

**ANNUAL REVIEW OF COUNCIL'S VOLUNTARY REDUNDANCY  
SCHEME**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 3**

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**PORTFOLIO: CORPORATE SERVICES AND PERFORMANCE  
COUNCILLOR GRAHAM HINCHEY)**

**Reason for this Report**

1. Following the last review of the Voluntary Redundancy Scheme (agreed by Cabinet in January 2015 for implementation from April 2015), there was also a commitment made to undertake an annual review of the arrangements. This report confirms the outcome of that review.

**Background**

2. The January 2015 review resulted in the maximum number of weeks payable reducing from 66 (which is in effect 3 x the statutory scheme) to 45 weeks (1.5 x statutory scheme). Cabinet agreed that the weekly pay used for calculation purposes should remain as that set out in statutory redundancy legislation, increased each April by the Department for Business, Innovation and Skills. Maintaining this link will ensure that costs of redundancies can be budgeted for as the weekly pay cannot exceed this figure. Weekly pay for calculation purposes is currently capped at £475 per week and this may be subject to a slight annual increase from April 2016.
3. Comparisons with other Welsh Local authority schemes were made at that time and this change was broadly comparable to a number of other Councils. The scheme changes, effective from April 2015, resulted in the maximum payment available being reduced from £30,000 to £21,000.
4. Two other changes were made as part of that review. This included (i) a stop on the routine use of Settlement Agreements and (ii) preventing those who took Voluntary Redundancy from returning to work for the Council in any capacity for 12 months from date of leaving.

5. Reference to a further review of the Voluntary Redundancy Scheme was included both within the Budget Strategy Report, considered by Cabinet in July 2015 and the Budget Consultation Report, considered by Cabinet on 10 December 2015. Due to the ongoing and difficult budgetary position, the need for certainty in costs of scheme application continues to be a key consideration and hence the need for an annual review.

## Issues

6. The numbers of agreed Voluntary Redundancies over the last few years are shown below:

	<b>Council</b>	<b>Schools</b>	<b>Total</b>
	Voluntary Redundancy	Voluntary Redundancy	Total VR
2011/12	150	36	186
2012/13	158	38	196
2013/14	374	54	428
2014/15	481	128	609
2015/16 (Apr-Nov)	77	27	104

7. Although the number of Voluntary Redundancies has increased over the last 2 years, with a peak of 609 for 2014/15, the data for the current year is showing a slow down in numbers. In the period April - November 2015, 104 Voluntary Redundancies have been agreed. This compares to 309 for the same period in 2014, which is equivalent to a reduction of 66%. This could be due to a number of factors including the reduction in the scheme from April 2015 being seen as unattractive and therefore smaller numbers of volunteers coming forward at the time.
8. A detailed review of the schemes operating elsewhere in comparison to the Council's scheme has been carried out over the last few months. Whilst there are some variations e.g. a small number of authorities have in place a scheme which now differentiates between under 55s and over 55s who could have access to their pension, the Council's current scheme remains broadly comparable to that which operates across Welsh local authorities.
9. It will be important that the scheme continues to attract sufficient numbers of volunteers - less employees coming forward on a voluntary basis will lead to more compulsory processes and the challenges that presents.
10. Consequently, following the conclusion of this specific annual review, it has been proposed that the scheme should not be amended for the time being. Therefore the provisions of the current Voluntary Redundancy Scheme should remain in place until such time as the scheme is

changed in the future. A further annual review of the current Council scheme will be programmed for early 2017.

### **Reason for Recommendation**

11. It is good practise to periodically review the Voluntary Redundancy scheme in order to assess continued fitness for purpose and comparability with others' schemes .The recommendation not to change the scheme's provisions at this time has been made following the most recent review, the continued broad comparability with other schemes and the need for the scheme to remain sufficiently attractive for volunteers to come forward.

### **Financial Implications**

12. There are no financial implications arising from this report with no changes proposed in relation to the Council's current voluntary redundancy scheme.

### **Legal Implications**

13. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 allow the Council to pay discretionary compensation which is additional to a statutory redundancy payment.
14. Under the Regulations the Council must formulate, publish, and keep under review the policy that it applies in the exercise of its discretionary power. If the Council decides to change its policy it must publish a statement of the amended policy and may not give effect to any policy change until one month after the date of publication.
15. Although enhanced payments are discretionary and not contractual adequate consultation on changes in policy should be carried out with the trade unions.
16. In formulating and reviewing its policy the Council must also, under the Regulations:
  - Have regard to the extent to which the exercise of its discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service; and
  - Be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs

### **HR Implications**

17. It will be important to have in place a scheme which continues to attract volunteers coming forward who wish to leave. Whilst the numbers volunteering has fallen in comparison to the same period last year, any further reduction in the scheme could have an adverse affect on the

numbers coming forward. This could in turn lead to more compulsory processes and the inevitable challenges that brings.

### **Trade Union Comments**

18. The views of the Trade Unions have been sought in relation to any proposed changes to the current scheme. All the Trade Unions stated their clear resistance to any proposed changes, pointing out the implications this would have if fewer and fewer staff came forward, expressing a wish to leave on the grounds of Voluntary Redundancy. They all requested that the scheme as it stands should remain in place unchanged.

### **RECOMMENDATIONS**

Cabinet is recommended to agree:

- (1) To retain the current Voluntary Redundancy Scheme and that it will continue to apply to both voluntary and compulsory redundancies.
- (2) that the Voluntary Redundancy scheme be subject to annual reviews.

**CHRISTINE SALTER**  
**Corporate Director**  
15 January 2016

*The following Background Papers have been taken into account :*

Review of Council's Voluntary Redundancy Scheme: Cabinet 29 January 2015.