

# Report to Employment Panel

Agenda  
Item:

**A.1**

Meeting Date: 1<sup>st</sup> October 2015  
 Portfolio: Finance, Governance and Resources  
 Key Decision: No  
 Within Policy and Budget Framework YES  
 Public / Private Public

Title: VOLUNTARY REDUNDANCY, EARLY RELEASE IN THE INTERESTS OF EFFICIENT INITIATIVE  
 Report of: Director of Resources  
 Report Number: RD 34/15

**Purpose / Summary:**

To meet the challenging MTFP savings targets the Council’s staffing establishment needs to be reduced by approximately 45 staff or 12%. This report suggests that to avoid compulsory redundancies a VR / ER initiative should be instigated.

**Recommendations:**

For the reasons set out in the report it is recommended that the remuneration package for both VR and ER should be the same at 2½ times weekly salary multiplied by qualifying years worked.

**Tracking**

Executive:	
Overview and Scrutiny:	
Council:	

## 1. BACKGROUND

- 1.1 The 2015/16 Medium Term Financial Plan (MTFP) sets out the savings required over the next 5 years in maintaining a balanced budget and adequate revenue reserves.
- 1.2 Savings of £4.686m are required to fund the budget pressures as set out in the 2015/16 MTFP. £1.272m has been saved as at August 2015 leaving £3.414m still to be delivered.
- 1.3 Out of the £3.414m savings required, £1.295m has been targeted at staffing savings. Most staffing savings to be delivered early in 2016/17 financial year.
- 1.4 The Senior Management Team in consultation with Portfolio Holders have developed plans for making staffing savings by vacancy management, voluntary redundancy and early release in the interests of efficiency. Also maintaining the Council's policy of minimising compulsory redundancies.

## 2. PAST EXPERIENCE OF VOLUNTARY REDUNDANCY INITIATIVES

- 2.1 In 2014 a VR initiative was undertaken. Initial target was set of £1m in recurring savings, associated redundancy/pension costs funded from 1<sup>st</sup> year salary costs.
- 2.2 Whilst enough staff volunteered; 46 (potential savings £1.1m), due to the key roles undertaken by a majority of the volunteers e.g. Service Managers, Waste Operatives, only 10 of the volunteers were able to be released. Recurring Revenue Savings of £231k were achieved, redundancy / pension costs £294k.
- 2.3 Based on past experience, savings of £1.295m from staffing budgets over next 3 years equates to approximately 51 staff; profiled as follows:

30 staff by 1<sup>st</sup> April 2016

15 staff by 1<sup>st</sup> April 2017

6 staff by 1<sup>st</sup> April 2018

**NOTE** - £154.8k already achieved by vacancy management and service reviews equating to 6 staff, leaving approximately 45 staff as the target. Early release of staff i.e. before these dates, will allow some of the release / pension costs of approximately £2.0m to be funded from base staffing budgets.

- 2.4 Based on the number of applications in 2014 for VR there is likely to be enough demand for VR (approximately 45 required) if a new initiative was instigated, the problem is the few applications that have been successful in the past. This was hampered by the necessity to lose the post of the applicant for voluntary redundancy.

Applications turned down included

- Drivers and Loaders, Waste being a service under pressure hence Waste Review
- Civic Centre based roles that must be undertaken e.g. Licensing Manager, City Centre Manager, key Technical Staff
- Administrative posts seen as critical to the provision of service

- 2.5 If the Council considered using the Early Release Scheme, this may provide the opportunity for accepting more requests; based on the fact that a similar level post to the applicant's can be deleted.

### 3. EARLY RELEASE IN THE INTEREST OF EFFICIENCY

- 3.1 Early Retirement / Early Release in the Interest of Efficiency – Definition (from Redundancy Policy)

“There may be occasions when there is not a redundancy situation, but where the retirement of an employee would allow for cost savings and / or organisational efficiencies. In such cases the employee may request **early retirement in the interests of efficiency**”.

Whilst this definition refers to early retirement the policy continues on to include early release. Potentially allowing an application for early release where the complete post cannot be lost to the Council.

- 3.2 In many circumstances where a key member of staff wants to take VR but cannot as the job is critical to the Council, there are other staff corporately able to step into such a role with relevant and reasonable development. Providing their role can be deleted from the structure (without impacting on junior career progression opportunities), the member of staff that wants to leave could leave in the **interests of efficiency**.
- 3.3 Requests from certain key posts including Drivers and Loaders (4 applied in 2014) with no ready replacement would still be an issue.

## **4. REMUNERATION PACKAGE**

- 4.1** As stated in 2.3 above the Council needs to reduce the current staffing establishment by approximately 45 from 413 FTE (475 staff including part-time) to approximately 367, a 12% reduction in staff.
- 4.2** Currently staff requesting Voluntary Redundancy have their redundancy calculated based on 2½weeks' pay per qualifying year worked. Whilst staff requesting early release have their settlement calculated on 1½ times weeks' pay per qualifying year worked.
- 4.3** Until we have established how many staff will volunteer for VR / ER under the proposed initiative, also undertaken Service Reviews to establish whether the post can be lost or an alternative post lost we do not know whether VR or ER is appropriate in each particular application.
- 4.4** In the circumstances the Council would be open to challenge if we allowed a member of staff to leave on ER then after undertaking the Service Review their post was deleted.
- 4.5** With the required 12% reduction in workforce we need a significant number of volunteers to avoid the Council having to consider compulsory redundancies so the remuneration package needs to be as attractive as possible.
- 4.6** In the circumstances it is suggested that for this VR / ER initiative only that the severance packages should be identical i.e. 2½ times weekly pay multiplied by qualifying years worked.
- 4.7** Based on average salaries of £25,000 and average years of service of 15 years, if 30 of the required 45 staff left on ER as opposed to VR the additional cost to the Council would be approximately £220,000 if identical remuneration packages were supported.
- 4.8** However if the Council did not progress the ER initiative and the required staffing reductions were compulsory then the redundancy terms would be 2½ times weekly salary so in reality costs to the Council are likely to be similar.

## **5. SUMMARY AND RECOMMENDATIONS**

**5.1** To meet the challenging MTFP savings targets the Council's staffing establishment needs to be reduced by approximately 45 staff or 12%. This report suggests that to avoid compulsory redundancies a VR / ER initiative should be instigated.

**5.2** For the reasons set out in the report it is recommended that the remuneration package for both VR and ER should be the same at 2½ times weekly salary multiplied by qualifying years worked. This subject to the Executive agreeing the funding required at their meeting of the 19<sup>th</sup> October.

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**Appendices  
attached to report:**

**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:**

- None

### **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's** –Support the initiative

**Deputy Chief Executive** – Support the initiative

**Economic Development** – Support the initiative

**Governance** – Having a clear and transparent early release/voluntary redundancy policy assists the Council in complying with its obligations under the non-discrimination legislation. Whilst the Employment Panel has responsibility for terms and conditions of employment as they apply to staff, the Executive is responsible for the financial aspects of the proposal.

**Local Environment** – Support the initiative

**Resources** –Comments included in the Report

