

Report of the Deputy Chief Fire Officer

8. Workforce Planning

Purpose of report

1. To update Members on options for reducing the whole time workforce as a consequence of changes in fire cover as agreed by the Fire Authority on 1 October 2014.
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Recommendations

It is recommended that:

- i) the initiatives in progress for temporarily reducing staffing levels be noted; and*
- ii) staff who volunteer for redundancy in future be offered an enhanced redundancy payment calculated on the basis of actual pay (rather than the statutory maximum) plus 75% enhancement and that this be applied to all staff groups.*

Introduction and Background

2. Members will be aware that the changes in fire cover that were agreed at the Fire Authority meeting on 1 October 2014 as part of the CRMP required a reduction of 44 whole time fire fighters. In combination with previous departmental reviews that have created further efficiencies and staff number reductions, it is anticipated that by April 2015, approximately 55 uniformed posts will be unsupported by the Authority's revenue budget.
3. Members will also recall that the Fire Authority agreed to use £0.8m of reserves to maintain five fire fighters on all whole time based first fire engines (except Hereford and Worcester) on as many occasions as possible for the initial period of two years (2015/16 and 2016/17).
4. The reduction in uniformed posts cannot be achieved within the timescales required through planned retirements or 'natural turnover' alone. The table overleaf shows the Authority's whole time staffing profile including projected retirements over the next five years. The annual cost to the Authority above that supported by the budget is indicated at the bottom of each column. If no further measures are taken to reduce staff numbers the cumulative cost to the Authority would be approximately £3.7m, which is considered unaffordable.

| Staff position | As at 01.01.15 | As at 01.04.15 | As at 31.03.16 | As at 31.03.17 | As at 31.03.18 | As at 31.03.19 | As at 31.03.20 |
|-------------------------------|----------------|----------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Whole time Establishment | 282 | 231 | 231 | 231 | 231 | 231 | 231 |
| Potential 30 year retirements | N/A | 3 | 7 | 8 | 7 | 16 | 16 |
| Projected staff in post | 289 | 286 | 279 | 271 | 264 | 248 | 232 |
| Variance | +7 | +55 | +48 | +40 | +33 | +17 | +1 |
| Cost | - | - | 16/17 £0.6m | 17/18 £1.3m | 18/19 £1.1m | 19/20 £0.6m | 20/21 £0.1m |

Options for reducing staffing

5. There are a number of viable options for achieving a reduction in staffing levels through voluntary means. These options have been formulated as alternatives to compulsory redundancies.
6. The most significant initiative to temporarily reduce the workforce, and therefore wholetime pay budget, is secondment to other services, as the other service pays the salary and on-costs for each secondee. The Service has worked closely with partner fire services within the region (Shropshire, Warwickshire and Staffordshire) and has 35 secondments currently in place. In addition there are potentially a further 20 secondments to West Midlands Fire Service that are being progressed.
7. The secondments vary in duration from five months to two years. For the 15/16 financial year, the secondments allow the Authority to offset approximately £1.3m of wholetime uniformed staffing costs.
8. Following the completion of all potential secondment opportunities, the Authority's projected uniformed staffing profile above the revenue budget establishment will be:
 - 17 members of staff above the budgeted level from December 2015
 - 26 members of staff above the budgeted level from January 2016
 - 46 members of staff above the budgeted level from May 2016.

Note: numbers rise as secondees return to this Service
9. Based on current information, it is likely that all secondment initiatives will be exhausted by May 2016.
10. Other options that are being considered include:
 - career breaks that have been requested by up to 6 members of staff for a duration of 4 to 36 months;
 - working with the West Midlands Ambulance Service to consider the viability and practicalities of secondments to their organisation;
 - job share arrangements.

Voluntary Early Retirement

11. The Fire Authority is unable to offer enhanced terms for early retirement beyond those that are set out in the Firefighters Pension Schemes (FPS). Under existing pension scheme rules a member of the Firefighters Pension Scheme 1992 can retire from age 50 if they have a minimum of 25 years pensionable service. A firefighter is usually entitled to commute up to 25% of their gross pension into a lump sum. If a firefighter has not reached age 55 or 30 years' service the commutation is restricted to such amount as will generate a maximum lump sum of 2.25 times the gross pension. This is an unattractive option for the majority of staff.
12. In June 2014 the Policy and Resources Committee approved the discretion in relation to Rule B7 of the FPS to increase the lump sum for firefighters up to the maximum they would have received had they been allowed to commute the full 25% of their pension. When exercising this discretion, the Authority must have regard to "the economical, effective and efficient management of their functions, and the costs likely to be incurred in the particular case". If the Authority increases the lump sum there is a requirement to transfer into the FPS fund an amount equal to the difference between the lump sum paid and the lump sum that could have been paid, if restricted to 2.25 times the full pension.

Voluntary Redundancy

13. The Authority has an existing redundancy policy which has recently been updated to include uniformed staff, although the Authority has only had reason to apply it to support staff until the present time.
14. In accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (the 2006 Regulations), the redundancy payment for support staff is calculated on the basis of actual weekly pay (rather than the statutory maximum of £464 per week). In addition, the Authority currently offers support staff an enhancement of 30% (1.3x redundancy pay) if they accept voluntary redundancy (this is less than the maximum payment allowed under the 2006 Regulations, which would be 104 weeks' pay) .
15. Although the 2006 Regulations do not apply to firefighters, Counsel's advice has confirmed that the Authority does have discretion to pay enhanced redundancy terms to firefighters who accept voluntary redundancy provided:
 - (a) the payments are fair and reasonable, both to staff and to Council Taxpayers; and
 - (b) we apply the same approach to both uniformed and support staff (so as to avoid issues under the Equalities Act)
16. In determining what is reasonable, the starting point is clearly the existing voluntary redundancy package applicable to support staff.

Compulsory Redundancies

17. Any compulsory redundancy of wholetime firefighters is likely to be highly controversial and would undoubtedly cause very difficult industrial relations. For

many reasons it is preferable to achieve uniformed reductions through voluntary redundancy if at all possible. To achieve this it is important that the voluntary redundancy package is attractive enough to incentivise staff to volunteer but not so generous that it doesn't represent value for money to the tax payer.

Proposal

18. The table below gives a comparison between the redundancy payments for a firefighter on a current salary of £29,054.

| Service | Age | Statutory Redundancy | Enhanced redundancy payment | | |
|----------|-----|----------------------|-----------------------------|---------|---------|
| | | | Based on actual salary | +30% | +75% |
| 10 years | 30 | £4,176 | £5,014 | £6,519 | £8,776 |
| 20 years | 40 | £8,816 | £10,586 | £13,763 | £18,527 |
| 25 years | 50 | £11,368 | £13,651 | £17,747 | £23,890 |

19. It is proposed to offer staff an enhanced redundancy payment calculated on the basis of actual pay (rather than the statutory maximum) plus 75% enhancement for volunteering for redundancy. This would apply to all staff groups and would mean that even with the longest serving members of staff the Authority would start to gain a financial efficiency after less than 12 months, and significantly sooner in many scenarios. It is considered this level of enhancement would be sufficiently attractive to assist reducing the workforce through voluntary means whereas the current 30% enhancement would not attract sufficient volunteers.

Budget Implications

20. With effect from financial year 2016/17, the Authority's revenue budget will be unable to support the additional members of staff referred to in paragraph 4 above. This is a position that was anticipated in 2011/12 which is the reason why the budget reduction reserve was created.
21. The proposed changes to the Authority's voluntary redundancy arrangements could significantly improve this situation should sufficient numbers of staff volunteer. For example, should 10 firefighters with 2 or more years until retirement come forward, the Authority could reduce its staff costs by a minimum of £450,000 pa.

Conclusion/Summary

22. The necessary reduction in the number of uniformed posts cannot be achieved within the timescales required through planned retirements or 'natural turnover' alone. An enhanced redundancy package would incentivise volunteers to put themselves forward and assist the Service to reduce its establishment to necessary levels.

Corporate Considerations

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|---|---|
| Resource Implications (identify any financial, legal, property or human resources issues) | See paragraph 4,18,21 |
| Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications). | The report relates to both the 'People 'and 'Resources' aspects of Our Strategy |
| Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores). | <ul style="list-style-type: none">• Inability to reduce staff numbers against required timescales.• Threat of industrial action arising from compulsory redundancy |
| Consultation (identify any public or other consultation that has been carried out on this matter) | All representative bodies including: Fire Brigades' Union Unison GMB FOA |
| Equalities (has an Equalities Impact Assessment been completed? If not. why not?) | Amendment to existing policy. See paragraph 15 above |

Supporting Information

Pension Scheme Discretions
Redundancy Policy

Contact Officer

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