



Organisational Change Policy

Version 1	Agreed with Trade Unions	18/03/2004
Version 2	11.2 Travel Passes amended	10/05/2004
Version 3	Amendments to assessing and redeploying disabled employees	17/09/2007

MANAGING ORGANISATIONAL CHANGE - POLICY AND PROCEDURE

1. Scope

This policy and procedure applies to all Permanent and Fixed Term Contract (with over 12 months' service) employees of Transport for London (TfL) and its subsidiary businesses, with the following exceptions:-

- Operational Employees and Operational Managers employed by London Underground Limited;
- Operational Employees in Surface Transport.

2. Purpose and Principles

TfL is committed to minimising employee redundancies, where possible, as a result of organisational change. As with all public services organisations, people represent the major asset, as well as the major cost of the organisation, and therefore it is vital to ensure that all employees are properly trained, competent, motivated and deployed to make best use of their talents. With this in mind, any changes to existing jobs, grading structures or the organisation of work units will need to carefully balance services, costs and people.

TfL will engage and consult with its employees and the recognised Trades Union representatives throughout the process and will maintain open channels of communication at all stages of the process, and at all levels.

TfL will use the following methods to avoid redundancy:-

- Natural wastage;
- Training/ re-training employees;
- Redeploying employees for different work for which there is a requirement either at the same or a suitable lower grade and/or at a different location;
- Restricting the recruitment of permanent employees;
- Minimising the use of temporary and agency employees;
- Retiring all employees at the statutory retirement age, when employees reach the statutory retirement age during organisational change;
- Reducing overtime by as far as production requirements permit;
- Flexible working;
- Voluntary early retirement;
- Bumping (see Section 7 for definition);
- Voluntary Severance (VS), subject to management discretion and the need to maintain/ retain appropriate skills.

No employee will have automatic entitlement to Voluntary Severance where management needs to retain employees or skills to meet business requirements.

3. Structural Design

Line managers will work on developing the structure and roles for each affected department with support from Human Resources. Jobs will be evaluated using the recognised job evaluation system(s). An independent review will be undertaken to check the consistency and quality of the structure, job descriptions and job evaluation results, once this work has been completed.

For new and/ or substantially changed jobs, a framework will also be developed for assessing existing employees against the skills/ competencies required. This will be carried out by a dedicated team consisting of line managers and Human Resources.

4. Consultation, engagement and communication

Any area of TfL that embarks upon organisational change will consult with the recognised Trades Unions in good time and for a minimum of 90 days before formally displacing any employee.

This consultation will be meaningful and will ensure the methods outlined in Section 2 of this document are used by TfL to help mitigate the consequences of the organisational change on employees.

Once the structure, job roles, grades etc have been determined and assessment framework (if applicable) has been drafted, information will be sent to the relevant employee representatives. If a meeting is deemed necessary by either party to discuss the proposed approach, this will be organised without undue delay. This will be an opportunity for employee representatives to give comments, ask questions and seek clarification. The employee representatives will be able to take away the proposals for further deliberation and consultation with their members, should they require this. Further meetings will be organised where necessary.

Employees will be informed of the structure, jobs, plans and timescales for the department in which they work. This will be conducted on a team and individual basis. When one-to-one meetings are scheduled, employees will be advised of the meeting in writing and informed of their right to be accompanied at this meeting by a Trades Union Representative or fellow worker. Trades Union Representatives will be invited to attend team briefings.

The employee communications exercise will be continuous – i.e. throughout the process. Other methods of communication, such as newsletters, bulletins etc may be used in addition to the above. Trades Union contact details will be included on all communications.

5. Disclosure of information

Human Resources will disclose, in writing, the following information to employees representatives. The information is valid for six months from the date disclosed:-

- The reason(s) for the proposed change(s);
- The numbers and descriptions of jobs in the revised organisation;
- The terms and conditions of posts in the revised organisation;
- The total number of employees currently employed in the affected department;
- The process for filling posts;
- The redeployment process;
- The arrangements and total paybill of payments for VS and statutory redundancy.

6. Process for filling positions

For each business, function or department concerned, at least one of the following processes must be adopted;

- Identification Mapping** - Where posts are substantially unchanged (60% or more of the job content is the same) as a result of the reorganisation, and the number of posts is the same (or increased), the existing employees will be identified with the post in the revised structure and mapped across into the revised organisation;
- Hybrid** - Where posts are substantially unchanged but the number of posts required is less than the number of existing employees, employees to fill these posts will be selected from those currently in post on a closed list basis. Any employees not selected will go forward to the next stage of the process;
- At Risk** - Where new posts are created and/or where posts are substantially different, employees will be selected from those currently in post on a closed list basis. In addition to this, employees may be asked to express a preference for a post or posts in the revised organisation. Any employee not selected will be formally displaced and referred to the Redeployment Unit;
- Any individuals who do not secure one of the jobs in the revised organisation will be considered, through the Redeployment Unit, for other vacancies across TfL and its subsidiary businesses. Individuals in this category will be guaranteed an interview for any post(s) where their skills/ knowledge/ experience/ competencies are reasonably deemed to match by the Redeployment Unit;
- Any employees who do not apply for any posts in the revised organisation, and have not been offered VS already, will displace themselves and be referred to the Redeployment Unit.
- Any residual vacancies will be advertised in accordance with the resourcing policy. Posts will not be advertised externally until internal processes have been exhausted.

Assessing Staff

Where selection is required to fill positions, employees will be assessed against a set of core competencies for the job (that will include the organisation's values). The individuals must know what they are being measured against. There will be an interview where the individual will be given the opportunity to talk about their skills and experience and demonstrate areas where they feel they match the competencies required and can add value to the organisation. Consideration will need to be given to employees who are disabled as defined under the Disability Discrimination Act (DDA). Reasonable adjustments will be made to ensure that employees can participate in the selection and assessment process. The interview will be carried out by the line manager and a representative from Human Resources. Other methods of selecting employees that are formally recognised by the organisation may also be used, if appropriate.

Employees will be advised when they will be informed of the decision. The decision will be given at a face-to-face meeting between the employee, Line Manager and Human Resources and followed up in writing.

Any employee who feels that the assessment process has been unfairly applied in their case may appeal in writing to Human Resources within five working days of being advised of the decision in writing. The Human Resources Manager will advise the individual of the outcome of the appeal in writing. This completes the appeals process and therefore replaces the formal grievance procedure for these purposes.

Employees who are not successful for any post in the revised organisation will be formally displaced and subject to the redeployment process.

However, affected employees may be asked if they want to express an interest in Voluntary Severance (VS), following confirmation of the revised organisation structure. VS will not normally be offered until the individual has been formally displaced and commences the period of redeployment. Information related to expressions of interest in VS will not be made available to those assessing candidates for posts in the revised organisation.

VS is offered subject to management discretion and the need to maintain/retain appropriate skills.

7. Redeployment Process

The Redeployment Manager will be the employing manager for all displaced employees, managing them on a day-to-day basis. The Redeployment Manager has the responsibility to identify redeployment opportunities across TfL and its subsidiary businesses, working with displaced individuals in matching their skills to potential posts, facilitating the interview process and providing feedback.

A Redeployment Unit (RU) will be established for individuals. This will be located in a TfL building and will provide individuals the opportunity to search for jobs using TfL computers and phones. Displaced employees will therefore be based at this location whilst in the Redeployment Unit, and they will be utilised in accordance with their Organisational Change Policy V3

skills/ knowledge/experience/competencies whilst displaced. This may include secondments, project work or other work assignments – all of which will have a specified duration. Displaced employees who are disabled, as defined under the DDA, will be given priority for roles where their knowledge, skills and experience meet the requirements for the role by being interviewed before other employees. In some circumstances where the disabled employee can clearly demonstrate their knowledge, skills and experience for the role, they may not have to go through the full selection process before taking up the post. Where applicable, reasonable adjustments will be made to enable the employee to take up the post. Help and advice should be sought from Occupational Health and will be offered on a case by case basis.

When an employee in the Redeployment Unit takes up a secondment, project work, or work assignment, and this work ceases, the employee will return to the Redeployment Unit to continue the duration of the period of redeployment that was not taken prior to taking up the secondment or project work. This will be confirmed in writing by the Redeployment Manager.

When an individual takes up a secondment or project opportunity, the Redeployment Unit will continue to search for suitable alternative employment. It may therefore be the case that secondments or project work is not completed if suitable alternative employment is found before the scheduled end date.

Any secondment or project work of 12 months or more will be deemed a permanent post and therefore be subject to suitable alternative employment arrangements.

An individual will remain in the Redeployment Unit for a maximum of four months and be given notice of redundancy at the start of the period of redeployment.

Any vacancy, which arises in any part of the organisation, will be first discussed with the Redeployment Unit to assess if there is anyone currently displaced who can fill the post, prior to the vacant post being advertised. This includes permanent and fixed-term contract positions – full and part time, secondments, project work, or other work assignments etc.

The Redeployment Manager will develop, communicate, maintain and monitor a detailed process that covers all of the above points for use by departments/subsidiary businesses that formally displace staff as a result of organisational change.

Bumping

Any requests for bumping will be managed by the Redeployment Manager in conjunction with the appropriate Line Manager(s). Bumping is deemed to be when an employee who is not at risk of displacement vacates their post, to which a displaced employee is redeployed. The employee not at risk of displacement is entitled to a VS payment in accordance with corporate policy and will not be subject to redeployment.

8. Suitable Alternative Employment

All offers of suitable alternative employment will be confirmed in writing. The offer should show how the new employment differs from the old and must be made before the redeployment period ends. The offer must be for the new job to start either immediately after the end of the old job / redeployment or after an interval of not more than four weeks. There will be no break in service.

Individuals may be offered secondments or project work that has a defined duration. Once the secondment or project work is completed, the individual returns to the Redeployment Unit where the remainder of the redeployment period is effected.

Employees will be expected to accept an offer of suitable alternative employment. In defining what is suitable, consideration will be given to the following factors but the onus will be on employees to demonstrate why it is not possible to carry out particular jobs. The employee will be guided through this process by the Redeployment Unit.

Pay

Where Protection of Earnings arrangements currently exist, offers of alternative employment will be considered suitable where the alternative post attracts a lower salary than that held by the individual at the time of displacement. However, the reduction in salary must not be significant, as extreme salary losses should be avoided.

In areas of the business where Protection of Earnings arrangements do not exist, offers of alternative employment will not be deemed suitable if a salary loss would be incurred. In these circumstances, refusals of such offers of alternative employment will not be unreasonable and therefore employees will not lose any entitlement to VS.

Status

In some circumstances, it would be insensitive to expect an individual to work in a post with employees he/she previously supervised, or in detriment of their professional status.

Location

Due regard will be given to difficulties an employee may experience travelling from home to particular locations.

Working environment

It is recognised that the physical demands of some jobs, may be very different from those to which an employee has been accustomed. Each case will be judged on its individual merits.

This may be especially important for employees with a disability (as determined within the scope of the Disability Discrimination Act) and as a result of redeployment are relocated to another department/ building/ location etc. A full health assessment must be carried out by the Line Manager (of the potential employing department) and Human Resources. The outcome will be discussed with the Redeployment Unit and the employee.

Hours of work

It is not reasonable to expect someone to work shifts where he/she has domestic circumstances which shift work adversely affect, except where the employee agrees to this.

Any change in an employee's hours of work must be discussed and agreed with the employee to ensure that they take account of the individual's personal/ domestic circumstances. Salary and benefits will be pro-rated where an individual reduces their contractual hours.

The examples given above are only for guidance as individual circumstances differ and what is suitable for one person may not be for another. For example, with a reasonable amount of training, a displaced person may be suitable for a vacant position. Where there is any query about suitability, the line manager will discuss this with the Redeployment Manager.

Employees who unreasonably refuse an offer of suitable alternative employment may lose any entitlement to VS.

9. Time off to look for new employment or for training

Employees who are under notice of redundancy will be afforded a reasonable amount of paid time off to look for another job or to arrange training. Employees must seek approval for time off, which will not be unreasonably withheld. Employees who undertake a secondment or project work whilst redeployed will not be excluded.

Further, optional initiatives may be pursued, dependent upon time and resources available, including:

- Contacting local job centres to provide a free service for bringing together employers with vacancies and people looking for work. Job centre employees can also give details of training opportunities available. For larger scale redundancy programmes, job centres may provide facilities on-site for interviewing displaced employees;
- Contacting other local employers with a view to canvassing for any vacancies that may be offered to displaced employees.

10. Trial period

An employee who is under notice of redundancy and has secured a suitable alternative position has the right to a trial period of four weeks in an alternative job. The period begins when the individual commences work in the alternative post.

The effect of the trial period is to give the employee a chance to decide whether the new job is suitable without necessarily losing the right to a VS payment. The four-week trial period can be extended for retraining purposes by an agreement which is in writing, specifying the date on which the trial period ends and sets out the employee's terms and conditions after it ends. If the employee works beyond the end of the four-week period or the jointly agreed extended period any VS entitlement will be lost because the employee will be deemed to have accepted the new position.

This will be communicated to the employee when the alternative job offer is made.

The trial period will be used to assess the employee's suitability. Should TfL wish to end the new contract within the four weeks for a reason connected with the new job, the employee will retain the right to a VS payment. If the dismissal was due to a reason unconnected with redundancy, (e.g. serious disciplinary matters, such as Gross Misconduct) the employee may lose that entitlement.

If an individual is not confirmed in the post, he/she will be entitled to their VS package, or if they have outstanding time remaining in the Redeployment Unit, they will return to redeployment to complete that time if they wish.

If the employee unreasonably refuses the alternative position, they may lose entitlement to a VS payment.

11. Voluntary Severance Payments

11.1 Eligibility

Employees with at least two years' continuous service are entitled to a voluntary severance payment. Payments will be advised by the Redeployment Manager.

The following groups of employees do not qualify for VS payments:

- Those who retire at the age of 65 in accordance with statutory legislation;
- Those on fixed-term contracts of at least two years service who have waived their rights to redundancy, provided that the fixed-term contract has not been agreed, extended or renewed after October 1st 2002, in which case the waiver would be invalid.
- Apprentices who are not employees at the end of their training.

11.2 The VS Lump Sum – TfL Scheme

This is available to all employees taking voluntary severance, who are in the LRT Pension Fund and is payable through the payroll system. It is calculated as a number of weeks' pay (up to maximum of 90 weeks) according to age and length of service. The calculation should include time spent with TfL and/or its subsidiaries provided this is continuous to employment. Broken service is not taken into account.

This Voluntary Severance lump sum will also be payable to non-members of the Pension Fund but they will not qualify for any pension benefits. This includes employees who have not joined the Pension Fund or who have opted out.

A week's pay is that which the employee is entitled to under his or her terms of the contract at the 'calculation date'. The 'calculation date' is the date on which TfL gives the employee the notice to which he or she is entitled. If the pay varies (e.g. through shift-work), the amount of the week's pay is averaged over the 12 weeks prior to the 'calculation date'. Allowance and higher duty pay will be incorporated if these have been awarded for a period of 12 months +.

For full-time employees of 2 years service or more there is a minimum payment of £4,000 (including payment in lieu of notice if applicable), pro-rated for part time staff

For example, assuming that a payment in lieu of notice is to be made, if the tabular Voluntary Severance lump sum is £3,000 and the payment in lieu of notice is £500 giving a total of £3,500, then £4,000 will be paid. However, if the tabular Voluntary Severance lump sum is £3,500 and the payment in lieu of notice is £1,500 giving a total of £5,000 then £5,000 will be paid.

11.3 VS Lump Sum - PCSPS, LPFA and DLR schemes

Existing members of these pension funds have specific arrangements for voluntary severance and by recognising these pension funds TfL, has agreed to these arrangements. Full details are available from the Fund Administrators and will be provided by the Redeployment Manager as appropriate.

11.4 Compromise Agreement

Employees eligible for a VS payment may be required to sign a compromise agreement. A fee of £250 plus VAT for legal advice on the compromise agreement, will be re-imbursed to the employee upon production of a receipt from a Law Society registered solicitor.

11.5 Receipt of Voluntary Severance

Employees who receive a voluntary severance payment will be excluded from re-joining the organisation for a period of 2 years from the termination date.

11.6 LRT Pension Benefit Packages

NOTE : Members of other schemes will have other arrangements. Details are available from Human Resources and the pension provider.

If you are a member of the LRT Pension Fund on leaving service, the main options are summarised below:

Under 2 years' membership – refund of own contributions (net of statutory deductions).

Under age 50 – pension deferred until later retirement, but can be drawn early at a reduced rate from age 50.

Age 50 – 59 – pension drawn immediately at reduced rate (e.g. reduction of 33% at age 50 or 18% at age 55).

Age 60/60+ - pension drawn in full.

At any age – as an alternative to the above, transfer to new employer's or own personal insurance scheme.

The pension is based on length of Pension Fund membership and pensionable pay.

Full details may be found in the Pension Fund Booklet.

There are two main pension benefit packages:

(a) **The Standard Package** is available to Pension Fund members aged 50 and over who are taking voluntary severance and consists of the standard pension benefit plus a severance lump sum of up to 90 weeks' pay.

(b) **The Augmented Pension Package** is available to Pension Fund members between the ages of 55 and 59 who have had at least 5 years' fund membership and consists of an augmented pension plus a smaller severance lump sum (as under the Employment Rights Act 1996).

The Voluntary Severance lump sum payable with the augmented package is that due under the Employment Rights Act 1996 – i.e. up to a maximum of 30 weeks according to age and length of service. *However, the pay ceiling is ignored for this purpose.* It is payable through the payroll system.

11.7 Additional Voluntary Contributions Plan (AVC) – LRT Pension

Members of the Pension Fund who have paid AVCs for additional benefits will have these benefits either deferred, transferred or paid immediately in accordance with the method of pension payment as chosen. These are usually paid as a lump sum, but employees who joined after April 1987 will be required to take this benefit as an additional pension. Such AVC pensions will be paid by an insurance company; figures will initially be quoted from the Insurance Company (who operate the AVC plan), but staff members may choose any insurance company.

11.8 Ex-Gratia Scheme LRT Pension

This scheme offers a small lump sum benefit to long-serving staff who joined before 1967 in compensation for any service that was not covered by the Pension Fund. The Pension Fund Office will provide details for counselling purposes. Payment will be made through the payroll system.

11.9 PCSPS LPFA and DLR Pension Schemes

These schemes are as laid down by the pension funds and eligible employees are those currently in the schemes. Details are available from the scheme operators via the Redeployment Manager.

11.10 Annual Leave

All employees are entitled to annual leave pro-rated to the date on which they leave service and this can be paid in lieu through the payroll system.

11.11 Pre-Retirement Package

Employees who intend to draw their pension will be entitled to attend a retirement seminar and retirement leave.

11.12 Travel Passes (Version 2, updated 10th May)

Oystercard

If the employee is aged over 50 and has completed 20 years service, they will be eligible for retired Oystercard facilities

If the employee is under 50 years of age, with at least 20 years actual service, the Oystercard is withdrawn but a retired version can be reclaimed at age 50.

For all other employees accepting VS, the Oystercards are permanently withdrawn.

PTAC

If the employee is aged 45+ and has been in service with LT/LU prior to 1.4.1996 they will be eligible for retired PTAC facilities

If the employee is aged under 45 years and has completed 20 years of service with LT/LU, they will be eligible for retired PTAC facilities

For all other employees accepting VS, the PTAC is permanently withdrawn

The above applies to partner, nominee and dependent children travel facilities

11.13 Taxation

The **first £30,000** of the combined VS lump sum, notice payment if paid in lieu and ex gratia if applicable is tax free.

All pensions and payments in lieu of annual leave are taxable.

The AVC and Pension lump sums are tax-free.

11.14 Part-time staff

All of the above provisions apply also to part-time employees.

The VS lump sum payments attract the same number of weeks pay according to the age and length of service, the pay so reckoned will be that of the appropriate (pro-rated) part-time. This applies even if service had previously been on a full-time basis.

12. Notice Period and Payments in lieu of notice

All employees who are displaced will be given notice of redundancy on the date they start the period of redeployment (confirmed in writing to the employee). The maximum period of redeployment is four months.

Individuals who are offered VS, it is agreed by the organisation that VS can be given before the period of redeployment has been exhausted, and the individual chooses to take it, will be entitled to a payment in lieu of notice, based upon their length of service, as follows:

Length of service	Entitlement
6 years or less	6 weeks, less the time already spent in Redeployment
up to 7 years	7 weeks, less the time already spent in Redeployment
Up to 8 years	8 weeks, less the time already spent in Redeployment
Up to 9 years	9 weeks, less the time already spent in Redeployment
Up to 10 years	10 weeks, less the time already spent in Redeployment
Up to 11 years	11 weeks, less the time already spent in Redeployment
Up to 12 years or more	12 weeks, less the time already spent in Redeployment

13. Resourcing strategies and plans

Resourcing strategies and plans will be reviewed in consultation with the Trade Unions and adjusted accordingly in respect of the application of this policy and procedure.

14 .Effective date and review period of this policy and procedure

The effective date of this policy and procedure is Thursday 18th March, 2004. This policy and procedure is subject to an annual review between management and the trades unions.