

## **PORTSMOUTH CITY COUNCIL – not applicable to school employees**

### **VOLUNTARY REDUNDANCY SCHEME 2015 - PRINCIPLES**

The Voluntary Redundancy Scheme (VR) should be read in conjunction with the City Council's Organisational Change and Redundancy Policy. This scheme does not apply to school employees.

The purpose of offering a voluntary redundancy scheme is;

- to encourage a number of employees to apply and leave Portsmouth City Council's employment who might not otherwise have done so
- to help achieve budget savings in the financial year 2016/17 and beyond
- to reduce or eliminate the need for compulsory redundancies

A Voluntary Redundancy Scheme offers a financial incentive for employees to leave the council voluntarily, in order to avoid having to select people for redundancy. Voluntary redundancy still constitutes a dismissal and all the same rules apply as a compulsory redundancy.

The principal benefit of reducing headcount through voluntary redundancy is that it reduces the need for organisational restructures, which are time-consuming and disruptive. They also undermine staff morale and risk the loss of employees who we would rather keep in the organisation.

At the time the voluntary redundancy scheme is implemented, detailed information on pensions will be available based on the pension regulations in force at that time. Employees are advised to consider the impact of voluntary redundancy on their pension.

The following principles will apply:

- The scheme will be open to all non-school employees, although applications may be rejected on the grounds of the Council's business interest, i.e. ability to meet financial savings.
- Prior to introducing any voluntary redundancy scheme the Council will consult with the appropriate trade unions. This started on 19<sup>th</sup> August 2015.
- The operation of a voluntary redundancy scheme can only be authorised by the relevant Director and the Director of Finance and Information Services and the Director of HR, Legal and Procurement, supported by a business case.

In operating the voluntary redundancy scheme the following must be complied with:

- The business case must be in the clear management interest of the Council and its strategic aims.
- The case should demonstrate that it is the best value for money that can be achieved in the light of the particular circumstances that prevail.

- The business case must comply with all relevant Council policy and legal requirements. In particular, the proposal presented must be voluntarily accepted by the individual employee.
- Responses to the invitation to apply for voluntary redundancy will be considered by the relevant Director in the light of the Council's operational and strategic requirements. The ultimate decision to allow voluntary redundancy is at the discretion of the relevant Director and subject to financial approval by the Section 151 Officer. Applications may or may not be approved.
- There is no right of appeal; however employees are entitled to receive feedback on the reason for the decision to reject their application.
- Under a voluntary redundancy scheme, termination of employment will be treated as a redundancy.

### **How the Scheme will work**

The offer of voluntary redundancy will be open for a period of 6 weeks. The application window will open on 23 September 2015 and close on 04 November 2015, based on the following:

- An employee having at least two years of continuous service at the date of dismissal.
- 0.5 of a week's pay for each complete year of continuous Local Government Service, for employees aged 21 years and under
- 1 week's pay for each complete year of continuous Local Government Service, for employees aged between 22 and 40 years
- 1.5 of a week's pay for each complete year of continuous Local Government Service, for employees aged 41 years and over
- The council's existing redundancy payment scheme indicates that a week's pay will not be subject to the statutory cap and includes salary and contractual allowances
- This is subject to a total maximum payment of 30 weeks pay and total maximum of 20 years service being used in the calculation.
- Employees aged 55 and over who are members of the LGPS will be eligible for a redundancy payment and the council will fund early release of pension where financially viable.
- Those who have transferred into the Council, i.e. under TUPE or COSOP, who are on a 'static' contract, are eligible for the Voluntary Redundancy Scheme. However, they can apply for VR on their existing redundancy terms.
- Managers will need to be mindful of the feasibility of accepting requests for VR, without a strong business case, in areas where there is an unacceptable

adverse impact on service delivery, recruitment and retention issues, high use of agency assignments and/or outstanding vacancies.

- If a staff member has resigned or is under notice of redundancy, before the VR window opens on 23 September 2015, they will not be able to apply for VR.
- Once the VR application window is closed on 4 November 2015, any application for VR will follow the existing terms as outlined in the Organisational Change and Redundancy Guidance.
- Individuals with multiple assignments will be regarded as having separate contracts for voluntary redundancy purposes and will need to submit an application for each job role.
- Where an application for VR is accepted, the employee must leave before or on 31 March 2016.
- Where individuals have left under VR their posts will be removed from the establishment/cash limits from 01 April 2016.
- During this period, the benefit of requesting flexible-retirement will be promoted to individuals who are entitled to claim their pension. Applications for flexible retirement from age 55 up to and including age 59 will require a robust business case in order to demonstrate that permanent savings will accrue within a reasonable timescale.

**Please note:** The policy has recently been changed and amended to allow employees who are entitled to claim their pension to reduce their working week by 20% and take pension benefits.

- Where a manager declines a request for VR, the request will be logged for a period of 6 months from the date the application is turned down. During this time, consideration will be given to subsequent organisational change reviews, where it may enable individuals on the list to leave and others to be retained. ('Bumping' process)
- Re-engagement, as individuals are choosing to leave the Council, the Council will not be re-engage leavers under the 'Voluntary Redundancy Scheme 2015' for a period of 12 months after leaving. This would be in any capacity, i.e. temporary, casual, contractor or volunteer.