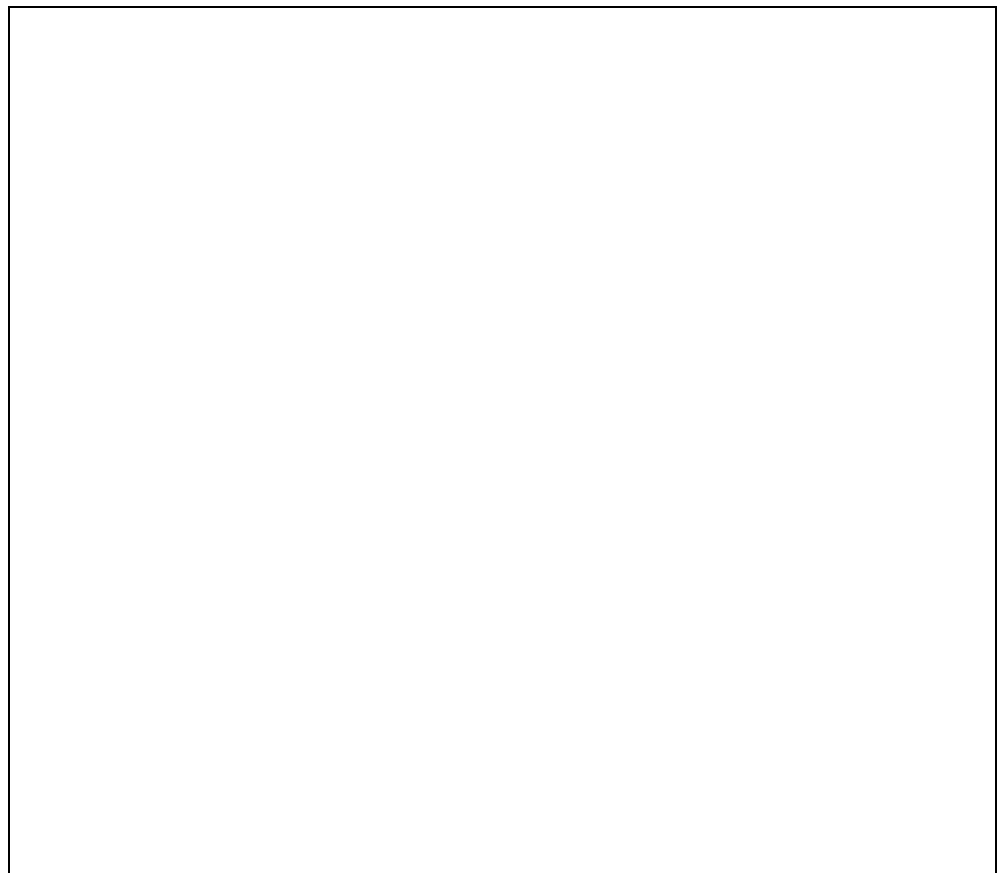




Eurofound

# Impact of the recession on age management policies

Case study: Cambridgeshire County Council,  
United Kingdom



## Organisational background

Since 1998 Cambridgeshire County Council has been responsible for county functions in the Shire County of Cambridgeshire (excluding Peterborough area),<sup>1</sup> providing three front line services: children and young people's services; community and adult services; and environment services. It is a corporate body established by an Act of Parliament and is part of the local authority sector, in Cambridgeshire, east of England (Wong, et al, 2010). County councillors set the county council's spending and policies; professional staff is employed to implement these policies and provide public services. Cambridgeshire County Council is classified as part of the NACE (O) sector, public administration and compulsory social security.

Cambridgeshire County Council is the largest employer in Cambridgeshire (Wong et al, 2010). In 2009, it had 6,463 employees in capacities outside of schools, and 11,557 employees in schools, totalling 18,020 (Cambridgeshire County Council, 2006–2010). This amounts to 11,187 full-time equivalents. The county council spends approximately 48% of its annual budget on salary and people-related costs, totalling approximately £230 million (€260 million at the time of writing) in 2009 (Cambridgeshire County Council, 2010).

Cambridgeshire County Council has a relatively permanent workforce, with a high proportion of female and older workers. Women are the majority among full-time, part-time and relief/supply workers (63.5% of full-time, 89.8% of part-time, and 82.0% of relief/supply employees in 2010). This continued through the recession from 2008 to 2010. Approximately 96% of its employees are also on permanent contracts. Looking at the workforce demographic by ethnic origin, in 2010, 84.1% (5,147 people) were white British, with the next highest representation from those not specified (7.3%, 448 people).

A substantial proportion of the workforce at the council is above aged 50, with approximately one-third in the 51 to 65 year old age group. Of these, approximately an equal number are in full- and part-time work. Almost all employees above 50 years are on permanent contracts with only 1.8% (34 out of 1,949 employees) on fixed term contracts in 2010. As such, older workers constitute a considerable proportion of the permanent workforce at the County Council.

Cambridgeshire County Council has a specific team and strategy to develop and deliver employment policy, and staff support and services. Before October 2010, HR professional services, responsible for policies to ensure equality across the workforce including different age groups, were located within the people, policy and law directorate.<sup>2</sup> Within this group, the head of HR policy and business services managed the organisation's responses to changes in legislation that affected employees, while the organisational development and learning team managed employee training and development.<sup>3,4</sup> To guide HR policy and practice, the County Council developed a 'people strategy' for 2006–2010. This strategy affirms the council's commitment to 1) resourcing the council; 2) developing the council; 3) developing leadership skills and capacity; 4) developing workforce skills and capacity; and 5) reward and recognition. How this has manifested in practice and impacted on older workers will be discussed in subsequent sections.

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<sup>1</sup> This includes five district/city councils: Cambridge City, East Cambridgeshire, Fenland, Huntingdonshire and South Cambridgeshire.

<sup>2</sup> As will be discussed more in Section 2, since October 2010, Cambridgeshire County Council has undertaken a gradual move towards shared services. This restructuring will affect HR structures and divisions of responsibilities.

<sup>3</sup> Courses available to employees include formal qualifications, shorter courses – on office admin, ICT skills, management and executive management diplomas, National Vocational Qualifications levels 3–5

<sup>4</sup> <http://www.jobsincams.com/page.aspx/35?employerSearch=true&employerSearchID=1>

Council employees have access to union representation through UNISON, GMB and Unite, as well as teachers' unions. Unions are closely involved in employment policy development and review in the county council; in particular influencing how diversity is considered and addressed by the HR department. The council holds consultations with unions about employment policy changes. For example, in response to an announcement in early 2011 about 450 planned redundancies, the council expressed an intent to hold consultations with the unions over impending redundancies.<sup>5</sup> Also, consultations have been held about flexible working and flexible retirement policies. The head of Unison's Cambridgeshire County Council branch affirmed that they have a voice in employment policy development and review; and that in practice the council genuinely considers reasoned concerns.

## **Policies and practice in relation to age management**

Cambridgeshire County Council's 2006–2010 people strategy sets priorities and limits on age management of employees. It commits the council to encouraging and maintaining diversity in recruitment and promotion, letting of contracts, training, and in publicity for and access to services.<sup>6</sup>

To support age diversity in the workforce, the council has implemented a range of policies and practices open to the entire workforce, but that are likely to be of particular relevance and interest to older workers. To avoid potential age discrimination (e.g. towards younger or older workers), it does not explicitly target specific age groups in council employment policies. Rather through each of its policies, the council seeks to ensure that employees, regardless of age, have equal access to the benefits of such policies.

Though open to all employees, particular policies have been found to be well suited to adapting to the interests and needs of older workers. First, flexible working regulations, implemented in 2003; these regulations can substantially shape older workers' experience at the council. Flexible working can be used to adjust number of hours worked, times worked and contracted work location, and were developed in response to legislation about flexible working opportunities at the national level. The national regulations, the 2002 Flexible Working (Eligibility, Complaints and Remedies) Regulations 2002, specifically outlined parents' statutory right to apply for flexible working. However, at the council, after discussions with the unions and the service directorates, the decision was taken to extend the right to request flexible working to carers of adults as well as children. As of April 2007 the statutory right to request flexible working included carers of adults over 18 years, a situation more likely for older workers. The extension of the policy was intended to ensure all workers equally could benefit from the new policy. As a result, it has become more likely that older workers can take advantage of flexible working, rather than the option being open primarily to younger workers (i.e. as parents of young children). Making the policy even more accessible to a wider range of workers, including older workers, the council also enforces the right of all employees to request flexible working, including those who do not fit the criteria for the statutory right to request (i.e. an eligible parent, carer or employee meeting the conditions to request 'time off to train').

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<sup>5</sup> <http://www.unisoneastern.org.uk/news/cambridgeshire-county-council-announces-450-jobs-to-go-.html>. 9/12/2010

<sup>6</sup> <http://www.jobsincambs.com/page.aspx/32?employerSearch=true&employerSearchID=1>

Decisions to accept requests for flexible working are made on a case by case basis, involving the specific managers and employees concerned. Managers must seriously consider all requests and meet to discuss the request with the employee. Refusals cannot be justified on the basis of detrimental impact on meeting customer demand, quality and/or performance; and ability to reorganise and/or recruit staff to accommodate the request (Cambridgeshire County Council, 2009b). There are specific procedures for eligibility, application, consideration and appeal, and formal communications that must be adhered to (Cambridgeshire County Council, 2009c). Along with the transfer of responsibility for absence management to line managers, the county council's approach to flexible working has been met by a drop in staff absences through the 2000s, from just over ten days a year on average per employee in 2001 to just over five days per employee per year in 2009 (Moir, 2009).

Also, particularly supporting older workers, Cambridgeshire County Council enforces a flexible retirement policy. The flexible retirement policy provides eligible employees with the right to request a permanent reduction in working hours (20% or more) or request a transition to a role with downgraded duties/responsibility (to a position at least two grades lower), while at the same time requesting payment of accumulated pension benefits. Employees are eligible if they are aged 55 and above, have a minimum of three months' membership in the Local Government Pension Scheme (LGPS), and have met qualifications about continuous service and time in their current grade and hours, as well as not having been subject to disciplinary or work performance procedures. Final approval of these requests lies with a service director and head of service, who can reject a request on the condition that it would be likely to have a detrimental impact on service delivery, or that it would not be practical to reorganise work. This policy is primarily intended to help the county council to retain employees' knowledge and skills, and manage succession planning. In practice, it has been targeted at those in higher grade positions whose skills are likely to be more specialised, and where succession planning may be a concern, and tends to be most relevant to more senior employees (interviewee, Unison). Between April 2009 and May 2011, 34 applications for flexible retirement were granted (17 men and 17 women) (Cabinet of the Cambridgeshire County Council, 2011).

Finally, support for older workers' with Cambridgeshire County Council comes through access to a public service pension scheme, provided through the local government or teachers pensions schemes. There is also access to options for death in service grants, survivor's benefits, ill-health cover, and options to transfer into other pensions or take a lump sum at retirement (Cambridgeshire County Council, 2010b).<sup>7</sup> The LGPS is a statutory funded scheme. Pensions are salary-related with defined benefits with fixed employee contributions and variable employer contributions depending on amount necessary for the scheme to be properly funded, specified through an actuarial valuation of fund's assets and liabilities completed every three years.

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<sup>7</sup> The structure of the public service pension provision, including the LGPS, is currently under review by the Independent Public Service Pensions Commission chaired by Lord Hutton. An interim report was published 7 October 2010 with the final findings to be published by the 2011 budget. From April 2011, the pensions and deferred pensions in the LGPS will increase with reference to increases in the Consumer Price Index (CPI), rather than the Retail Price Index (RPI) as occurs presently; the CPI tends to be lower than the RPI (Cambridgeshire County Council, 2010b). See also <http://www.cambridgeshire.gov.uk/jobs/benefits/lgps/default.htm>

Overall, beyond these specific policies to support flexible ways of working and to support the transition to retirement, the employment policy development process is structured as to consider and pre-empt potential age discrimination. The HR function takes specific steps to integrate equality and employment legislation into the organisation's framework and practices. After receiving notice of a change in legislation, the heads of HR outline available options, the organisation's management team (comprising of the heads of service) decide on what approach to take, and then subsequently the policy is developed in consultation with unions, the heads of other service directorates, line managers, and potentially the policy team. Age-related concerns influence this process through a mandatory equality impact assessment, pre-emptively considering potential discrimination, including by age. For example, the equality impact assessment completed when developing the council's flexible retirement policy determined that lower grade workers, most often part-time and female, would be less able to apply flexible retirement than higher grade workers, who were more often men. In response, unions and other stakeholders were involved in adapting the policy before it was implemented to provide for a more equitable impact on workers of different grades.

Policies are also reviewed once every three years at a minimum; however, if there is a change in legislation or something appears to not be working as planned, a policy will be reviewed before the three years have passed. The unions, and other social partners, can raise issues with policies and initiate such reviews if the policies appear to be discriminatory (interviewee, Unison).

In conclusion, the Cambridgeshire County Council has in place procedures and policies to allow employees to seek changes to their working patterns and retirement provisions to meet specific needs. Final decision-making authority rests with management, but there are defined procedures and rights about employees' eligibility, application and right to complain. Generally, previous reviews of the county council's employment practices suggest it is consistent and fair in such employee relations (Wong et al, 2010). Managers and employees have suggested there is a high level of trust in the organisation, and that line managers will support employees in negotiating for their interests (Cunningham, 2010 in Wong et al, 2010).

## **Changes in age management policies and practice post-2008**

There are two discrete restructuring measures being undertaken since the 2008 economic recession at the Cambridgeshire County Council. First, in 2008 the council began to set up a move towards shared services in transactional and professional back-office directorates with the aim of offering 'improved services at a lower cost' (interviewee, HR policy and business services). In October 2010, the county council formally began the transition to shared services. At this time, a new head of HR policy and strategy was appointed for Northamptonshire and Cambridgeshire; the team under this head would be responsible for responding to policies and legislation impacting on employees. Plans were also put in place for reducing the budget and the number of employees in these services over the next three years. For example, the directorate for people, policy and law anticipated 12 people were to be made redundant in 2010–2011, nine in 2011–2012 and ten in the following year (Cambridgeshire County Council, 2010c). Its internal and external income budgets were also estimated to fall in 2010–2011, by £3,509,000 (€3,968,152 at the time of writing) and £4,274,000 (€4,833,252 at the time of writing) respectively (Cambridgeshire County Council, 2010c, pp. CD8).

Second, revealed in 2010, the council has been preparing for reduced private sector tax receipts and cuts in funding from central government (Wong et al, 2010). On 20 January 2010, the county council announced 300 planned redundancies; a further announcement in January 2011 suggested this could increase to up to 450 redundancies in 2011 alone, with similar numbers made redundant in each of the following two years.<sup>8</sup>

How redundancies will be made will depend on how the council decides to implement restructuring, and what specific jobs are selected. The council is only required to establish criteria for redundancy if the decision is between two or more employees with the same job. Criteria are up to the discretion of the employer, but must be applied fairly and cannot conflict with equality legislation. The unions have become involved to ensure and check this process, for example, to protest about the inclusion of sickness absence related to disability factors in the criteria. In contrast, if a position is created through restructuring that replaces those made redundant and which can be judged to be 20% different to the positions being terminated *based on the responsibility of the tasks* then a competitive interview process can be used, first only to internal candidates and then extended externally.

Cambridgeshire County Council began to implement restructuring measures in 2010; in early 2011 decisions about the nature of redundancies were still being made. At this time, the impacts of restructuring on the size and structure of the workforce across age groups were just emerging. In the years prior to 2011, the workforce had grown in absolute size, by 79 employees in 2008–2009, and by 76 in 2009–2010. However, the proportion of full-time and part-time workers was changing. While the number of part-time and full-time workers both increased from 2008 to 2009 (by 121 and seven employees, respectively), the number of full-time employees fell in the 2009–2010 year. The number of full-time workers dropped by 49 workers while the number of part-time workers continued to increase (by 60). The greatest decrease in number of full-time workers in 2009–2010 was among those aged 26–50 years (declined by 51 employees).

In overall numbers, older workers appear not to have been negatively affected by the recession between 2008 and 2010. In fact, the total number of employees above aged 50 has increased (see Figure 0.1). In 2008, 30.7% (1,898 employees) of the workforce was between 51 and 65 years; and 2.1% (129 employees) over 65 years. In 2010, this rose to 30.8% (1,948 employees) of employees between 51–65 years and 2.5% (160 employees) over 65 years (see Figure 0.1). From 2009–2010, the increase in overall numbers employed in this age group is attributable to an increase in the number of part-time workers, as the number of full-time employees fell.<sup>9</sup>

The nature of the workforce at the council is also changing, with a decreasing number of supply and relief workers employed. Over the past several years the council committed to reducing the number of supply and relief workers (interviewee, Unison). This is reflected in recent changes, as the total number of workers with full-time employment (including for those between 50 and 65 years) increased, while the total number of supply and relief workers fell from 851 to 707 between 2008 and 2010.

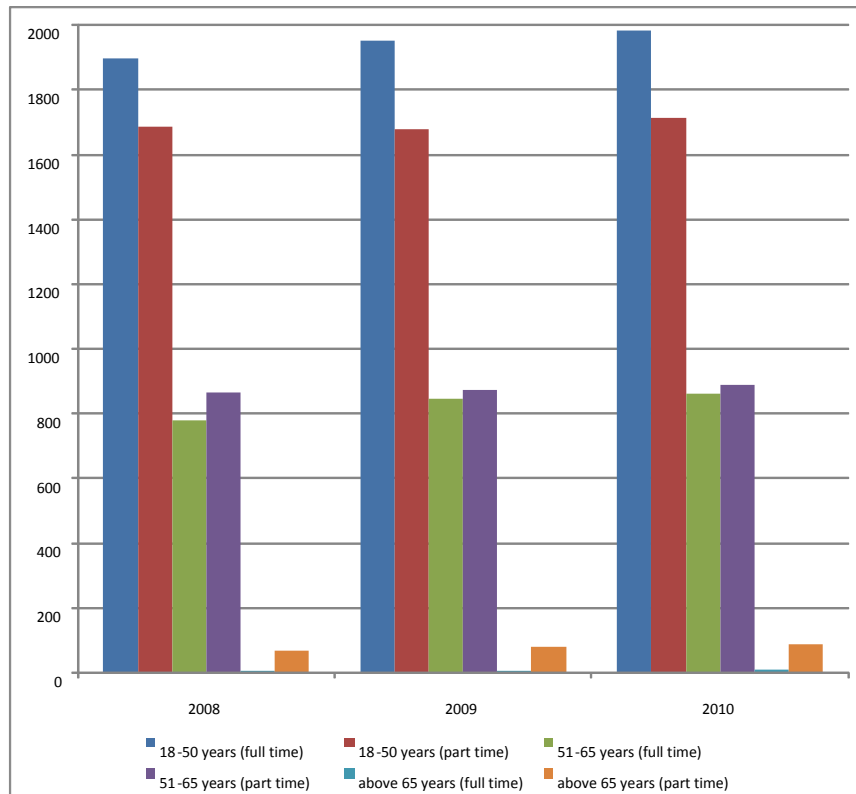
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<sup>8</sup> Eurofound (2010). European Restructuring Monitor factsheet: Cambridgeshire County Council. Last updated 16 March 2010. Accessed at [http://www.eurofound.europa.eu/emcc/erm/static/factsheet\\_14994.htm?template=searchfactsheets&kSel=1](http://www.eurofound.europa.eu/emcc/erm/static/factsheet_14994.htm?template=searchfactsheets&kSel=1) on 23 January 2011. See also BBC News. 'Bid to cut 450 posts at Cambridgeshire County Council'. BBC news online, 19 January 2011. Accessed at: <http://www.bbc.co.uk/news/uk-england-cambridgeshire-12230281> on 20 January 2011.

<sup>9</sup> The number of employees aged 50 years and over with full-time status fell by 17, while the number of part-time workers employed increased by 26.

By early 2011, there has been some indication that the experience of older workers might change with the economic recession. In absolute numbers of those employed, older workers have not been greatly affected, despite some indication that the number of part-time employees was increasing as a proportion of the workforce. However, while the county council had avoided making redundancies through the recession thus far, pressures are likely to increase as restructuring measures are implemented.

**Figure 0.1: Number of full-time and part-time employees, by age group, 2008–2010**



*Source: Cambridgeshire County Council*

Between 2008 and 2010, Cambridgeshire County Council modified its policies and practices around redundancies, retirement and pension. These changes to age management policies and practices in the Cambridgeshire County Council have emerged thus far from longer-term developments in the labour market. First, changes were made to the council's retirement policies in response to legislation about notice for mandatory retirement in 2009. As a result, the council introduced a policy to align with legislation requiring firms to provide employees with six months notice if planning to enforce a mandatory retirement age. The council had planned to review this again in 2011 with the UK government's removal of employers' right to enforce a default retirement age.

In 2010, the county council amended its early termination discretionary compensation out of a prior commitment to review the appropriateness of existing practice. Prior to the review, early termination compensation provided an overall lump sum of 1.5 times the redundancy payment to employees with two or more years of continuous employment<sup>10</sup>. In March of that year, the suggestion to review the early termination discretionary compensation was brought before the cabinet. As a result, the council has removed the 50% enhancement applied to redundancy payments.

A new pension scheme took effect on 1 April 2008, also developing out of discussions and considerations beginning before the recession. Prior to 2008, members in the Cambridgeshire County Council Pension Fund aged 50 and above could reduce the hours worked or the grade employed at with the employer's consent, and benefits were able to be paid despite not retiring yet from employment (Summers, 2008). As of April 2008, the minimum retirement age rose to 55 years for members joining since 31 March 2008 or retiring after 31 March 2010 (Cambridgeshire County Council, 2008). This was in line with the 2007 Pension Act, which emerged from a long period of discussion and consultation that had begun in 2002 with the Pensions Commission chaired by Adair Turner.

Policies to provide support to older workers nearing retirement also seem to be changing in response to economic pressures and redundancies at the county council. The difficult financial climate in 2009 and 2010 led to a review of the flexible retirement policy by the county council's cabinet. Until 2011, cost could not be used as a deciding factor, as this could result in age discrimination as the cost of implementing flexible retirement is tied to the employee's age and length of LGPS membership. However, in April 2011 a proposal was put forward and pending approval by the Cambridgeshire County Council to allow for cost to be a consideration, given the financial climate and ongoing redundancies at the council. Approximate savings between April 2009 and May 2011 through flexible retirement amounted to £161,401 (€182,520 at the time of writing), assuming previous positions and spare hours were not 'backfilled'. Also, a proposal was considered to ensure that re-employment earnings (reduced salary plus pension) following flexible retirement did not exceed earnings prior to flexible retirement (Cabinet of the Cambridgeshire County Council, 2011).

Finally, looking forward, planned restructuring is aimed at improving efficiencies in back-office services at the county council. In addition to changes to specific policies, wider restructuring measures could impact on the experiences of older employees in varying ways. For example, restructuring could change the processes and structures through which employees request different working arrangements (e.g. flexible working, flexible retirement, responding to redundancies). Restructuring could bring some uncertainty and adjustments for employees, which in turn might increase the number requesting support or advice from employee services (interviewee, Unison). As such, the council might have to deal with the challenge of adapting to new ways of working, as well as potentially increased numbers requesting support and advice as they are impacted on by these changes. Though there are no plans to necessarily change the support offered to employees, including in particular older workers, such changes could bring new challenges for continuing support as is.

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<sup>10</sup><http://www2.cambridgeshire.gov.uk/db/council2.nsf/583ca3736927ca8e8025663c0065b9ec/48f3da92f003662e802576dd00554565?OpenDocument>



## Summary

The UK local administration sector is in a state of flux, faced with new pressures for efficient delivery of public services. Cambridgeshire County Council faces the uncertainty involved in developing shared services in its corporate activities, potentially leading to new ways of working in its back-office HR and employee support activities. This makes it difficult to suggest the future direction of policies and practices affecting older workers. The eventual impact of the two impending restructuring measures at the council on older workers remains uncertain and will likely not manifest until the transition to shared services is completed and as the budget cuts take effect over the upcoming year. Those to be affected in the upcoming year by restructuring associated with shared services have been notified of a risk of redundancy; this is based on the plan for which position can be shared across the county councils. The position of older workers in this is protected by the equality legislation preventing age discrimination.

Still, it is evident that through the first two years of the financial crisis, from 2008 to 2010, older workers in the county council were supported through a range of employment policies, which were open to the entire workforce and were aimed at ensuring benefits were accessible to all employees. For example, the right to request flexible working has been open to all employees, providing older workers with the opportunity to adapt working conditions to fit their situation. Finally, such employment policies have been accompanied by open dialogue with social partners (e.g. unions), and between line managers and employees (Wong et al, 2010, interviewee, Unison; interviewee, HR policy and business services).

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