



**General Purposes Committee  
2 August 2018**

**Report from the Director of Legal and HR Services**

**Voluntary Redundancy Policy**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	No
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	2 Appendix 1: Draft Voluntary Redundancy Policy Appendix 2: Equality Impact Assessment <b>(To Follow)</b>
<b>Background Papers:</b>	None
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**1.0. Purpose of the Report**

1.1. This report recommends the adoption of a voluntary redundancy policy, and the implementation of a voluntary redundancy process, commencing on 3<sup>rd</sup> August 2018 to inform the next round of restructures and staff reductions to meet savings targets.

**2.0. Recommendations**

2.1 To approve the Voluntary Redundancy Policy in Appendix 1 and the implementation of a voluntary redundancy process commencing on 3<sup>rd</sup> August 2018.

2.2 To authorise the Chief Executive to determine whether a voluntary redundancy exercise should be implemented in accordance with the Policy on future occasions.

### **3.0. Detail**

- 3.1. The council's redundancy payments scheme applies to employees with two or more years' continuous service with a body listed in the Redundancy Payments (Continuity of Employment in Local Government) Modification Order.
- 3.2. Calculation of payments under the council's scheme is based on the statutory scheme but actual salary rather than the statutory weekly maximum is used for this calculation. The calculation is as follows:
- 0.5 week's pay for each full year of service aged under 22
  - 1 week's pay for each full year of service between the ages of 22 and 41
  - 1.5 week's pay for each full year of service worked from the age of 41 and over.

This is subject to a maximum 20 years of service (30 x a week's pay is therefore the maximum available).

In addition, a discretionary severance payment, equal to 50% of the redundancy payment so calculated, is currently made to those made redundant.

- 3.3 Employees who are made redundant who are aged 55 or over and have at least two years of pension scheme membership will be entitled to immediate payment of pension benefits without reduction.
- 3.4 The council's Managing Change Procedure provides that volunteers should usually be sought when a restructure is to be undertaken as one of the measures to avoid compulsory redundancy. This means volunteers are only sought at a stage where the areas in which savings are to be made, and the eventual structure, have been developed in detail.
- 3.5 It is proposed that a voluntary redundancy scheme be implemented across the council to enable managers to have information about potential volunteers in advance of planning and implementing restructures. This may also facilitate succession planning and career progression, which is an issue highlighted in the recent staff survey.

### **4.0 Benefits to the council of a successful voluntary redundancy scheme**

- 4.1 The council has made a commitment in its Change Management policy to seek to avoid compulsory redundancies by using voluntary redundancy where appropriate. This commitment and its implementation is likely to have a positive effect on employee engagement and reduce any negative impact on service performance which can result from the distress and demotivation sometimes experienced by continuing staff whose colleagues have been made compulsorily redundant.
- 4.2 A voluntary redundancy scheme is advantageous for both management and

employees. It enables employees to come forward and initiate a discussion about their future without fear of committing themselves until all the paperwork has been agreed after exit figures have been finalised. For managers, it means that they can plan reorganisations more effectively, knowing in advance which staff are willing to leave.

- 4.3 A voluntary redundancy scheme may also facilitate “bumped” redundancy. A bumped voluntary redundancy is one in which an employee (whose post is not being deleted) volunteers to be made redundant and their job is taken by a suitable potentially redundant employee whose post is being deleted. This avoids compulsory redundancy and may also provide opportunities for career progression.
- 4.4 Implementing compulsory redundancies is a significant drain on management time and is very disruptive for the wider workforce. Time is spent on individual consultation and in dealing with appeals which is saved if redundancy can be agreed on a voluntary basis.
- 4.5 Use of voluntary redundancy also reduces the risk of legal claims against the council. Implementation of compulsory processes carries with it the risk of disputes and employment tribunal claims. Even where these are successfully defended, they pose a further drain on management resource and on HR and Legal resources and may incur irrecoverable costs, for example in respect of the use of counsel.
- 5.0 **The proposed policy**
- 5.1 A draft proposed policy and scheme for 2018/19 is in Appendix 1. This is structured on the basis that it would be a single exercise (although it could be repeated in future years) rather than an on-going process to which staff may apply at any time. It would not prevent staff volunteering in the context of specific restructures as now. It is proposed that if the committee approve the Policy its implementation on other occasions be delegated to the Chief Executive.
- 5.2 The scheme would be open for applications from 3<sup>rd</sup> August 2018 – 28 September 2018. Applicants would complete an online application form by the specified deadline and all applications completed would be submitted to the relevant line manager and Departmental Management Team for consideration. The Departmental Management Teams will make recommendations to the Council Management Team which makes the final decision. There will be no appeal of this decision.
- 5.3 Having all final decisions made in one place will ensure consistency and will also enable the council to ensure that implementation of the scheme is affordable in the context of the council’s savings requirements.
- 5.4 Each individual case will be assessed on the basis of the efficiency of the service and longer term financial considerations. A payback period of not more than 2 years is proposed. Applications can only be accepted where it is appropriate to delete the employee’s post (or the post of another member of

staff who is suitable for the employee's post) as there must be a redundancy situation. Where an employee's post is not suitable for deletion, they may be placed on a central register of employees willing to take voluntary redundancy should another employee facing compulsorily redundancy in the future be a suitable candidate for their post.

- 5.5 It is proposed that employees taking voluntary redundancy under the scheme continue to work until the end of the financial year (31 March 2019) unless exceptionally another date is agreed by the Chief Executive.
- 5.6 A communications strategy has been developed to support implementation of the scheme and this will be put into effect from 3rd August if the Committee approves the proposed policy. This will include general publicity about the scheme on the Intranet and in staff and manager communications, drop in sessions for staff to explain the scheme and written guidance for both managers and employees.
- 5.7 Consultation in respect of the policy and process has been undertaken with the Trades Unions and no changes have been requested to the draft policy in Appendix 1.

## **6.0 Financial Implications**

- 6.1 The costs and benefits of the proposal are unknown at this stage as they are dependent on the number of applications. In implementing the scheme, the business case must identify how savings equivalent to the cost of the voluntary severance package will be made within two years of the post being closed. Ongoing savings created by the permanent closure of the post will also need to be demonstrated.
- 6.2 The cost of an HR Officer at PO4 for three months to support the scheme is £15.6k.
- 6.3 Given the scale of the continuing savings required by the council over the coming years a suitably attractive VR scheme is a useful tool in mitigating the impact of compulsory redundancies on staff and overall will help support the achievement of savings.

## **7.0 Legal Implications**

- 7.1 The council has power to enhance the statutory redundancy scheme and to make severance payments to staff not eligible for that scheme under Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 (as amended) where dismissal is for redundancy or efficiency reasons.

7.2 Under the Redundancy Payments (Continuity of Employment in Local Government) Modification Order continuous service with bodies listed in the Order is included in the calculation of an employee's continuous employment for redundancy purposes.

## **8.0 Diversity Implications**

8.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

8.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

8.3 An equality assessment has been undertaken in respect of the proposed policy. A copy of the final assessment will be circulated as a supplementary Appendix 2 to the report in advance of the meeting and the equalities impact of its implementation will be assessed as decisions are made and after the process has been completed.

**Report sign off:**

**DEBRA NORMAN**  
Director of Legal and HR Services