

Runnymede Borough Council

CORPORATE MANAGEMENT COMMITTEE

Thursday 15 October 2020 at 7.30 p.m.

To be held remotely via MS Teams

URGENT SUPPLEMENTARY AGENDA

PART I

The Chairman has agreed that this item be admitted to the Agenda as an item of urgent business for the special circumstances and urgency as set out below:

Special Circumstances

The report was not able to be completed by the time of the despatch of the main agenda for this meeting.

Urgency

To enable the Committee to approve the proposed scheme so that the Council can seek volunteers for redundancy or redundancy and early retirement to assist in creating efficiency savings without delay.

**6. PROPOSED VOLUNTARY REDUNDANCY SCHEME
(HUMAN RESOURCES – FIONA SKENE)**

Synopsis of report: To consider a proposed Voluntary Redundancy Scheme to enable the Council to seek volunteers for redundancy or redundancy and early retirement, to assist in creating efficiency savings.

Recommendation: That the proposed Voluntary Redundancy scheme be approved and that the Chief Executive be given delegated authority to approve up to 20 redundancies or redundancy and early retirement requests subject to affordability.

1. Context of report

- 1.1 As a consequence of the Council's unexpected and significant expenditure to deal with the effects of the Covid-19 pandemic, the Council is facing a serious financial situation over approximately the next 3 years. In essence, the Council needs to save £2 million each year in order to resolve the Council's financial difficulties. The Council is currently looking at a series of measures to create efficiency savings. One of those proposed was a Voluntary Redundancy trawl. In order to make substantial savings it is proposed to seek volunteers for voluntary redundancy or voluntary redundancy and early retirement before Christmas with a view to any staff whose applications are approved leaving the Council by the end of the current financial year(i.e. 31st March, 2021).

2. Report

- 2.1. In order to facilitate a voluntary redundancy trawl, a proposed Voluntary Redundancy Scheme has been prepared and is at Appendix 'H' attached with

accompanying forms. Under this proposed scheme, an e-mail would be circulated by the Chief Executive inviting members of staff who are interested to seek quotes from Human Resources. In the case of employees who are aged 55 or over, they are also eligible for early retirement where they would potentially receive early payment of a pension as well as a redundancy payment. In such cases, quotes for pensions benefits and the costs of actuarial strain would need to be sought from Surrey Pensions. This can take 3-4 weeks. In each case employees interested in either option would be offered an interview with HR to explain their benefits and answer any questions they may have before they decide if they wish to proceed to apply. A new in-box has been set up in HR for 'Requests for Quotes' and 'Applications for Voluntary Redundancy' to be sent.

- 2.2. Under this proposed scheme, redundancy pay would be calculated under the Council's normal redundancy pay policy (i.e. a factor of 1.5 is applied to the number of weeks pay the employee would be entitled to under the Statutory Redundancy Ready Reckoner which is based on age and length of service). However, it is wise to just explain the impact of the Exit Pay Cap regulations on this process.
- 2.3. After 21st October, 2020, when the Exit Pay Cap legislation becomes law, there will be a cap of £95k where a combination of a redundancy payment and actuarial strain costs related to an employee's pension reach in total £95k or above. (N.B. Actuarial strain is the cost charged to the Council by the pension scheme relating to the additional costs of letting an employee retire before the age of 65 years). In addition, the Exit Pay Cap regulations mean that anyone who receives a redundancy payment who is on a salary of £80k a year or above cannot have their redundancy pay calculated on a salary of more than £80k. In addition, no-one may receive a payment of more than 15 months' pay.
- 2.4. Until the end of December 2020, there is also a contradiction between the Exit Pay Cap regulations which have been enacted early, and the date when the amendments to the LGPS and Compensation Regulations are due to go through parliament to bring them into line with the Exit Pay Cap regulations. This means that no-one potentially affected by the cap can go before the end of December 2020. This point is made for information purposes only, to avoid the Council getting into legal difficulties due to the problems in the scheduling of these pieces of legislation.
- 2.5. Corporate Heads would have the opportunity to comment on each voluntary redundancy application within their service area in the context of whether these applications would facilitate efficiency savings within their area. A closing date would be set so that the proposed Voluntary Severance Panel would have sight of the complete set of applications which they would then consider and decide which applications to support. All the requests for voluntary redundancy or voluntary redundancy and early retirement would be considered by a small panel consisting of the Chief Executive, the Assistant Chief Executive and the Corporate Head of HR & OD. The panel would assess all applications against the criteria within the scheme to ensure that those applications acceded to would enable savings to be made. It will be fully explained to staff as part of this process that applications may be accepted or refused.
- 2.6. At this point it is not known who will apply and therefore the costs involved. However, it is estimated that approximately 20 redundancies will be needed to make sufficient savings to assist with the efficiency savings agenda. It is proposed to capitalise the redundancy costs. UNISON are currently being consulted on this proposed scheme and their comments will be available for the meeting along with the equality implications of this proposal.

- 2.7. In order to deal with the requests in the most efficient way, it is recommended that the Chief Executive be given delegated power to agree to these redundancy requests.

(To resolve)

Background Papers

None stated

1.0 Introduction

Due to the serious impact that the Coronavirus pandemic has had on the Council's finances, the Council needs to consider ways of making efficiency savings. As a result, the Council is seeking applications for voluntary redundancy. In order to contribute towards the savings agenda, it is important that by allowing an employee to take voluntary redundancy that the costs of doing so are outweighed by the potential to make savings either from deleting that role, or by enabling changes which will facilitate savings.

2.0 Proposed Process

2.1. The Chief Executive will circulate an e-mail inviting applications for voluntary redundancy. Anyone interested in getting a quote on a 'no commitment basis' for redundancy or redundancy and early retirement would need to fill out a **'Request for a Quote' form (Form 1 attached)**. HR will then calculate a redundancy estimate for them and see the employee to explain the quote and the next stage of the process.

In cases where an employee is aged 55 years or over and is in the Local Government Pension Scheme, in the event of either a voluntary or compulsory redundancy, they would receive early payment of pension benefits. Therefore, for employees in this age group, we would need to seek a quote for their pension benefits from Surrey Pensions. This could take 3-4 weeks.

After receiving a quote, employees would need to decide if they wish to apply for voluntary redundancy (or voluntary redundancy/early retirement) and fill out an **Application form (Form 2 attached)** for voluntary redundancy and submit it to the Voluntary.Redundancy2020@runnymede.gov.uk in-box by the closing date. It is important to appreciate that applications for voluntary redundancy may be approved or be rejected. The closing date for applications is(*insert*).

2.2. What happens next?

On receipt of the application, HR will consult the Corporate Head of the employee's service area for their comments prior to submitting the application to the Voluntary Severance Panel. These comments need to be added by the Corporate Head to the Voluntary Redundancy request form (**Form 2B attached**).

HR will collate all requests and submit them to a Voluntary Severance Panel consisting of the Chief Executive, Assistant Chief Executive and Corporate Head of HR & OD. This panel will consider all requests against the criteria and decide whether to approve or reject the request. HR will then notify the applicant of the outcome by e-mail. Where an application is rejected the reasons for rejecting the application will be explained in the e-mail. The decision of the Voluntary Severance panel is final. There will be no right of appeal against not getting voluntary redundancy. However, there will be the opportunity for a meeting with a member of HR or a member of the panel to explain why the application was not acceded to.

2.3. Criteria for considering voluntary redundancy requests

What are the criteria which would be used to determine whether an application would be approved?

The main criteria are as follows:-

1. Is it possible to delete the post the employee occupies to create a saving? What is the level of saving involved?
2. Where it is not possible to delete the post completely, by allowing the voluntary redundancy can the Corporate Head re-model that part of their service area or change working arrangements to create a saving which is sufficient to justify the costs of allowing the employee voluntary redundancy?
3. What are the costs of the redundancy/actuarial strain? Although they may not be covered in Year One, would the ongoing savings make the voluntary redundancy a viable proposition in the medium term? The savings over 3 years are included on the Redundancy Application Form prior to its submission to the Panel.
4. By allowing the applicant to go on voluntary redundancy would this create other improvements to efficiency that are sufficiently beneficial to justify the costs of the redundancy/actuarial strain?

The views of the Corporate Head on the redundancy will be taken into account by the Voluntary Severance panel in making their decision.

2.4. What happens if your request is approved?

If the Voluntary Severance Panel decides to approve the request, the Corporate Head of HR & OD will notify the Corporate Head of the service area concerned who will then meet the employee with a representative of HR to discuss the outcome of the request and discuss a potential leaving date. If the request for voluntary redundancy is acceded to, the employee will receive the appropriate period of notice based on their length of service under their contract of employment with a minimum of one month's notice and then one additional week per year of service up to a maximum of 12 weeks' notice. Employees will receive their redundancy payment in the payroll in the next month following their leaving date. Under the Redundancy Modification Order, if an employee commences a new role within an organisation to which the Redundancy Modification Order applies within 4 weeks of their leaving date, they will have continuous service and may need to pay back their redundancy payment.

2.5. Queries

If you have any queries regarding voluntary redundancy, please contact HR.

Request for a Quote for Voluntary Redundancy or Voluntary Redundancy/Early Retirement

1. How to complete this form

If you are interested in obtaining a quote on what you would receive as a redundancy payment if you applied for voluntary redundancy, please complete the details below.

Please note that requesting a quote does not mean that you then have to apply for voluntary redundancy. A quote is provided on a 'no commitment' basis.

Employees who are 55 years of age or over and who are members of the Local Government Pension Scheme are also eligible to receive early payment of pension. In order to obtain a quote on what your annual pension and lump sum would be HR will need to obtain pension estimates from Surrey Pensions. Please note that this tends to take 3-4 weeks. After you have completed the form please send it to the Voluntary.Redundancy2020@runnymede.gov.uk in box. Now please complete the details below.

2. Employee Details

Name..... Date of Birth

Post Title..... Service Area

Current Grade Marital Status

Date commenced in local government

Date commenced at Runnymede Borough Council

E-mail address you wish your quote to be sent to

3. What do I do next?

After you have completed the form please forward it to *VoluntaryRedundancy2020* in-box as soon as possible.

4. What happens next?

If you are under 55, HR will calculate your redundancy quote and then arrange to see you to explain how it is calculated and give you the opportunity to ask any questions. If you decide you do wish to volunteer for voluntary redundancy, please complete the application form(Form 2) and submit it to the Voluntary.Redundancy2020@runnymede.gov.uk in-box before the closing date.

If you are 55 years of age or over, HR will need to send for a pension estimate from Surrey Pensions. After HR have received the pensions estimate they will contact you to arrange to see you to discuss your redundancy quote and pensions estimate. If you have any queries about completing or submitting the form please contact HR on 5510,5512 or 5514.

Thank You

Human Resources

Application for Voluntary Redundancy or Voluntary Redundancy and Early Retirement

1. How to apply

The purpose of this form is to apply to the Voluntary Severance panel for either

- a. voluntary redundancy,
or
- b. voluntary redundancy and early retirement.

In relation to option a), you need to have received a quote from HR on the amount of redundancy pay you would receive.

Please note that in order to apply for option b), early payment of pension, you must be aged 55 or over and a member of the Local Government Pension Scheme. Before applying you need to have received a quote from HR for both early payment of pension and voluntary redundancy. In both cases you are strongly advised to have attended a meeting with HR at which your figures have been explained to you and you have had the opportunity to ask any questions you may have about applying.

2. Your application

Name Service Area

Post Title Grade

Current Salary Date of Commencement at Runnymede BC.....

Date of commencement in Local Government

Date of Birth Age

Please attach a copy of your redundancy or redundancy and early retirement figures

Declaration

Having considered the quote I have received for voluntary redundancy/voluntary redundancy and early retirement>(*delete as appropriate), I confirm that I wish to apply for voluntary redundancy/voluntary redundancy and early retirement.

Signed Dated

N.B. Now please forward your form to the Voluntary.Redundancy2020@runnymede.gov.uk in-box.

Thank you.

Human Resources

A. Corporate Head's Comments on Request

- 1. As Corporate Head, do you support the deletion of this role? Yes/No* (Please delete as appropriate)

- 2. Why have you answered Yes or No?:

- 3. Would agreeing to this request enable you to do a mini-restructure to facilitate further savings or enable a change/changes which would create efficiency savings?

B. Costs/Savings

1. Costs of Redundancy (& Early Retirement, if applicable)

Redundancy payment £ _____

Costs of Actuarial Strain £ _____

Total Cost £ _____

2. Savings

Savings in Year 1 £ _____

Savings in year 2 £ _____

Savings in year 3 £ _____

Total £ _____

C. Board Decision

1. Is this application supported? Yes/No* (*Delete as appropriate)

2. Reasons:

Signed on behalf of Board.....

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