

EXETER CITY COUNCIL

EXECUTIVE
3 APRIL 2012

VOLUNTARY REDUNDANCY PROCEDURE

1. PURPOSE AND BACKGROUND

- 1.1 The Council is going through a period of significant transformational change and, in addition, faces continuing budgetary pressures to which it must respond. In responding to those pressures, the focus is on preserving frontline services, on delivering quality services which meet customer needs and on ensuring the maximum value from all our processes and systems. A critical evaluation of staffing levels and costs is a necessary element of addressing these pressures and requirements.
- 1.2 There has already been a significant reduction in the numbers of staff employed over the last two years and, wherever possible, that reduction has been achieved through natural wastage, internal redeployment and voluntary redundancy. There is an ongoing commitment to keep compulsory redundancies to an absolute minimum and it is important that the manner and pace of change reflects that commitment if at all possible. The first systems thinking reviews of a number of key areas are currently under way and more will be rolled out as understanding and expertise in this approach increases across the organisation. In these areas there will have been a very robust analysis of the staffing needs. In other areas those needs are being assessed against more traditional criteria.
- 1.3 In this context it would be helpful to put in place a more formalised, time-limited, process for voluntary redundancy applications to come forward across the organisation. This report proposes a procedure (which should be read in conjunction with the established Organisational Change Policy and Procedure) to do this.
- 1.4 A number of voluntary redundancies have already been agreed, arising directly or indirectly from the recently implemented major reorganisation of the senior management structure, and ad hoc requests for voluntary redundancy have always been capable of being made and, if appropriate, agreed. However, given the particular circumstances now prevailing, a more holistic and co-ordinated approach, for a limited time, would ensure that the organisation's corporate and strategic interests are being properly considered in assessing requests for voluntary redundancy.
- 1.5 This proposed programme is time limited in order to deal with the bulk of any requests within one time frame. However, once this particular programme ends, future requests for voluntary redundancy can still be dealt with, on a case by case basis, following the principles and criteria identified in this procedure.

2. DEFINITION OF REDUNDANCY

2.1 Redundancy occurs where the dismissal is attributable wholly or mainly to one of the following reasons:

- The employer has ceased or intends to cease, carrying on the business within which the member of staff is employed
- The requirement for the employee to carry out work of a particular kind has ceased or diminished (or is expected to)

Where a redundancy situation exists or is likely to exist the law provides for an employer to ask for volunteers and agree with them that their employment will cease by reason of redundancy in circumstances where entitlements to statutory redundancy compensation is preserved.

3. PROCEDURE FOR CONSIDERING VOLUNTARY REDUNDANCY

3.1 The Council's existing policies for organisational change and redundancy should be followed and alternatives should be sought to avoid the need for any form of redundancy as far as possible.

3.2 However, given the circumstances described in this report, an invitation for all staff to volunteer for redundancy will be offered for a limited period.

3.3 This offer will be open to all employees of the Council from 9th April until 31st May. An application form will be provided for employees and this must be used if the individual wishes to apply for voluntary redundancy. The form, which will be available on the Intranet or from HR must be completed by the employee and returned to HR by 31st May 2012.

3.4 Employees who choose to apply for voluntary redundancy are not guaranteed to have their application accepted. The Chief Executive, in consultation with the Leader of the Council, SMT and HR, reserves absolute discretion to decide whether or not to accept an individual application for redundancy. The decision on whether or not to accept an individual application will take account of the following criteria:

- The skills and experience the individual has and whether there will be sufficient skills in the remaining team/elsewhere in the Council to cover the loss - if not, the costs and time frame to replace the loss of skills through training etc
- Whether the area where the individual currently works is likely to reduce in scale in the near future, thereby triggering the likelihood of a redundancy situation. Many front line operational service areas (eg cleansing) are unlikely to see staff reductions in the foreseeable future – so, unless staff can be redeployed from other areas, redundancy is unlikely to be a viable option in such areas.
- Whether there is a sufficient balance of skills remaining to offset any loss resulting from the redundancy
- Whether the work still needs to be done – and, if so, whether it can be absorbed into another role(s)
- Whether the costs of redundancy and pension strain (where applicable) can be recouped within a reasonable period – a maximum of 18 months is proposed.

- Whether voluntary redundancy might be considered more appropriate at a later time
 - Whether the voluntary redundancy is in the overall business interests of the Council
- 3.5 The decision on whether to accept or reject any particular application will be final. There will be no right of appeal on the decision.
- 3.6 Where an employee's application for voluntary redundancy is accepted the employee will be notified of this in writing as soon as possible thereafter. A meeting will then be set up with the employee to discuss and agree details concerning the redundancy and leaving date. The redundancy payment will be made in accordance with the Council's Organisational Change Policy and Procedure, but if the Council and the employee agree a mutually acceptable earlier leaving date, notice period payments will not be paid.
- 3.7 Where an employee's application for voluntary redundancy is rejected they will be notified in writing.

4. FINANCIAL IMPLICATIONS

- 4.1 Careful consideration, in accordance with the criteria above, will be given to the business case for each application. It is likely that many applications will show a payback within 12 months and no case with a payback period beyond 18 months will be agreed within the terms of this specific programme. Only proposals which accord with the overall business direction and financial needs of the Council will be approved, and all cases will require the specific agreement of the s151 Officer if they are to be approved.
- 4.2 Members may be aware that the costs of redundancy have previously been, and are likely to continue to be, granted eligibility for capitalisation by DCLG. Any pension strain costs which may arise in particular cases will be factored into the payback calculation referred to above. Such payments are made to the Pension Fund, and not to the employee.

5. RECOMMENDATION

Members are asked to agree the policy and procedure set out in this report and, subject to the criteria described, to delegate the determination of any requests for voluntary redundancy, made in response to this time-limited programme, to the Chief Executive, in consultation with the Leader of the Council.

CHIEF EXECUTIVE/HEAD OF HR
23 March 2012