

SHAREHOLDER COMMITTEE Agenda

Date Thursday 3 September 2020

Time 4.00 pm

Venue Virtual Meeting

https://www.oldham.gov.uk/info/200608/meetings/1940/live_council_meetings_online

- Notes
1. DECLARATIONS OF INTEREST- If a Member requires any advice on any item involving a possible declaration of interest which could affect his/her ability to speak and/or vote he/she is advised to contact Paul Entwistle or Constitutional Services in advance of the meeting.
 2. CONTACT OFFICER for this Agenda is Constitutional Services, email constitutional.services@oldham.gov.uk
 3. PUBLIC QUESTIONS – Any member of the public wishing to ask a question at the above meeting can do so only if a written copy of the question is submitted to the Contact officer by 12 Noon on Friday, 28th August 2020.
 4. FILMING – This meeting will be recorded for live and/or subsequent broadcast on the Council's website. The whole of the meeting will be recorded, except where there are confidential or exempt items and the footage will be on our website. This activity promotes democratic engagement in accordance with section 100A(9) of the Local Government Act 1972. The cameras will focus on the proceedings of the meeting. As far as possible, this will avoid areas specifically designated for members of the public who prefer not to be filmed. Disruptive and anti social behaviour will always be filmed.

Members of the public and the press may also record / film / photograph or broadcast this meeting when the public and the press are not lawfully excluded. Please note that anyone using recording equipment both audio and visual will not be permitted to leave the equipment in the room where a private meeting is held.

Recording and reporting the Council's meetings is subject to the law including the law of defamation, the Human Rights Act, the Data Protection Act and the law on public order offences.

MEMBERSHIP OF THE SHAREHOLDER COMMITTEE IS AS FOLLOWS:
Councillors Chadderton, Fielding, Jabbar and Shah

Item No

1 Apologies For Absence

- 2 Urgent Business
 Urgent business, if any, introduced by the Chair
- 3 Declarations of Interest
 To Receive Declarations of Interest in any Contract or matter to be discussed at the meeting.
- 4 Public Question Time
 To receive Questions from the Public, in accordance with the Council's Constitution.
- 5 Minutes of Previous Meeting (Pages 1 - 2)
 The Minutes of the Shareholder Committee held on 7th August 2020 are attached for approval.
- 6 Oldham Workforce Reduction Proposals Unity Partnership Approach (Pages 3 - 10)



SHAREHOLDER COMMITTEE
07/08/2020 at 3.00 pm

Present: Councillor Jabbar (Chair)
Councillors Chadderton and Shah

1 **ELECTION OF CHAIR**

RESOLVED that Councillor Fielding be elected Chair for the remainder of the Municipal Year 2020/21 and that Councillor Jabbar be elected Chair for the duration of the meeting.

2 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Fielding.

3 **URGENT BUSINESS**

There were no items of urgent business received.

4 **DECLARATIONS OF INTEREST**

There were no declarations of interest received.

5 **PUBLIC QUESTION TIME**

There were no public questions received.

6 **MINUTES OF PREVIOUS MEETING**

RESOLVED- That the minutes of the Shareholder Committee meeting held on 23rd March 2020 be approved as a correct record.

7 **PROPOSED CHANGE OF AUDITORS FOR 2019-20**

The Committee gave consideration to a report of the Chief Operating Officer, Unity Partnership, which sought approval to change the auditors for the Unity Partnership and to appoint the Council's auditor, Mazars to conduct Unity's audit for 2019-20.

The Committee were informed that the proposal had been approved by the Board of Directors, however under the Articles of Association, this matter was reserved for the Committee to agree.

Options/Alternatives

Option 1 – To agree the recommendations

Option 2 – Not to agree the recommendations

RESOLVED – That:

1. The requirement for the Committee to agree a change of auditors be noted.
2. The appointment of Mazars as auditor for Unity Partnership be approved.

8 **UNITY PARTNERSHIP LIMITED ANNUAL REPORT 2019/20**

The Committee gave consideration to a report of the Chief Operating Officer, Unity Partnership, which provided them with a consolidated End of Year report. A full report has now been produced for the

full 2019/20 period. The Committee noted this had been considered and approved by the Board of Directors.



Members were informed that Unity Partnership Limited (the Company) provided regular updates on service delivery, financial reporting and performance to Directors at the routine Board meetings.

The Shareholder Committee considered matters and decisions that were reserved to Shareholders and received a summary of Company key activity and performance following the end of the financial year. This was separate to the formal Annual Return and Full Company Accounts for a Limited Company which was required to be sent to Companies House, as directed under Companies Act 2006.

A consolidated End of Year report had been produced for the full 2019/20 period and had been considered and approved by the Board of Directors. This was before the Shareholder Committee for information.

Overview & Scrutiny (O&S) had also asked for a report on Unity annual performance, an ongoing action from last year. It was proposed that the report may provide a suitable document for consideration by O&S.

Members thanked the Chief Operating Officer for the detailed information contained in the report.

Options/Alternatives considered

Option 1 – Note the information

Option 2 – Do nothing

RESOLVED that:

1. The information within the report be noted.
2. That the report provided a general summary and also an overview of operational delivery across each of the Unity service areas plus a financial summary and key performance outcomes be noted.
3. That the report be presented to Overview & Scrutiny (O&S) for their information and overview be agreed.

The meeting started at 3.00 pm and ended at 3.55 pm

Oldham Council Workforce Reduction Proposals Unity Partnership Approach

Produced for

Unity Partnership Shareholder Committee – 03 September 2020

Report of

Cllr Fida Hussain
Chairman of Board of Directors

Prepared by

Dominic Whelan
Chief Operating Officer

v1.0

1 Introduction

The Committee will be aware that Oldham Council is seeking to achieve cost reductions in order to meet an anticipated budget gap of circa £30m. This includes the application of initiatives across three themes: Assets & Property, People and Service Transformation. As part of the approach to the People theme, a set of Workforce Reduction Proposals has been developed and agreed by Oldham Council. These proposals have been developed with a view to having a consistent approach across 'Team Oldham' which includes Oldham CCG, Unity Partnership and MioCare.

The introduction of a similar approach within Unity Partnership (*the Company*) has now also been agreed by the Board of Directors (*the Board*)¹.

At this stage, the proposals are all voluntary and the options that have been agreed by the Board include the ability for all Company employees to consider applying for: voluntary redundancy; early release; early retirement; reduced hours, annual leave purchase and sabbaticals.

The Board agreed that, subject to Shareholder Committee agreeing the principle use of Voluntary Redundancy (VR), the offer of VR would be open to all employees. Assessment of applications will then occur on an individual basis ensuring future service needs are not compromised by any approvals. It is highly likely that there will be applications turned down for this reason.

Any proposal for possible rationalisation or redundancy of a group of staff in the Company is a Matter Reserved for Shareholder decision.

The Board were informed that there is potential for further reductions in posts as a result of future transformation and service redesign in order to meet the financial challenges, after the voluntary proposals phase has been completed. It is therefore possible that compulsory redundancy may be required in the future, but this will be subject to a separate report when (and if) applicable.

2 Purpose of Briefing Paper

This report seeks agreement from the Shareholder Committee to allow the use of VR, in principle, as a means alongside the other voluntary options in order to help reduce cost and therefore create savings that can be passed onto Oldham Council.

¹ Unity Partnership Ltd Board of Directors meeting dated 17 Aug 2020 approved a series of recommendations in line with the Oldham Council proposals including the option of Voluntary Redundancy.

3 Recommendations

- **To note** the Unity Partnership Board of Directors have agreed that the Company will adopt a similar approach to the Team Oldham Workforce Reduction Proposals, as a means of generating voluntary cost reduction across the employee base;
- **To note** that the various voluntary options include: voluntary redundancy; early release; early retirement; reduced hours, annual leave purchase and sabbaticals (see Section 4);
- **To note** that Shareholder Committee agreement is required to allow the Company to proceed with a potential VR programme; other voluntary options do not require Shareholder approval;
- **To agree** to VR being allowed for this specific cost reduction proposal programme;
- **To note** that the invitation relating to VR will be available to all roles within the Company rather than excluding any specific sections or teams. Assessment of all applications will then occur on an individual case by case basis ensuring future service needs are not compromised by any approvals;
- **To note** that whilst it is not known how many, if any, applications there may be for VR and no certainty whether any applications may be approved by the Company, it is possible that the number of redundancies may be above 20. This will trigger the need for a S188 and HR1 reports² to be sent to the Trades Union and Government respectively. The Board have delegated to the Chief Operating Officer the ability to issue a S188 notice and HR1, (*subject to Shareholder Committee agreement to a potential VR programme*).

4 Voluntary Workforce Reduction Scheme

The voluntary options that have been agreed by the Board to be available to employees for consideration are outlined below; these are the same options as proposed within the Oldham Council programme.

However, it should be noted that the Company terms and conditions of service differ across various groups of employees within Unity either because staff have varying TUPE rights depending upon dates of transfer from the Council or because they are on Unity Terms of Service. Therefore, the detail of each option may vary from Council proposals (e.g: redundancy payment terms differ), as described below.

4.1 Voluntary Redundancy

The post is deleted, and the employee is entitled to a redundancy payment based on the contractual scheme in place for the individual as follows:

² If an organisation is making more than 20 people redundant within any 90-day period then the organisation must follow the collective redundancies rules that require consultation with the Trades Unions (via S188 notice) and to notify the Redundancy Payments Service (via HR1 form) and to have a min 30-day consultation period (between 20 and 99 redundancies)

- Individuals who are in the Local Government Pension Scheme and are aged 55 or over at the time of redundancy are entitled to release of their pension without the actuarial reduction in pension resulting in additional cost to Unity Partnership.
- Individuals who are members of the Royal London Pension Scheme will have options to purchase annuity or cash in their plans and will need to seek independent pension / financial advice.
- The redundancy payment calculation will differ depending on the employment background of the individual as follows:
 - o An individual who transferred from Oldham Council to Unity Partnership in Phase 1 & 2 of the original staff transfers will be entitled to a redundancy payment based on their actual weekly pay, multiplied by 2.5 up to a maximum of 52 weeks.
 - o Individuals who transferred in Phase 3 of the staff transfer into Unity from the Council will be entitled to a redundancy payment based on their actual weeks' pay, multiplied by 1.5 up to a maximum of 30 weeks.
 - o The staff for whom the Unity Partnership Redundancy Policy applies will receive a statutory calculation based on their actual weekly pay with no multiplier. Maximum of 30 weeks' pay.

4.2 Voluntary Annual Leave Purchase Scheme

There are staff members within Unity Partnership who are not currently able to access the Voluntary Annual Leave Purchase Scheme due to their individual Terms & Conditions of Service. The Board has agreed to allow this scheme to be open to all employees for the purpose of this voluntary reduction programme.

4.3 Voluntary Early Release / Efficiency

This does not require the post to be deleted but needs to release a saving by changing or downgrading the role, leaving the role vacant for a period or reducing the role's hours etc.

4.4 Early Retirement

This may result in actuarial reduction in pension for the employee.

4.5 Voluntary Reduction in Hours

This could include working term time only, working a four-day week/nine-day fortnight, working part-time or job share. This would normally be on a permanent basis to achieve sustainable saving but can also be considered on a temporary basis. The employee would need to agree a working pattern with their manager prior to approval.

4.6 Voluntary “Sabbaticals”

The Chief Operating Officer can authorise up to 30 working days unpaid leave per year for employees or individuals could take a career break. The latter enables an employee to take an unpaid break from work for personal reasons and maintain continuity of service where applicable.

5 Further Service Transformation and Potential Compulsory Redundancy

Unity Partnership Ltd has two primary means of helping the Council to close their budget gap. This can be via a potential reduction in the ‘Core Fees’, which would deliver an ongoing reduction to council revenue budget, or alternatively via the payment of a Dividend from any budget surplus at the end of the year. The Core Fee is payment from the Council to the Company for the commissioned services that are outlined in the Partnership Agreement. This core fee income is currently £12.29m and therefore in order to help deliver cost reductions to the Council, any service changes, redesign or reductions in operating costs that can be achieved which create efficiencies, could result in a reduction to this fee.

It is currently expected that further savings, beyond the voluntary options, will be required across Team Oldham and this will require a continued drive to deliver service transformation and re-design. The Company is commencing work on assessment of possible savings options. These will be reviewed and where any options have an impact on Council service delivery, they will be discussed with relevant Council officers and are also likely to be incorporated into the Council ‘challenge’ sessions with Members. A report will be presented to the Company Board of Directors in due course outlining any options for cost reduction.

Whilst we would seek to avoid it if possible, any service transformation may possibly require Compulsory Redundancy (CR). We would hope that the introduction of the VR option in the initial phase of voluntary cost reduction may reduce the need for CR, but it is likely that any future re-design of services will result in reduction of posts that in turn may have to be facilitated by CR. In such a case, a further report will be considered by the Board of Directors and a further report submitted to Shareholder Committee to seek approval for CR if required.

6 Section 188 Notice

A section 188 notice is required to notify Trades Unions of potential collective redundancies involving more than 20 people in a 90-day period. As Unity employee base is 365 permanent staff, it is likely that the 20-person threshold is unlikely to be met via voluntary redundancy. However, as there is a further potential for CR in due course as a result of service re-design the threshold may be breached in future.

Therefore, subject to Shareholder Committee approval of VR, the Board have agreed to delegate to the Chief Operating Officer the ability to issue a Section 188 notice to run alongside the Councils two-phased approach to voluntary and compulsory redundancies.

7 Timeline

A programme schedule is being developed that will outline the key dates and milestones for the activity. This will follow a similar pattern to Council proposed timeline, however the timelines will not align completely. This is because, the Company process cannot commence until the Shareholder Committee makes a decision on whether VR may be used and this means Unity activity will start slightly later than the expected Council date.

8 Communications and Engagement

Oldham Council have developed a comprehensive communications campaign. Much of this will be relevant to Unity staff but there will be specific elements that may not be pertinent and also there will be some specific differences in areas of detail, such as the different approaches to Redundancy payments that apply to staff on different Terms & Conditions.

The intention is to ensure all Unity staff receive access to the Oldham communications, which will likely cover the majority of Unity requirements. However, this will be supplemented by an additional level of Company communications from Chief Operating Officer and HR that will provide specific information relating to Company processes and associated information.

9 Industrial Relations

The Company has entered into a Trade Union (TU) recognition agreement with Unison, Unite and GMB. There is a regular Unity Consultative Group that meets with Company and TU representatives, chaired by the Chief Operating Officer. This meeting will be the conduit for engagement and consultation with the TU in relation to this activity. The Company has already commenced engagement with the TU on the outline proposals, ahead of formal consultation.

10 Legal Comments

As a wholly owned company, it is sensible that the proposed Council arrangements for the workforce are mirrored wherever practicable by Unity.
[Paul Entwistle]

11 Finance Comments

Unity has delivered a £500k saving to the Council' core fee for 2020-21 achieved through efficiencies and the voluntary redundancies arising out of the restructure in ICT that was approved in the last financial year.

Generating further efficiencies will be challenging but is recognised as being essential given the current financial situation facing the council.

The financial costs of any VR applications will need to be considered in the light of any implications to service delivery and the ongoing savings that will result. For any

workforce reduction package to be viable, the payback period in respect of the upfront costs is anticipated to be no greater than 18 months.

At this stage, it is anticipated that any up-front costs would need to be funded from Unity's reserves. An exception could be any upfront pension costs payable to the GM Superannuation Fund for those staff that TUPE'd across from the Council, in which case Council funding may be available. This will only become known once combined impact of any VR applications from both Unity and the Council is assessed.

[Chris Kelsall]

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