

EXETER CITY COUNCIL

**EXECUTIVE
10 FEBRUARY 2009**

STAFFING TERMS AND CONDITIONS OF EMPLOYMENT

1. PURPOSE OF THE REPORT

- 1.1 To (1) give further consideration to the discretions currently agreed by the Council for redundancy/efficiency compensation; (2) consider and agree a Redundancy Selection and Redeployment Policy for the Council in the event of compulsory redundancy situations; and (3) to give further consideration to the arrangements for protecting pay of employees in cases of redundancy redeployment and downgrading of posts.

2. LOCAL GOVERNMENT (EARLY TERMINATION) (DISCRETIONARY COMPENSATION) (ENGLAND AND WALES) REGULATIONS 2006 (REDUNDANCY/EFFICIENCY PAYMENTS)

- 2.1 These regulations came into force on the 29 November 2006 and had retrospective effect from 1 October 2006. They required the Council to formulate a policy on how, and if, to use the new discretion for compensation payments which it agreed on 27 March 2007.
- 2.2 The discretions agreed were based on the expectation of limited redundancy/efficiency programmes being effected in the Council which would have limited, overall, financial impact.
- 2.3 A number of options were available for consideration by the Council and the following discretions were agreed:
- To use the employee's actual week's pay to calculate the compensation payment as previously applied (standard local government agreement).
 - Continue to apply the same formula to both redundancies and early retirement in the efficiency of the service.
 - To use the statutory redundancy payment calculator as the basis of calculating the compensation payment and multiply the statutory redundancy payment calculator by 3.46 to arrive at a compensation payment, subject to any figure not exceeding 104 weeks' pay.
 - That each case be treated on its merits taking into account a business case.
- 2.4 The Council consulted with the recognised Trade Unions and advised Devon County Council, as Administering Authority, of the Council's policy and notified employees of these discretions.

3. REVIEW OF EXISTING DISCRETIONARY PAYMENTS

- 3.1 The Council is moving into a challenging period of tightening revenue budgets. The impact of these challenges facing the Council will require an ongoing programme of efficiencies and budgetary savings.
- 3.2 When considering the impact of the discretionary payments arrangements currently in place for terminating employment on the grounds of redundancy/efficiency of the service, it is necessary to consider the overall financial impact this will have on the Council's ability to protect jobs and services.
- 3.3 In considering the discretionary compensations arrangements the Council has a number of options available when applying a multiplying factor. It chose at the time to apply the maximum discretion available, a 3.46 multiplier. This discretionary compensation has been used to facilitate a small number of voluntary and compulsory reductions in staffing levels since its introduction.
- 3.4 It is now prudent to review this discretion for future applications, having regard to its affordability should its usage increase.
- 3.5 The recognised Trade Unions have been consulted on a proposal to reduce the multiplier from 3.46 to 2 which is in line with a number of other local authorities and is considered more affordable. Feedback is being sought through Trade Union member consultation and an update will be provided to the Executive at its meeting.

4. REDUNDANCY SELECTION AND REDEPLOYMENT POLICY

- 4.1 The Council has agreed policies and protocols for the management of redundancy and termination of employment in the efficiency of the service.
- 4.2 These policies do not currently extend to include the selection criteria for compulsory redundancy situations or good practice guidance for redeployment opportunities for displaced staff.
- 4.3 The Council remains committed to ensuring that skilled and experienced staff are retained within the organisation as far as possible during periods of staffing reductions.
- 4.4 This commitment extends to ensuring, wherever reasonably practicable, suitable alternative employment and re-training opportunities are maximised across the whole Council.
- 4.5 A Redundancy Selection and Employment Policy is attached (Appendix A). The main areas of consideration in this policy are:
 - To restate the Council's commitment to the avoidance of compulsory redundancy, wherever practicable.
 - To outline a selection procedure where compulsory redundancy is necessary, and to ensure that decisions are made on objective criteria which is transparent and structured.
 - To apply an assessment model which weights criteria for selection.

- To ensure rights of appeal are available where grounds for selection are challenged.

5. PROTECTED PAY ARRANGEMENTS

- 5.1 As part of the introduction of the Single Status agreement and the implementation of Job Evaluation on the 1 October 2000, a protected pay arrangement was introduced. This applied to cases where employees were redeployed into lower graded jobs following redundancy or where their jobs were downgraded following a Job Evaluation of their post.
- 5.2 The arrangement provided for their existing salary level to be protected for a period of 5 years, or until such time as the rate of pay in the new job caught up with the protected level, whichever was the shorter. The agreed national pay award was only applied to the protected pay level for the first 2 years of the period of protection.
- 5.3 It is now considered that a protected pay period of 5 years is not sustainable in equal pay terms and that the period should be reduced to 3 years with national pay awards being applied for the first 2 years as now. A 3 year pay protection period is considered sustainable in equal pay terms.

6. CURRENT ORGANISATIONAL CHANGE AND REVIEW

- 6.1 The Council is currently part-way through a number of structural reviews, budget prioritisation and downsizing of staffing arrangements due to external funding pressures.
- 6.2 These processes have been the subject of consultation with the Trade Unions, budgeted for and in many cases are in the formal notification stage of redundancy dismissal procedures.
- 6.3 Many of the staff affected by these decisions have been advised of their severance arrangements and are currently protected by the Council's agreement on discretionary payments. It is, therefore considered reasonable to apply the current compensation multiplier to redundancies and terminations of employment in the interests of the efficiency of the service to those currently being considered with the new multiplier applying to future efficiency/restructuring proposals.

7. RECOMMENDATIONS

- 7.1 Based on the Council's existing practices and retaining as much flexibility as possible with consideration to funding implications, the following recommendations are made, subject to consideration of any reported views of the recognised Trade Unions:

- a. **LOCAL GOVERNMENT (EARLY TERMINATION) (DISCRETIONARY COMPENSATION) (ENGLAND AND WALES) REGULATIONS 2006 - (REDUNDANCY/EFFICIENCY PAYMENTS)**

- To reduce the discretionary multiplier from 3.46 to 2 with a maximum of 60 weeks for both redundancy and terminations of employment in the interests of the efficient exercise of the Council's functions.
- To implement the changes with effect from 1 April 2009 except as indicated below.

- To continue to apply the maximum discretion arrangements that are currently in place to those redundancies and terminations of employment in the interests of the efficient exercise of the Council's functions arising from the current AFU restructure, the staffing reductions being considered at the RAMM (consequent upon Renaissance funding) and any staffing reductions resulting in the budget savings to be agreed by Council in February 2010 for the financial year 2009/10.
- To continue to consider each case on its own merits taking into account a business case.

b. REDUNDANCY SELECTION AND REDEPLOYMENT POLICY

Subject to the consideration of any reported views of the recognised Trade Unions:

- To introduce the Redundancy Selection and Redeployment Policy as outlined in Appendix A to complement the current Redundancy Policy.

c. PROTECTED PAY ARRANGEMENTS

To reduce the period of protecting pay, in cases of redeployment to a lower graded post following redundancy or when a post is downgraded following Job Evaluation, from 5 years to 3 years with pay awards being applied for the first 2 years.

- d. To notify the recognised Trade Unions and advise Devon County Council, as Administering Authority, of the Council's policy and notify employees.

DIRECTOR CORPORATE SERVICES
HEAD OF HUMAN RESOURCES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:
None

2 February 2009