes (for example, changes in job titles, changes in reporting lines, minor changes to job descriptions, etc.) although good practice dictates that even minor changes should be discussed with the employees affected so that they are engaged in the need for change.

Any recommendations resulting in a potential reduction or change in roles will require a business case and approval by the relevant Chief Officer and Corporate Leadership Team sign off.

Author

Employee Relations, Human Resources, Resources Directorate

Scope

This policy applies to all Council employees, including Teachers, except where redeployment is an outcome and they would revert to the Scheme of Compulsory Transfer of Teachers.

Purpose

Our top priority is to ensure that, as far as possible, employees' jobs are secure. However, we recognise that some changes to our structure or the way that we deliver services may mean we need fewer employees or different roles.

This policy sets out how employees will be treated during change and signposts help they can get before, during and after change.

This policy also ensures that any changes that have an impact on our workforce are legal and helps to support our partnership working with the Trade Unions.

Review

The policy will be reviewed as and when a change to the existing policy deems this necessary, primarily as a result of: changes to legislation or statute; agreement of new national terms and conditions of service or Government Policy; organisational change; or resulting from changes agreed through Trade Union Consultation

1. Principles

We are all responsible for how we deliver our services. Ideas for improvement and change can come from our colleagues, our citizens, our elected members and other key stakeholders who interact with us through the provision of services.

Leaders are responsible for ensuring these ideas are heard and considered when developing vision and service design.

Any resulting change should follow these guiding principles:

Outcome focused – Clear Vision and Purpose

- Be clear on the need for change. While not everyone will always agree, if people understand why change is necessary this provides clarity and often enables people to make considered choices about their alignment with the need for change.

Research Based – Well Informed

- Change should be grounded in robust evidence to support the need. This should include, among other things, real insight from both service-users and those responsible for delivering services, in the context of benchmarking and best practice.

Engaged – Real Involvement

- While final decision on design rests with senior leadership, all key stakeholders must be identified and engaged, taking a collaborative and constructive approach.

Co-design and Collaboration

- Services should be designed with the user in mind and thus key stakeholders should be identified and engaged in the process, ensuring the customer journey is as effective and efficient as it can be.

Iterative – Continuous Improvement

- Continually testing and developing the design of a service with the user's journey in mind.

2. The Rationale for Change

It is important to understand why change might be required, so that the purpose and benefits are clear. The starting point for effective change is measuring where we are now compared with where want to be: what's working, what isn't working and what needs to change?

It is recommended that a three-stage method is followed to assist in clearly defining the need for change. Specifically:

- **Identify the drivers for change**

  Leaders should define what's driving any proposed change. This may include risk mitigation, service delivery costs, legislative/regulatory change or continuous improvement.

- **Establish Service baseline and purpose**

  To assess the benefit of any proposed change, it is essential to understand the purpose of the Service and how it is currently performing. This can be done in a number of ways and may include gathering insight from employees and service users.

  Establishing this baseline information will help us to understand and measure the impact the proposed change will have across all aspects of the Service. Change could have an intended impact in one area and an unintended impact in another, so establishing a baseline at the outset is key.

- **Assess drivers against baseline and purpose**

  By analysing the baseline and drivers, it is possible to determine whether change is needed and to consider the scope, scale and timeline of a potential change process.

Once the need for change has been identified, a project team should be formed to manage the design, implementation and evaluation stages of the change process. This would normally include a Senior Responsible Officer; project manager; Finance Partner, HR Consultant, Communications Partner, ICT Partner, and other relevant parties as appropriate. The project team is responsible for the development of change proposals during the next phase, including the business case and project and implementation plans.

Detailed information and advice on how to identify the need for change and appropriate project governance activities, including roles and responsibilities in the implementation of change, is set out in the User Guide.

3. Exploring and Designing Options

Once the need for change is clear, ideas can be generated from multiple sources and in many ways. The appropriate methods of gathering insight should be agreed by the project team, along with a method of analysis, which might include service user insight, employee insight, cross functional input, political pledges, and input from Trade Union partners as appropriate.

A comprehensive stakeholder map should be created. It's then critical to establish methods of communication and engagement to ensure there is clarity around who should be aware of the need for change and who should be involved in idea generation and the design of options/recommendations

Once there is awareness of the need for change, those involved will typically have an interest so it's important to begin engagement at the start of the process, being clear that this is about thinking creatively and generating ideas and options for consideration or consultation.

Areas that should be explored include activities we might stop doing, start doing, or do in different ways, with consideration given to current operating model and overlaying structure. It is the role of the project team to engage with stakeholders to gather this insight and ensure it is considered and applied effectively in the development of any proposals for change.

At this stage, any proposed changes to the operating model should be considered with reference to the baseline to ensure all potential implications and opportunities have been identified and understood. This should include the development of a business case for review and approval, and an Integrated Impact Assessment.

This approach will mean that proposals and implementation plans are more consistently fit for purpose and that input and feedback has been fully considered before acquiring sign off by CLT and relevant committee, if required.

4. Consultation

If change is likely to mean the removal of existing posts, formal consultation should begin with a focus on seeking ways that redundancies might be avoided or mitigated. In these cases, we will consult both individually with those at risk of redundancy and collectively with the trade unions.

Depending on the number of redundancies anticipated, a minimum statutory collective consultation period will apply. Individual consultation will also take place.

All employees at risk of redundancy will have the opportunity to provide feedback and discuss what the proposals mean for them.

Before making any redundancies, the following should be explored through consultation:

- early retirement;
- flexible working options or changes to working patterns, including job share;
- temporarily reducing staff working hours;
- retraining staff to do other jobs in the organisation, within a reasonable timeframe;
- the requirement for temporary workers; and
- limiting or stopping overtime.

During consultation, employees will also be considered for roles in the new structure using fair transparent and appropriate assessment methods to mitigate, where possible, any redundancy. Colleagues should be informed soon after consultation closes on the outcome, accepting in larger services this may take more time. In determining whether a role in a new structure is deemed a suitable alternative or not, the following should be considered:

- The employee’s skills and experience (i.e. do they have the right skills and experience for the new role?); and
- The terms of the alternative job including: status, place of work, job duties, pay, hours and responsibility (i.e. how similar are these to the old role?).

A protocol for this will be available at the start of consultation for any proposed changes to structure and roles.

5. Implementation

In preparation for the end of consultation and to support colleagues to get on board with the change, the project team must develop an implementation plan that considers all aspects of the move to a new operating model and structure, and ultimately deliver the outcomes.

Continuous engagement and communication is critical during this period, so that those who are not appointed to new roles in the organisation feel supported as they transition to new opportunities, e.g. redeployment, CV and interview skills training, retirement planning, further education etc.

It is equally critical to continue to engage and communicate with those employees who have secured a position, recognising the different stages they are at in relation to change so that the right support can be provided.

The implementation plan should consider where individual and team development is required, e.g. appropriate training, coaching, job shadowing, and team and one-to-one conversations providing clarity around what is expected and when in relation to the move to a new role.

If an employee is not successful in securing a role through the assessment and appointment process, they will be placed on the redeployment register, and at that point displaced employees may be offered Voluntary Redundancy (VR).

If an employee chooses to remain on redeployment, they should keep a weekly record of proactive engagement with opportunities that arise for consideration and discuss these with their line manager at monthly reviews. This will include development of an action plan, identifying any additional training or support that might help the employee secure an alternative role.

Where an employee is successful in securing an alternative role through redeployment, they will typically undertake a minimum 4-week trial period. The purpose of this is two-way, to allow both employee and line manager to decide whether the new post is suitable, and to explore what further development may be required or how any issues or concerns might be resolved.

Should an employee unreasonably decline suitable redeployment opportunities (or contribute to the breakdown of a trial period) on two occasions, a decision may be taken not to continue with the process and the outcome may be dismissal. The council reserves the right not to make a redundancy payment in these circumstances.

An executive director may also consider volunteers for redundancy who are doing similar roles in other unaffected parts of the Council, where this would allow an otherwise redundant employee to move into the post. This is known as a “bumped redundancy”. The functions, duties and grade of the two posts must be broadly similar and both parties must agree to the arrangement. Bumped redundancies must result in a net reduction of one post and the costs of release must be broadly comparable or less.

Employees on fixed-term contracts will be consulted with in the same way as permanent employees.

6. Evaluation & Continuous Improvement

In the first stage of this process a baseline was established as the basis for the design of change. This should be the model against which improvement is measured.

A method of evaluating the new operating model should be developed and monitored over an appropriate period to ensure the change is both embedded and working. By continuously reviewing what is working well and less well, improvements could be made without the need to implement a new change process.

This approach will inevitably result in continuous change as the running of the service, from an operational perspective, evolves. Colleagues should continue to be engaged in seeking ideas and input into continuous improvement. By taking the awareness and engagement approach outlined at the start of the policy and building a culture around this, which continues to focus on the why of change and measures of success, continuous improvement and innovation will become our normal way of working.

This policy is non-contractual and we reserve the right to make reasonable changes to the terms of this policy as deemed necessary, subject to the appropriate approval and in consultation with Trade Unions.

Managing Change Policy: Appendix 1

Redundancy payment calculations

This appendix outlines the terms under which a voluntary redundancy payment would be calculated:

Statutory Redundancy Payment

An employee who is displaced following organisational review and has at least 2 years' continuous local government service will be eligible for a statutory redundancy payment.

A statutory redundancy payment is calculated on the basis of age and completed years of service (up to a maximum of 20 years' service):

- ½ week's pay for each year of service where age less than 22
- 1 week's pay for each year of service where age between 22 but under 41
- 1½ week's pay for each year of service where age is 41+

Enhancement to the Statutory Redundancy Payment

For all eligible staff, offers of voluntary redundancy will be based on the following:

- The statutory terms will be used to calculate number of weeks' pay
- The employee's actual weeks' salary will be used for the calculation

Additionally, the multiplier used to enhance a statutory redundancy payment depends on the timescale in which the employee noted interest after being informed they were displaced, and their access to pension benefits, as follows:

For Employees without access to pension	
Within 14 Calendar days of being informed in writing	**After 14 Calendar days of being informed in writing**
Number of weeks' pay **x 2.5**	Number of weeks' pay **x 1.5**

For Employees with access to pension	
Within 14 Calendar days of being informed in writing	**After 14 Calendar days of being informed in writing**
Number of weeks' pay **x 1.5**	**no multiplier**

Note that any offer of a redundancy payment would be subject to financial assessment an approval prior to a final offer being made.