

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*.....