

Appendix 1

# **Organisational Change Management Procedure**



## Version Control

<b>Document title</b>	<b>Organisational Change Management Procedure</b>		
<b>Owner</b>	Human Resources – Strategic Services		
<b>Status</b>	Draft	<b>Version</b>	0.10
<b>Effective from</b>	11/10/2016	<b>Approved on</b>	11/10/2016
<b>Last updated</b>	20/09/2016	<b>Last updated by</b>	HR Strategy and Planning
<b>Purpose</b>	Provides a framework to support managers to effectively manage organisational change processes in a fair, transparent, consistent and legally compliant manner across the Council.		

This procedure links to:

- Redundancy Procedure
- Pay Policy
- Redeployment Procedure
- Recruitment & Selection

This list is not exhaustive.

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## 1.0 Introduction

- 1.1 The Council strives to ensure that lawful, fair and effective arrangements exist for supporting organisational change within the Council. The Council's organisational change procedure sets out the principles that should be followed when managing a change process.
- 1.2 The procedure will apply primarily where the Council identifies a need to undertake a formal service review or reorganisation to improve service delivery, support long term financial planning, or strategically review services, departments or teams, where the outcome may result in potential redundancies and/or some other significant change to the employment contract.
- 1.3 This procedure is supported by a collection of management guidance notes, template letters and template forms, accessible on the Council's HR Intranet pages. This procedure provides further detail in addition to the Council's redundancy and redeployment procedures on managing change processes and should be read in conjunction with both of these procedures and the accompanying management guidance available on the Council's HR Intranet pages.
- 1.4 The objectives of this document are to ensure that:

- ❖ Employees are treated in a fair and consistent manner in relation to the effects of organisational change, particularly where there is a potential risk of redundancy.
- ❖ There is a mechanism whereby employees and their representatives are involved in the process.
- ❖ Managers are supported in carrying out their responsibilities of delivering services in changing environments and that there is a method that supports rapid and dynamic change.
- ❖ Wherever possible the council is committed to mitigate against the impact of redundancy.
- ❖ The Council complies with its statutory obligations for collective consultation where these apply.
- ❖ Employees are supported through periods of change and uncertainty and are provided with appropriate support mechanisms when faced with the potential risk of redundancy.

## 2.0 Scope of the procedure

- 2.1 This procedure applies to all council employees within Walsall Council, except:
- Employees whose conditions of service (and not just pay) are negotiated by the JNC for Chief Executives and the JNC for Chief Officers;
  - School-based employees who are directly employed by the school where the governing body has delegating authority for these staff and for whom separate arrangements apply.

2.2 This procedure does not apply to casual employees, agency workers or those on fixed term contracts where the initial contract is expiring at its predefined and known end date and is not due to a redundancy situation.

### 3.0 Responsibilities

3.1 Employees will;

- engage in the organisational change process and actively participate in the consultation process through the designated communication channels.
- attend group and individual meetings as required and engage in the change process.
- contribute in a professional and constructive manner and ensure consultation comments are appropriate and concerned with the organisational change process / business case / rationale. It should be noted that whilst the content of job descriptions form part of the consultation discussion, the grades awarded do not, as these are prescribed and therefore set through the Council's job evaluation process.

3.2 Managers will;

- ensure they understand and apply this procedure consistently, fairly and objectively in all organisational change management processes, seeking further advice and guidance from Human Resources where necessary.
- apply the principles contained within this procedure from the outset and communicate clearly how the organisational change process will be implemented and managed (in relation to any relevant factors covered in this procedure) within their initial business case.
- ensure that business case preparation is completed in advance of the start of the consultation process commencing. Any new or amended job descriptions with confirmed grades (following job evaluation) should also be available from the outset ready for consultation. However where this has not been possible, the start of the consultation process should not be delayed but managers must ensure that the job descriptions with confirmed grades are available prior to the end of the consultation process. Managers should be aware that the content of job descriptions are part of the consultation process and so issuing these late may result in requests for the consultation period to be extended.
- support all employees (reasonably and practically) affected by an organisational change process.
- provide meaningful consultation and engagement with employees and their representatives throughout the process ensuring timely and relevant feedback is provided.
- give due consideration to defining the organisational change group and work with colleagues within and across directorates to ensure a collective approach to managing organisational change where appropriate.
- implement this procedure in accordance with the Council's Equality and Diversity protocol.

3.3 Executive Directors / Assistant Directors / Heads of Service will;

- ensure that this procedure is applied consistently, fairly and objectively in all organisational change management processes, within their directorates / service areas.
- ensure that managers are aware of this procedure when implementing organisational change and ensure the procedure is used to support the redundancy and redeployment procedures.

#### 3.4 Human Resources will;

- provide consistent and clear advice and guidance to managers across all directorates on the application of this procedure in support of organisation change processes, redundancy and redeployment circumstances.
- provide grades for new or amended posts in line with the Council's job evaluation and grading procedure.
- provide support and guidance to all employees affected by an organisational change process.
- review and amend this procedure in consultation with Trade Unions, ensuring it is fit for purpose and in accordance with legislative requirements.

## 4.0 Business case

4.1 Where a need for organisational change is identified to meet corporate objectives, (e.g. due to service improvement, financial or operational efficiencies), managers will need to complete an organisational change business case, available on the HR Intranet pages.

4.2 The business case will detail the rationale for the change process, explain the proposed changes to be consulted upon, identify the organisational change group (e.g. an individual, staff group, team, service area etc...) that will be affected by the proposal and how the change process will be managed including an indicative timeline and the recruitment and selection methods to be used (if required).

4.3 Where organisational change has the potential to result in the risk of redundancy for employees, managers must refer to the redundancy procedure for further support and guidance on what else should be included within the business case.

4.4 The business case (demonstrating the existing structure and the proposed new structure, together with new or amended job descriptions) will identify the following possible change options:

- 4.4.1 Posts that remain unchanged in type and number (and therefore will still be occupied by the current posts holder/s).
- 4.4.2 Posts that remain unchanged in type but with a reduced number of posts (and therefore current post holder/s will form the ring fence for redundancy selection).

- 4.4.3 Posts that are subject to minor changes but remain the same in number of posts (and therefore current post holder/s will be assimilated).
  - 4.4.4 Posts that are subject to minor changes and the number of posts are reduced (and therefore current post holder/s will form the ring fence for redundancy selection).
  - 4.4.5 Posts that are subject to major changes / are newly created / are amalgamations of other varying roles, should be treated as newly created roles within the structure and will be subject to a recruitment and selection process (there may be a natural group of employees who should be ring fenced to these roles, see below guidance on ring fencing or alternatively where there are no natural ring fences, the vacant posts maybe opened up to all employees ‘at risk’ in the organisational change group in the first instance).
- 4.5 Managers must note that job descriptions for all posts that fall into change options 4.4.3 to 4.4.5 above must be submitted for job evaluation so that the grades can be checked and confirmed at the earliest opportunity. Ideally they should be submitted at least 4 weeks in advance of any consultation process commencing to ensure that grades are available to be shared with employees at the start of the consultation process. For further advice and guidance refer to the Council’s job evaluation and grading procedure.
- 4.6 An Equality Impact Assessment (EqIA) should be completed for all business case proposals. The EqIA needs to be started at the beginning of the proposal and updated throughout as necessary.

**5.0 Collective consultation**

- 5.1 Where organisational change has the potential to result in the risk of redundancy for employees, managers must refer to the redundancy procedure for further guidance on what information should be shared during collective consultation and how this should be managed.
- 5.2 The Council will begin collective consultation with appropriate Trade Union representatives prior to any dismissal taking effect, in line with current legislation, which is currently:

<b>Number of employees proposed to be made redundant</b>	<b>Consultation timescale (days) before first dismissal take effect</b>
20-99	30
100+	45

- 5.3 In cases where less than 20 employees are proposed to be made redundant the Council will aim to begin consultation at least 30 days prior to any dismissal taking effect, unless circumstances prevent this from being possible.

5.4 Where organisational change is not likely to result in any redundancy dismissals, the Council will aim to begin consultation at least 30 days before any change takes effect, unless circumstances prevent this from being possible. Where circumstances change during consultation resulting in the possibility of potential redundancy situations then the Council will ensure the consultation period is extended in line with the legislative timeframes identified in 5.2.

## 6.0 Definitions

### 6.1 Minor change

6.1.1 Minor changes are defined as posts where there is a significant similarity between the previous post in the structure and the new post (i.e. the role could be described as the same or similar), based on the following;

- Job purpose and status
- Job content (this will include the proportion of time spent on differing aspects of the role)
- Level and breadth of responsibility
- Skills and experience required to undertake the job duties
- Grade

6.1.2 The grade will usually be the same for the existing and revised version of the post (although assimilations can be proposed through consultation where there is a grade difference when supported by a valid business case for assimilation).

### 6.2 Major change

6.2.1 Major changes are defined as posts where there are significant differences between the previous post and the duties and responsibilities of the new post. These could include where two or more posts have had some or all of their responsibilities amalgamated or where service redesign has created the need for a new / different type of role.

6.2.2 In the case of major change there may be a natural ring fence where a number of people could legitimately have a claim on the newly created job role (usually because their existing job role has been amalgamated into the new role). Alternatively the post may be so new in its make up that no one could put a case forward that it is predominantly their job role or a major part of it, in which case recruitment for the post should be opened up to all those employees within the organisational change group who remain 'at risk'.

6.2.3 Major changes to posts may or may not result in grade alterations.

### 6.3 Assimilation

6.3.1 Assimilations (the process of automatically slotting an employee into a revised post based on its similarity to their current role) can occur where there have



been minor changes (6.1) to job roles and the number of posts in the new structure is greater than or equal to the number of employees proposed for assimilation. Where the number of employees is greater than the number of posts available for assimilation, those employees should be ring fenced (6.4) for redundancy selection.

- 6.3.2 Whether assimilation is appropriate will depend on the extent of the change to the existing post, based on the considerations listed in section 6.1.1, alongside the existence of any other genuine claims on the revised post.
- 6.3.3 The decision as to whether assimilation applies is the responsibility of the manager implementing the change process. Assimilations will be based on existing substantive roles; they will not take into account any honorarium payments, acting up payments, secondments or any other temporary arrangements including existing pay protection.
- 6.3.4 Where assimilation is proposed as suitable alternative employment and the existing post holder/s declines to accept the amended post, they may forfeit their right to a redundancy payment.

#### 6.4 Ring fencing

- 6.4.1 Ring fencing (the process of recruiting to one or more specified posts from a group of employees who fall within a defined ring fence because their existing posts are being deleted and there are notable similarities that could result in a legitimate claim on the new role) can occur where posts have had either minor or major change. It is the responsibility of the manager to define the suitable ring fence for each type of post to be recruited to, based on the similarity of the employees existing role and considering the following;
- Job purpose and status
  - Job content (this will include the proportion of time spent on differing aspects of the role)
  - Level and breadth of responsibility
  - Skills and experience required to undertake the job duties
  - Grade
- 6.4.2 All recruitment and selection activity should be exhausted within the identified ring fence(s) before any recruitment activity is conducted amongst those who remain 'at risk' in the organisational change group.
- 6.4.3 Ring fencing will be based on existing substantive roles; and will not take into account any honorarium payments, acting up payments, secondments or any other temporary arrangements including existing pay protection.

#### 6.5 Bumped redundancy

- 6.5.1 Managers may consider bumped redundancies where appropriate to mitigate a compulsory redundancy and support a voluntary redundancy request where

the post cannot be deleted. Refer to the Council's redundancy guidance for further information.

## 7.0 Recruitment and selection

- 7.1 The most practical way to plan and manage an organisational change restructure is to apply a top down approach when filling vacancies with the exclusion of posts that have been ring fenced for an identified pool of employees and these should be completed in the first instance. This approach ensures that any ring fence and promotion opportunities are managed in a fair and consistent manner. Allowing successful appointments to be involved in the recruitment and selection processes for posts that may report to them and unsuccessful employees the opportunity to apply for other posts further down the hierarchy (although does not guarantee they will be automatically successful).
- 7.2 Where a pool of eligible employees have been ring fenced to a particular post/s then no other 'at risk' employees will be able to apply for these roles until the recruitment and selection process within the ring fenced group has been exhausted.
- 7.3 Where service redesign has resulted in a whole service reorganisation and as such the majority of posts have been subject to major change and therefore assimilation and/or ring fencing is not appropriate, then all vacant posts should be available for all 'at risk' employees to apply for.
- 7.4 Any vacancies that remain in the structure once all recruitment and selection activity has taken place amongst those 'at risk' in the organisational change group, can then be opened up to the rest of the Council. This should be done by way of an advertisement to Council redeployees in the first instance. Vacancies should not be opened up to any other employees across the wider directorate before Council wide registered redeployees. Any employee under formal notice can then apply for the post formally when it is advertised to all redeployees across the Council; this will ensure all eligible redeployees are treated fairly and consistently. Once Council wide redeployment has been exhausted, any vacant posts remaining can then be advertised internally/externally in line with the Council's recruitment & selection guidance.
- 7.5 In exceptional circumstances there may be a business need to identify a ring fence of eligible employees which spans across a team/service area/directorate or number of teams/service areas/directorates, where doing so would support the retention of key skills within the Council and help minimise redundancies. If such exceptional circumstances exist, this must be proposed at the outset through the initial business case, clearly identifying the wider change group and detailing how the change across the selected group will be communicated, managed and implemented. This proposal will then form part of the consultation process to which employees can contribute.

- 7.6 The ordering and scheduling of recruitment and selection activity should be communicated to those affected within the organisational change group including the selection method(s) to be used.
- 7.7 Any employees who remain 'at risk' following relevant recruitment and selection exercises being completed within the change process will then be issued with their formal notice of redundancy as appropriate. Managers should refer to the Council's redundancy procedure and supporting guidance for further information.

## 8.0 Implementing the change

- 8.1 Any employees who remain 'at risk' following relevant recruitment and selection exercises being completed within the change process will then be issued with their formal notice of redundancy as appropriate and only once the manager has gained formal authorisation. Managers should refer to the Council's redundancy procedure and supporting guidance for further information.
- 8.2 Once an employee is issued with their formal notice of redundancy they will be eligible to join the Council's redeployment register where they will be given priority access to apply for vacant posts (up to and including their current substantive grade) across the Council. Refer to the Council's redeployment procedure and supporting guidance for further information.
- 8.3 Managers will need to ensure that all changes that have taken place are communicated to HR through the completion of a service redesign form covering those who will be leaving due to redundancy and those who will remain including all new appointments, amendments to job roles/titles/grades and/or any contractual amendments that have occurred through assimilation or ring fencing.
- 8.4 An organisational change checklist is available on the HR Intranet pages to provide further guidance to managers and to support them with completing the various stages of any organisational change process including the relevant paperwork that must be completed as part of the process or to implement the change.
- 8.5 Any organisational change will need to embed effectively and managers should consider how they will successfully manage the change post implementation. Although employees subject to the change maybe working with the same group of people and within the same area, they may need support in a variety of ways. Managers are advised to consider the following;

- ❖ The effect on disaffected employees, those who remain with the organisation but who are affected by the loss or movement of others.
- ❖ Induction into new roles, amended roles or integration into new teams.
- ❖ Training needs analysis and the identification of any possible skills gaps.
- ❖ Learning & development plans.
- ❖ Ongoing support as necessary.
- ❖ Monitoring the implementation and any follow-up actions required.

## 11.0 Pay protection

- 11.1 Where an employee is subject to a grade reduction due to organisational change, pay protection will apply if the post is graded no more than two grades below the employee's substantive post. Where employees accept a post that is graded three or more grades below their current substantive post no pay protection will apply.
- 11.2 Pay protection will be in line with the Council pay protection arrangements and will commence once the employee is formally appointed into the post.
- 11.3 Pay protection applies to the grade of the substantive post and not the amount of hours worked, therefore pay protection will be pro-rata if the employee accepts a post at fewer hours.
- 11.4 Annual leave entitlement will also be protected (on a pro-rata basis) if the post is graded no more than two grades below the employee's substantive post.
- 11.5 All other terms of the employees' substantive post will not be protected (e.g. unsociable hour's payments, standby allowances etc...).
- 11.6 Where an employee is already receiving pay protection in their substantive post and is appointed into a new post due to organisational change, the spinal column point (scp) on which they are appointed within the grade will be based on their current substantive grade/scp (and will not take into account the current level of any existing pay protection). Any existing pay protection arrangements will be honoured until the original expiry date at which point any new pay protection arrangements will be effective for the remaining period of time (up to 12 months dependent on the implementation date). See the below examples for illustrative purposes;

- ❖ **Example 1** - New grade is lower than original substantive grade and an existing pay protection arrangement is in place.
  - ❖ Original substantive grade is a G7 scp 33 (with pay protection to a G9 scp 37 which expires 30th June 2017).
  - ❖ Appointment to a new post (due to organisational change) graded G5 from 1st April 2017. Employee will be appointed on scp 25 (top of G5) (with pay protection to a G7 scp 33 for 12 months which expires 31<sup>st</sup> March 2018).
  - ❖ The existing pay protection arrangement to G9 scp 37 will continue from 1<sup>st</sup> April 2017 until 30<sup>th</sup> June 2017 (its original expiry) and then the new pay protection arrangement at G7 scp 33 will continue for the remaining 9 months up until 31<sup>st</sup> March 2018.
- ❖ **Example 2** - New grade is higher than original substantive grade but not as high as an existing pay protection arrangement that is in place.
  - ❖ Original substantive grade is a G7 scp 33 (with pay protection to a G9 scp 37 which expires 30th June 2017).
  - ❖ Appointment to a new post (due to organisational change) graded G8 from 1st April 2017. Employee will be appointed on scp 34 (minimum point of advantage based on original substantive grade and scp) with no new pay protection arrangements requirements (as employee promoted from G7 to G8).
  - ❖ The existing pay protection arrangement to G9 scp 37 will continue from 1<sup>st</sup> April 2017 until 30<sup>th</sup> June 2017 (its original expiry) after which the employee will continue to receive only the salary grade/scp for the new post appointed to through the organisational change process, G8 scp 34.

## 12.0 Employee support

- 12.1 The prospect of being involved in any change process can cause considerable anxiety to all employees involved including the potential risk of redundancy. The handling of such change/redundancies requires managers to not only comply with employment law and good practice but to be able to demonstrate tact, diplomacy and empathy when dealing with employees who are facing such situations.
- 12.2 The Council's Human Resources service will be available to support managers and employees under formal notice through this process. HR can arrange specific support mechanisms which include support to optimise the chance of employees finding alternative employment where necessary.
- 12.3 Employees under formal notice will be allowed reasonable time off work to look for alternative employment including time to attend interviews and they will also be supported to access appropriate training (where reasonable / relevant) to help them to find alternative work.

12.4 In addition the Council's confidential employee assistance programme can offer free independent confidential advice and counselling services to employees and their immediate families and their contact details can be found on the HR Intranet pages.