

Notice of meeting of

Staffing Matters & Urgency Committee

To: Councillors Waller (Chair), Runciman (Vice-Chair),
Alexander, Fraser and Gillies

Date: Monday, 4 October 2010

Time: 12.30 pm

Venue: The Guildhall

AGENDA

1. Declarations of Interest

At this point, Members are asked to declare any personal or prejudicial interests they may have in the business on this agenda.

2. Minutes (Pages 3 - 4)

To approve and sign the minutes of the meeting of the Staffing Matters & Urgency Committee held on 18 January 2010.

3. Public Participation

At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Committee's remit can do so. The deadline for registering is **5.00 pm on Friday, 1 October 2010**.

4. Exit and Pension Discretions (Pages 5 - 28)

This report seeks approval to make a number of amendments to the way the Council exercises its exit and pension discretions, to ensure they are fit for purpose for use in a rapidly changing organisation and to enable exit costs to be proactively managed.

5. Any Other Matters which the Chair decides are urgent under the Local Government Act 1972.

Democracy Officer:

Name: Fiona Young

Contact details:

- Telephone – (01904) 551027
- E-mail – fiona.young@york.gov.uk

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

About City of York Council Meetings

Would you like to speak at this meeting?

If you would, you will need to:

- register by contacting the Democracy Officer (whose name and contact details can be found on the agenda for the meeting) **no later than 5.00 pm** on the last working day before the meeting;
- ensure that what you want to say speak relates to an item of business on the agenda or an issue which the committee has power to consider (speak to the Democracy Officer for advice on this);
- find out about the rules for public speaking from the Democracy Officer.

A leaflet on public participation is available on the Council's website or from Democratic Services by telephoning York (01904) 551088

Further information about what's being discussed at this meeting

All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. **Please note a small charge may be made for full copies of the agenda requested to cover administration costs.**

Access Arrangements

We will make every effort to make the meeting accessible to you. The meeting will usually be held in a wheelchair accessible venue with an induction hearing loop. We can provide the agenda or reports in large print, electronically (computer disk or by email), in Braille or on audio tape. Some formats will take longer than others so please give as much notice as possible (at least 48 hours for Braille or audio tape).

If you have any further access requirements such as parking close-by or a sign language interpreter then please let us know. Contact the Democracy Officer whose name and contact details are given on the order of business for the meeting.

Every effort will also be made to make information available in another language, either by providing translated information or an interpreter providing sufficient advance notice is given. Telephone York (01904) 551550 for this service.

যদি যথেষ্ট আগে থেকে জানানো হয় তাহলে অন্য কোন অর্ধতে তথ্য জানানোর জন্য সব ধরনের চেষ্টা করা হবে, এর জন্য দরকার হলে তথ্য অনুবাদ করে দেয়া হবে অথবা একজন দোঅর্ধী সরবরাহ করা হবে। টেলিফোন নম্বর (01904) 551 550।

Yeteri kadar önceden haber verilmesi koşuluyla, bilgilerin terümesini hazırlatmak ya da bir tercüman bulmak için mümkün olan herşey yapılacaktır. Tel: (01904) 551 550

我們竭力使提供的資訊備有不同語言版本，在有充足時間提前通知的情況下會安排筆譯或口譯服務。電話 (01904) 551 550。

اگر مناسب وقت سے اطلاع دی جاتی ہے تو ہم معلومات کا ترجمہ مہیا کرنے کی پوری کوشش کریں گے۔ ٹیلی فون (01904) 551 550

Informacja może być dostępna w tłumaczeniu, jeśli dostaniemy zapotrzebowanie z wystarczającym wyprzedzeniem. Tel: (01904) 551 550

Holding the Executive to Account

The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Advisory Panel (EMAP)) agenda. The Executive will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Executive meeting in the following week, where a final decision on the 'called-in' business will be made.

Scrutiny Committees

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

Who Gets Agenda and Reports for our Meetings?

- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
- Relevant Council Officers get copies of relevant agenda and reports for the committees which they report to;
- Public libraries get copies of **all** public agenda/reports.

City of York Council

Committee Minutes

MEETING	STAFFING MATTERS & URGENCY COMMITTEE
DATE	18 JANUARY 2010
PRESENT	COUNCILLORS WALLER (CHAIR), RUNCIMAN (VICE-CHAIR), FRASER, GILLIES AND SCOTT

10. DECLARATIONS OF INTEREST

Members were invited to declare at this point in the meeting any personal or prejudicial interests they might have in the business on the agenda.

Cllr Fraser declared a personal, non prejudicial interest in agenda item 4 (More for York – Organisation Review), as a member of the retired section of UNISON and a member of the retired section of Unite (TGWU / ACTS section).

Cllr Scott declared a personal, non prejudicial interest in agenda item 4, as a member of Unite and because his wife was an employee of City of York Council, although not in a post affected by the matter under consideration.

11. MINUTES

RESOLVED: That the minutes of the Staffing Matters & Urgency Committee meeting held on 9 September be approved and signed as a correct record, subject to the amendment of Cllr Fraser's declaration of interest under Minute 5 to reflect the correct position with regard to his union membership and the removal of Cllr Fraser's name from the note under Minute 9 recording abstentions from voting.

12. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

13. MORE FOR YORK - ORGANISATION REVIEW

Members considered a report which invited them to note and comment upon the restructuring of senior management roles and responsibilities within the Council, as part of the comprehensive 'More for York' transformation and efficiency programme.

At their meeting on 15 December, the Executive had considered proposals for an organisation review and approved a revised senior management structure, including the creation of four new Director posts to replace the current six posts. They had referred the matter to the Staffing & Urgency

Committee for comment and discussion. The report outlined the background to the organisation review, set out details of the Executive's decisions and asked Members to approve the establishment of an Appointments Sub-Committee to select and appoint candidates to the newly created Director posts, if required.

In response to questions from Members, Officers confirmed that the new posts would be advertised to external applicants only if options for internal assimilation or appointment were not successful. Members agreed that there was a need to finalise the new arrangements in a timely and careful manner, in order to achieve clarity for those individuals who would be affected by the changes arising from the restructure, both directly and indirectly.

RESOLVED: (i) That Officers note the views expressed by Members at the meeting.

(ii) That an Appointments Sub-Committee be established consisting of five Members; two from the Liberal Democrat Group, two from the Labour Group and one from the Conservative Group, to be nominated by the respective Group Leaders.

(iii) That the Appointments Sub-Committee be authorised to conduct the final interviews, select a successful candidate and make an offer of employment (subject to the necessary employment procedures) to any of the newly created Director posts, if required.¹

REASON: To enable appointments to be made to the newly created Director posts, if necessary.

Action Required

1. Receive nominations from Group Leaders and put before FY Full Council on 4/2/10

A WALLER, Chair

[The meeting started at 12.00 pm and finished at 12.20 pm].



Staffing Matters and Urgency Committee4th October 2010

Report of the Director of Customer & Business Support Services

Exit and Pension Discretions**Summary**

1. This report asks Staffing Matters and Urgency Committee to agree that a number of amendments are made to the way the Council exercises its exit and pension discretions in order to ensure they are fit for purpose for use in a rapidly changing organisation and enable exit costs to be proactively managed.

Background

2. Redundancy pay entitlements are dictated by statute, although it is possible for employers to enhance the statutory provisions. In respect of Local Authorities this can be done in two ways either by increasing redundancy payments directly or through the use of local discretions provided by the Local Government Pension Scheme (LGPS) and Teachers' Pension Scheme (TPS) regulations.
3. Under LGPS rules the employer must have a statement detailing how it will use each of its local discretions and the Council currently operates a redundancy and early retirement policy that enshrines this statement, which was adopted in 2002 and amended in 2006. The purpose of the current policy is to treat all staff fairly, ensure consistency and control costs and the policy does this by adopting a rigid policy provision. The policy also seeks to treat local government and teaching staff equally, subject to their specific pension scheme rules.
4. Given the More for York programme and the need to transform the organisation in the face of increased cost pressures and the likelihood of reduced funding in future, a review of the current policy approach has been undertaken to determine if it is meeting its objectives and is fit for use in a rapidly changing organisation.

Discretions Available and Current Local Provisions

5. A summary of the Council's current policy provisions can be found in annex 1 and the statutory ready reckoner used to calculate redundancy pay can be found in annex 2.
6. As can be seen, effectively the Council's position is that it will not normally use any of its discretions. However, the use of the phrase "not normally awarded"

recognises that there may be instances where it is in the best interests of both the employee and the Council to make use of any of the available discretions and such requests are considered against the following criteria:

- i. exceptional or unusual circumstances;
- ii. the impact on the business unit in question;
- iii. the health of the employee, such as the individual suffers from a serious medical condition but which is insufficient to meet the definition of ill-health retirement under pension scheme regulations;
- iv. the cost, if any, of the early/flexible retirement or award of additional benefits;
- v. personal circumstances or compassionate grounds, for example, the need of the employee to care for a seriously ill relative. Such access will only be granted in the most exceptional of cases;
- vi. demonstrable benefits to the Authority, for example, efficiency reasons and the payback period of any costs;
- vii. any other circumstances which may be relevant to the decision and which may contribute to the more efficient exercise of the Authority's functions.

Current Process

7. In order to ensure that any exceptions to the policy to not normally exercise any discretions are appropriately exercised, properly managed and controlled, a process is in place where a panel consider all requests for the award of discretionary benefits. The panel consists of a minimum of 3 of the following:
 - Director of Customer and Business Support Services (or delegate);
 - Head of HR and Organisational Development (or delegate);
 - HR Corporate Development Manager (or delegate);
 - Pensions Officer.
8. In addition, the current process for agreeing a voluntary redundancy provides for the submission and agreement of a full business case, including details of HR and financial implications, to the relevant service Director and subject to the agreement of the Director of CBSS.

Analysis of Current Position

9. As can be seen the emphasis of the current discretions is very much that they will not be exercised unless there is an unusual and exceptional reason to do so. This has in effect created a rigid system where there are relatively few requests to the aforementioned Panel and even fewer successful applications.

10. The result of the current emphasis and process is that applications are considered purely on the merits of the individual circumstances, rather than in the wider context of the business and the discretions can not be actively used to manage workforce change, only individual cases.

Options

Option 1 – Continue with the existing approach and provisions

Option 2 – Amend the existing approach and amend the existing provisions, allowing flexible application within an overarching governance framework

Analysis

Option 1 – Continue with the existing approach and provisions

11. The statutory and pension scheme provisions detailed above give the Council a large degree of scope to decide locally what severance packages to offer employees. They also provide mechanisms that can be used to flex the workforce, avoid redundancy situations arising and allow for workforce planning to take place over an extended timescale.
12. The current way the Council exercises these discretions is however inflexible and can be counter productive as it does not allow managers to actively manage change, or consider the range of options that should be open to them to do so.

Option 2 – Amend the existing approach and amend the existing provisions, allowing flexible application within an overarching governance framework

13. The Council needs to use its pension discretions in a way that enables and facilitates active workforce decisions that shape the organisation and services, supporting its long term, strategic goals and linking to workforce planning objectives.
14. Taking into account the above, it is proposed that the emphasis on the way the Council exercises its discretions is amended to allow discretions to be used should an overall business case demonstrate they can help the Council achieve its overall financial and workforce objectives.
15. Affordability is clearly a critical factor in any change programme, particularly with the Council necessarily operating within an environment of financial restraint. However a more flexible approach to pension discretions, operating with a framework of actively managed decision making could result in an overall reduction in costs. For example, the current discretions only incentivise those with long service to exit the organisation on the grounds of voluntary redundancy. A policy framework that allows the Council to exercise its discretions on a business case basis, allowing for the award of additional week's pay or augmentation could encourage other employees to volunteer for

redundancy. Such employees are likely to be less costly to exit, saving money, whilst also enabling managers to achieve their workforce planning objectives.

16. Modelled examples of how this may work in practice can be found in the sample business case in annex 5.
17. Notwithstanding, not all are suitable to be exercised in such a way as some will always be prohibitively expensive. The Council will retain the option to exercise these discretions, as at present but with the current emphasis i.e. they will not normally be awarded unless unusual and exceptional circumstances prevail.
18. The following approach to the specific discretions is therefore proposed:
 - i. **Redundancy Payments** - Continue to use Actual Weekly Pay to calculate redundancy pay but revert to using continuous local government service, rather than total (aggregate) service, in the calculation. This is in line with the majority of local authorities.
 - ii. **Discretionary Compensation (104 weeks pay)** – The default number of weeks will remain as the statutory redundancy payment, i.e. a maximum of 30 weeks pay. However, consideration of an additional discretionary element in order to facilitate change will be introduced, which would be considered on a case by case basis. Additional weeks will only be awarded where there is a clearly demonstrated financial benefit.
 - iii. **Augmentation / Award of Additional Pension** – It is recommended that there is no change to current policy, i.e. the Council will not award additional pension benefits unless there are prevailing exceptional circumstances.
 - iv. **Early Retirements in the efficiency of the service** - The Council will make more use of efficiency retirements in order to facilitate change. Such retirements would be considered on a case by case basis.
 - v. **Flexible Retirement** – The Council will use flexible retirement as a change management mechanism. Such retirements would be considered on a case by case basis.
 - vi. **Early retirement** – The Council will use early retirement as a change management mechanism, considering applications on a case by case basis. Each application will also consider the waiving of the actuarial reduction, or otherwise on a case by case basis.
19. It is equally important that all such decisions are subject to proper scrutiny and are only agreed where the relevant business case is made. It is therefore proposed to introduce a standard business case template that must be completed prior to the submission of a revised corporate plan. A proposed template can be found in annex 4 with a completed sample in annex 5.

20. It is proposed that all business cases are initially considered by the relevant Departmental Management Team (DMT) prior to submission to a reconstituted appeals panel, at which the submitting manager would be required to attend to present their case.
21. It is further proposed that the appeals panel is revised to be made up of the following:
 - i. Chief Executive (Chair);
 - ii. Director of CBSS;
 - iii. Head of HR & OD;
 - iv. Pensions Officer;
 - v. One Assistant Director from each of the Council's four directorates;
 - vi. Two trade union representatives in an observational capacity.
22. In order that this new process does not hinder the speed of organisational change it is proposed that monthly meetings are diarised, which can be cancelled should there be no business for consideration.
23. Clearly this is a technical and potentially complicated issue and a revised approach will need to be supported by comprehensive and clear managerial and employee guidelines. In addition a comprehensive training and communication programme will be developed and rolled out, in order that managers and employees are fully informed of the process and associated considerations. It is anticipated that the new process and provisions will come into force on the 1st December 2010.
24. It is important to note that the above process, if adopted will not apply to Chief Officers and the use of exit and pension discretions for this group of staff will continue to be reserved to Staffing Matters and Urgency Committee.

Regional Comparisons

25. Work has taken place through the Regional Employer's Productive Workforce Group to benchmark the Council's current provisions against other Local Authority's in the region.
26. The results of the benchmarking exercise shows that all of the 10 Councils which responded operate their discretions on a business case basis, taking into account the needs of the business and the individual's circumstances.
27. In addition, all of those Council's who responded to the survey do allow flexible retirement, albeit with requests being considered against set criteria such as associated costs and impact on the business.

Consultation

28. This matter has been the subject of consultation at the Corporate Joint Consultation Committee (CJCC) and individual meetings with UNISON and GMB Regional Officers.

29. The views of UNISON and the GMB are as follows:

Approach

30. UNISON have stated that they would welcome changes to the current approach to exit provisions and redundancy discretions. UNISON is opposed to discretions being exercised on a case by case basis as, in their view, such an approach lacks transparency and also leave employees unsure of their entitlements and position. They assert that exercising discretions for one could look like discrimination if not applied consistently for all.

31. UNISON would prefer a set, standard way the Council operates its discretions. However if this is not going to be the approach and decisions are to be made on a business case basis, UNISON consider it to be essential to have a basic minimum standard package with additional discretions above that minimum being considered on a case by case basis. Additionally, UNISON consider that a case by case approach must encompass all decisions to exercise discretion, including those around school based staff which are currently made and funded locally by individual schools. UNISON have expresses a strong view that they will not support a process whereby school based staff and non-school based staff are treated differently.

32. The GMB take the view that discretion within the application of any redundancy payment is not reasonable. A straight forward uniformed approach that is open and transparent would be preferable as this would take away any suspicion of favouritism.

33. The GMB is fully aware that Councils across the Country will be subject to tight budget limits in the future and therefore any spending to increase the exit provisions will have to be justified. The Council should also take into account the view of employees on how they are to be treated. The GMB will strongly support the view that all alternative proposals to avoid compulsory redundancies be considered.

34. The GMB consider that if the council decides to operate a system of discretions which will possibly enhance payment to employees then this should be welcomed in the context that it may reduce the need for compulsory redundancy. These discretions should be applied equally to school based staff and non school based staff. The GMB believe that the Trades Unions should have early involvement in the consultation process and fully involved in the business case before it is put forward to the panel. Two Trades Union observers should be present in the final decision making process.

35. The GMB would welcome any increase in the pension provision as another method of avoiding compulsory redundancies. The GMB understands the

council position concerning spending limits and believe that any increases should be focused on enhanced redundancy payments.

Response: The benefits of moving to a case by case approach are detailed in the main body of the report. If the revised approach is adopted, it is still the intention to operate a standard redundancy pay calculation without any discretions being applied, rather the case by case considerations would apply to any enhancements to that standard package.

Discretions

36. UNISON recognise the financial constraints currently being experienced by all Councils and the subsequent challenges. UNISON are not therefore proposing that the Council makes any changes to how it exercises its pension discretions and that the Council continues to operate the policy that they will not normally be awarded. UNISON are however seeking that the Council operates a fair and reasonable Voluntary Severance scheme as a means of avoiding compulsory redundancies.
37. In this regard UNISON are supportive of the Council retaining the statutory ready reckoner, which calculates the number of weeks pay an employee will receive as redundancy pay as a function of their age and length of service, because payments calculated in this way do not need to be objectively justified under age discrimination legislation. UNISON propose that the Council should consider making enhancements to redundancy pay using the Discretionary Compensation Regulations, which allow for the award of an additional 104 weeks redundancy pay. In this regard UNISON have suggested they would like to see these weeks awarded using a 2.2 times multiplier based on the statutory ready reckoner. This would result in the resulting number of weeks being enhanced by 2.2 times as standard for all employees, subject to a maximum number of 66 weeks for someone with 30 years' plus continuous service.
38. UNISON recognise that the 2.2 multiplier may look generous, but are of the view that by enhancing redundancy payments in this way, the Council would be able to enact redundancies quicker, thus making the related savings earlier. As a result UNISON state that this approach would be cost neutral, as a minimum, when compared to the current approach of not applying any enhancements to encourage volunteers for redundancy and having to make compulsory redundancies due to the time associated with the associated proceedings i.e. statutory consultation, hearing, appeal, seeking redeployment and notice periods.
39. The experience of the GMB suggests the way to limit Compulsory redundancy is to increase the package that is available to employees to encourage volunteers. The GMB believes that the current system will not deliver the number of volunteers that will avoid the need for Compulsory redundancies in the future. The current system is based on statutory redundancy payments inclusive of total pay and should be used as the basic calculator. The system has been objectively justified in accordance with the Age Discrimination Act.

40. The GMB propose that the Council should adopt a system of 2 x the current statutory level with the current arrangements to use total pay. The GMB also propose a payment to enhance this in accordance with the Discretionary Compensation scheme of 104 weeks. The GMB believes that this proposal would increase the number of employees who would consider voluntary redundancy and therefore increase the pool of volunteers for the Council to choose from. This would result in a more efficient streamline system which will enable employees to leave the employment of the City of York Council earlier than going through the full consultation process, it would also take the pressure off large groups of employees going through the consultation and selection criteria process.
41. The GMB also proposes that before any compulsory redundancies are enforced the Council should ask all council employees to indicate if they are interested in voluntary redundancy. This would also further increase the pool of volunteers for the Council to choose from.

Response: The practical operation of operating a multiplier to all redundancy calculations has been modelled as worked examples shown in annex 3. As can be seen, such an approach would increase the costs of redundancy payments in every case regardless of business need or case. It is agreed that the use of discretions can expedite the resolution of redundancy situations, thus enabling savings to be achieved more quickly than if a compulsory redundancy was necessary. Such an approach also has significant benefits in terms of management time and avoiding disruption to services. This is one of the aims of the new approach, although it is proposed to do so on a case by case basis depending on the associated business case. It is current policy for the Council to consider volunteers for redundancy in order to avoid compulsory redundancies where possible and each such volunteer is already looked at on its merits and relative costs.

Review

42. UNISON are requesting that whatever approach is chosen, it is subject to formal, joint review after 6 months of operation.

Response: Any revised process should be subject to regular review so this is supported.

Process

43. In terms of the process itself, UNISON consider that the technical complexities of the pension discretions dictate that staff will need support and assistance and would request that trade union representatives are engaged early in the process where business cases are being considered. This engagement should take place as part of the discussions between employees and their manager and as an absolute minimum before any business case is presented to a DMT. In addition UNISON have stressed the importance of clearly established protocols for the consideration of each application.

Response: Trade union representatives will have already been consulted on any proposals that might lead to a redundancy situation and it is agreed that the early involvement of representatives in subsequent severance discussions would be beneficial and this will be included in the management guidelines.

Approval

44. UNISON have also proposed that if a business case approach is adopted, there should be a limit on the decisions that can be taken by Officers with cases incurring costs of £50k or more, or with a payback time of more than 2 years should be referred to the relevant Executive Member for approval.

Response: All expenditure associated with redundancy and exit arrangements will be reported in the MoreForYork updates and through the associated programme governance and as a result this proposal isn't considered to be necessary. A record of all of the decisions taken by the Panel will however be made and supplied to the Leader of the Council and relevant Executive Members at regular intervals. In addition, all matters relating to Chief Officers will continue to be reserved to Staffing Matters and Urgency Committee.

Corporate Priorities

45. The actions being proposed in this report are designed to support the Council's corporate priority "Effective Organisation" and are consistent with the required outcomes of the More 4 York programme.

Implications

46. This report has the following implications:
- **Financial** - Contained within the body of the report.
 - **Human Resources (HR)** – Contained within the body of the report.
 - **Equalities** – An Equality Impact Assessment (EIA) has been undertaken on this proposed policy change, the outcome of which has been subject to consultation with the Staff Equalities Reference Group. The outcome of the EIA shows a number of measures that can be taken to enable the new process to be fully understood and the equality implications monitored, which will be actioned. These include comprehensive guidance for managers and staff and also the undertaking an annual EIA of the outcomes with an analysis by equality strand to ensure no adverse impact.
 - **Legal** – The Council will need to be able to demonstrate that any revised policy is justifiable, fair and free from age discrimination. This has been considered as part of the EIA work described above. In terms of implementing any changes, changes to discretions which fall under the LGPS regulations must be communicated with Scheme members at least one month before coming into operation.
 - **Crime and Disorder** – no implications.

- **Information Technology (IT)** - no implications.
- **Property** - no implications.
- **Other** - no implications.

Risk Management

47. The specific risks associated with this issue and how they can be mitigated are covered in the main body of the paper. In summary, the risks associated with the recommended option are financial, legal, operational and reputational.

Recommendations

48. It is recommended that Staffing Matters and Urgency Committee:
- agree option 2, to amend the existing approach to exit provisions and pension discretions, allowing flexible application within an overarching governance framework.

Reason: In order that the Council's redundancy policy and pension discretions can be exercised in a flexible way to achieve its organisational change objectives.

Contact Details

Author:

Chris Tissiman
HR Corporate Development Manager
(Acting)
Human Resources
Ext 1715

Louise Dixon
Accountant and Pensions Adviser
Strategic Finance
Ext 1177

Chief Officer Responsible for the report:

Ian Floyd
Director of C&BSS

Report Approved

Date 21st September
2010

Ian Floyd
Director of C&BSS

Report Approved

Date 21st September
2010

Specialist Implications Officer(s):

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

Annexes

- Annex 1 – Summary of the Council's existing policy provisions
- Annex 2 – Statutory Redundancy Ready Reckoner
- Annex 3 – Worked examples of UNISON's proposal
- Annex 4 – Business case template
- Annex 5 – Sample business case example

Annex 1 – Summary of the Council's existing policy provisions

Redundancy Pay – applicable to all staff

Less than 2 years service: No redundancy pay

More than 2 years service: Redundancy pay is based on **total** local government service, the statutory number of weeks and **actual** weekly pay.

Statutory ready reckoner used.

Maximum payment is 30 weeks pay after 20 years of service at age 61+.

Early Retirement due to Redundancy – applicable to all staff

LGPS: Automatic access to unreduced pension benefits earned to date for those aged 55+ who are made redundant. This is a provision of the scheme, not a local discretion and the cost of the early retirement must be paid into the Scheme over 1, 3 or 5 years.

Those under 55 do not receive access to their pension and as such there are no pension costs associated with their redundancy.

TPS: Employer discretion is used to allow all teachers over age 55 to access unreduced pension benefits on redundancy. The cost of this early retirement is paid by the council over the remaining life-time of the employee.

Flexible Retirement – **not normally awarded**

LGPS - Allows employees of age 55+ to access some or all of their pension benefits whilst remaining in employment. It is triggered by a reduction in hours or grade but requires employer permission. Benefits will be paid on an actuarially reduced basis, although the employer has the discretion to waive the reduction. Because of protections awarded upon the removal of the 85-year rule, there is the potential for the employer to be liable for the cost because benefits brought into payment under the 85-year rule cannot be paid on a reduced basis.

TPS - An employee aged 55+ can take up to 75% of their total benefits provided that their pensionable salary reduces by at least 25% for at least 12 months. Benefits are paid on an actuarially reduced basis.

Voluntary Early Retirement – not normally awarded (excl. teachers)

LGPS - Employees can request access to their pension benefits between age 55 and 59, but require their employer's permission to do so. These benefits will be paid on an actuarially reduced basis unless the employer waives the reduction (and pays the cost into the Scheme).

Pension benefits of employees protected under the 85-year rule cannot be actuarially reduced and the employer must pay the cost of this into the Scheme.

Employees age 60+ can elect to retire at any time without their employer's permission. Pension benefits will be paid on an actuarially reduced basis unless the 85-year rule is met. There is not normally a cost to this unless the employer elects to waive the actuarial reduction.

TPS - An employee aged 55+ may elect to retire on actuarially reduced benefits, with their employer's consent. The employer cannot withhold consent for more than 6 months.

These benefits will be paid on an actuarially reduced basis unless the employer waives the reduction (and pays the cost into the Scheme).

Early retirement in the efficiency of the service – not normally awarded

Early retirement in the efficiency of the service is where an employee is granted early retirement and is awarded the same pension benefits as on redundancy, but without being in a redundancy situation i.e. their post would not be deleted after they left.

Enhancements to Payments – not normally awarded

There are a number of different ways in which an employee's leaving settlement can be enhanced. The Council's policy is that enhancements are not normally awarded.

Annex 2 – Statutory Redundancy Ready Reckoner

Age	Completed Years of Service																		
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18	1.0																		
19	1.0	1.5																	
20	1.0	1.5	2.0																
21	1.0	1.5	2.0	2.5															
22	1.0	1.5	2.0	2.5	3.0														
23	1.5	2.0	2.5	3.0	3.5	4.0													
24	2.0	2.5	3.0	3.5	4.0	4.5	5.0												
25	2.0	3.0	3.5	4.0	4.5	5.0	5.5	6.0											
26	2.0	3.0	4.0	4.5	5.0	5.5	6.0	6.5	7.0										
27	2.0	3.0	4.0	5.0	5.5	6.0	6.5	7.0	7.5	8.0									
28	2.0	3.0	4.0	5.0	6.0	6.5	7.0	7.5	8.0	8.5	9.0								
29	2.0	3.0	4.0	5.0	6.0	7.0	7.5	8.0	8.5	9.0	9.5	10.0							
30	2.0	3.0	4.0	5.0	6.0	7.0	8.0	8.5	9.0	9.5	10.0	10.5	11.0						
31	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	9.5	10.0	10.5	11.0	11.5	12.0					
32	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	10.5	11.0	11.5	12.0	12.5	13.0				
33	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	11.5	12.0	12.5	13.0	13.5	14.0			
34	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	12.5	13.0	13.5	14.0	14.5	15.0		
35	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	13.5	14.0	14.5	15.0	15.5	16.0	
36	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	14.5	15.0	15.5	16.0	16.5	17.0
37	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	15.5	16.0	16.5	17.0	17.5
38	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	16.5	17.0	17.5	18.0
39	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	17.5	18.0	18.5
40	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	18.5	19.0
41	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	19.5
42	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5
43	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0
44	3.0	4.5	5.5	6.5	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5
45	3.0	4.5	6.0	7.0	8.0	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0
46	3.0	4.5	6.0	7.5	8.5	9.5	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5
47	3.0	4.5	6.0	7.5	9.0	10.0	11.0	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0
48	3.0	4.5	6.0	7.5	9.0	10.5	11.5	12.5	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5
49	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.0	14.0	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0	24.0
50	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	14.5	15.5	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5
51	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0	23.0	24.0	25.0
52	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	17.5	18.5	19.5	20.5	21.5	22.5	23.5	24.5	25.5
53	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.0	20.0	21.0	22.0	23.0	24.0	25.0	26.0
54	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	20.5	21.5	22.5	23.5	24.5	25.5	26.5
55	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.0	23.0	24.0	25.0	26.0	27.0
56	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	23.5	24.5	25.5	26.5	27.5
57	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.0	26.0	27.0	28.0
58	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	26.5	27.5	28.5
59	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.0	29.0
60	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.5	29.5
61	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5	18.0	19.5	21.0	22.5	24.0	25.5	27.0	28.5	30.0

This page is intentionally left blank

Annex 3 – Worked examples of UNISON’s proposal

Grade 2, 4 : Annual Salary £14,378

		Service (Years)			
		5	10	15	20
Age					
45	Statutory	1,930	3,309	4,688	6,066
	Statutory x 2.2	4,246	7,280	10,314	13,345

Grade 6, 4 : Annual Salary £21,719

		Service (Years)			
		5	10	15	20
Age					
45	Statutory	2,916	4,998	7,081	9,164
	Statutory x 2.2	6,415	10,996	15,578	20,161

Grade 12, 4 : Annual Salary £50,829

		Service (Years)			
		5	10	15	20
Age					
45	Statutory	6,824	11,698	16,572	21,446
	Statutory x 2.2	15,013	25,736	36,458	47,181

This page is intentionally left blank

Business case
<i>Briefly outline the circumstances of the request</i>
<i>Please provide full details of the request, including the discretion being requested</i>
<i>How will the proposal meet or contribute to the Directorate workforce planning objectives? Please state the objective.</i>
<i>How will the proposal meet or contribute to the Council's efficiency objectives?</i>
<i>Overall total cost of the request</i>
<i>Please provide details of alternative courses of action with advantages and disadvantages of each</i>

Comparative cost information

Return on Investment (RoI) of both the overall costs and the comparative cost (RoI is calculated using by dividing the cost of making saving by the annual saving made)

If containing pension costs, proposal for payment to the scheme, i.e. lump sum or over 3 or 5 years with associated costs.

HR Comments

Name..... Date.....

Finance Comments (to include source of funding and associated budget code)

Name..... Date.....

Date considered by DMT:

DMT's comments

Date of corporate panel:

Outcome of corporate panel

Name..... *Date*.....

This page is intentionally left blank

Annex 5 – Sample business case example

Sample completed business case

Briefly outline the circumstances of the request

The XXX team has undertaken a service review and is introducing new ways of working and new technology. This will reduce the size of the team by 2.5 FTEs, which is being achieved through a restructure. The restructure is due to implement on the 31st March 2011.

Please provide full details of the request, including the discretion being requested

The current XXX team contains 6.5 FTE posts, 5.5 FTEs of which are currently occupied by 7 employees (4 FTEs, 0.5 FTE part time and two 0.5 FTE job share), all of whom fall within the area of change and who are now all 'at risk' of redundancy. All of these posts are grade 6.

Measures have been implemented to try to avoid a redundancy situation arising, including a recruitment freeze, which has allowed one FTE to become vacant and be deleted. This has however left 4 FTEs, one 0.5 FTE part time and two 0.5 FTE job share, a total of 5.5 FTEs and a new Establishment of 4 FTEs, an excess of 1.5 FTE.

In order to manage this situation in the most cost effective way possible the following discretions are requested:

- 1 FTE employee wishes to reduce their working hours by 0.5 FTE using flexible retirement;
- 1 FTE employee has volunteered for redundancy if an award of 5 additional weeks redundancy pay can be made.

How will the proposal meet or contribute to the Directorate workforce planning objectives? Please state the objective.

The above would reduce the team size by 1.5 FTE, as required.

All of the remaining employees have the necessary skills to continue to provide the reconfigured service in the future.

Agreeing to the request for flexible retirement would allow the retention of the necessary skills within the team.

How will the proposal meet or contribute to the Council's efficiency objectives?

The implementation of new technology will allow the XXX team to reduce in size by 2.5 FTEs, 38%, without a reduction in service level. This will save £67,870 per annum (£27,148 each), including on-costs.

Overall total cost of the request

There is no cost to the flexible retirement request as the employee has no residual protection under the 85 year rule and will therefore incur an actuarial reduction in their pension.

The volunteer for redundancy is 35 years old and has 10 years reckonable service, meaning they qualify for 10 weeks redundancy pay at £416.53 per week, a total of £4,165.30.

The additional award of 5 weeks redundancy pay would cost £2,082.65, contributing to an overall cost of the voluntary redundancy of £6,247.95.

Please provide details of alternative courses of action with advantages and disadvantages of each

There is one additional volunteer for redundancy who is 57 years old with 29 years of service. If the request for an award of an additional 5 weeks redundancy pay is not granted, the employee concerned will withdraw their interest, leaving the aforementioned employee as the only other volunteer. This volunteer would receive a redundancy payment of £11,662.84 and their pension access costs would be £24,118.09, a total cost of £35,780.93.

Should that volunteer not be accepted, the only available course of action would be to select from the team for compulsory redundancy. A desk top exercise has been undertaken in this regard and the team member to be selected is as follows:

Age: 23

Length of service: 18 months

Redundancy pay: Zero

Whilst this option would be the cheapest, it would run directly contrary to the workforce plan objective to increase the number of young people employed at the Council and be detrimental to the demographic profile of the team and Council.

The same applies to the request for flexible retirement. The second member of the team who would be selected for compulsory redundancy would be as follows:

Age: 46

Length of service: 15 years

Redundancy pay: £7,289.28 (17.5 weeks at £416.53 per week)

Comparative cost information

The comparative costs of the alternative courses of action are as follows:

Alternative voluntary redundancy

Redundancy pay = £11,662.84 (28 weeks at £416.53 per week)

Pension costs = £24,118.09

Total cost = £35,780.93

Compulsory redundancy 1

Redundancy pay = Zero

Compulsory redundancy 2

Redundancy pay = £7,289.28

Return on Investment (RoI) of both the overall costs and the comparative cost (RoI is calculated using by dividing the cost of making saving by the annual saving made)

There are no additional costs of the proposed courses of action as it is overall more cost effective than the alternatives. However the RoI of the award of additional weeks redundancy pay of £2,082.65 against the overall savings of 1 FTE at £27,148 is 0.08. The RoI taking into account total costs is 0.23.

If containing pension costs, proposal for payment to the scheme, i.e. lump sum or over 3 or 5 years with associated costs.

Not applicable.

HR Comments

Name..... Date.....

Finance Comments (to include source of funding and associated budget code)

Name..... Date.....

Date considered by DMT:

DMT's comments

Date of corporate panel:

Outcome of corporate panel

Name..... *Date*.....