

REPORT TO: Appointments Committee
DATE: 4 February 2015
REPORTING OFFICER: Strategic Director, Policy & Resources
TITLE: Revised Terms for the Staffing Protocol
WARDS: Borough Wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to seek the Appointments Committee's approval for the removal of augmentation (added years) for voluntary early retirement in the interest of efficiency of the service; and approval for revised terms for voluntary redundancy for the period January 2015 – March 2016, as contained in the Staffing Protocol,.

2.0 RECOMMENDATION: That

- 1) the Appointments Committee approves the introduction of revised discretionary terms for voluntary redundancy for the period 1st January 2015 – 31st March 2016, and;**
- 2) approves the removal of augmentation (added years) for voluntary early retirement in the interest of efficiency of the service.**

3.0 SUPPORTING INFORMATION

3.1 Recent years have seen the Council respond to very challenging budget with cuts of circa £21 million for 2013/14 and £16 million for 2014/15. There remain even more challenging times ahead and one of the tried and tested methods the Council has used to contribute towards these saving has been by seeking volunteers for early retirement/redundancy in the interests of the efficiency of the service.

3.2 ADDITIONAL PENSION CONTRIBUTIONS:-

On the 1st April 2014, the Local Government Pension Scheme changed significantly from a final salary scheme to a career average scheme. This meant that as pensions will no longer be calculated on service but on average earnings, it is no longer possible to give the equivalent of added years and the ability to do this has been removed from the Pension Scheme Regulations.

- 3.3 As an alternative, there is the ability to purchase an Additional Pension Contribution. This can either be purchased by the employer for the employee, the employee can purchase it themselves, or it can be a shared cost. The maximum amount that can be added to an individual's pension is £6,500 in the current financial year, however this will increase every year. There is an Additional Pensions (APC) calculator on the Cheshire Pensions website which will tell an individual how much they have to pay to add extra benefits to their pension.
- 3.4 Amounts vary depending on an individual's length of service, age, normal pension age, salary etc. however all calculations undertaken showed that it was expensive to buy additional benefits for staff, thereby eliciting very little saving in the first instance.
- 3.5 For this reason, following consultation with the trade unions, it was agreed that this facility should be removed from the Staffing Protocol and no consideration to purchasing an APC would be given in the interest of the efficiency of the service.
- 3.6 An employee may choose to purchase their own APC should they wish to do so.

4.0 **VOLUNTARY REDUNDANCY**

- 4.1 Expressions of interest for employees to leave on the grounds of either voluntary early retirement or voluntary redundancy were incorporated into the Staffing Protocol in 2009 when the Council went through the first wave of the Efficiency Programme.
- 4.2 These schemes were designed to elicit sustained revenue savings. Voluntary redundancy was an alternative to voluntary early retirement and is open to all employees to apply for, although it was generally only available to employees aged 50 or below (this changed to age 55 in 2010) as those employees who could access their pension were generally considered for voluntary early retirement.
- 4.3 As the Council can no longer give added years and if this Committee agree not to purchase additional pension contributions, as recommended, then any employees wishing to leave the Council on a voluntary basis would be considered for voluntary redundancy. An employee could volunteer to leave either when placed at risk as part of a restructuring exercise; in an attempt to resolve a compulsory redundancy situation; or where management can consider if they wish to delete their post or re-allocate the work in a diminished form.

5.0 **The Staffing Protocol**

- 5.1 This Committee agreed a Staffing Protocol on 21st September 2009 which outlined, amongst other things, the Councils approach to voluntary early retirement and redundancy.

- 5.2 The initial terms for both Voluntary early retirement and voluntary redundancy were more generous than at present and have been reduced over time from a maximum of 6 2/3rds added years and a redundancy multiplier of 2.2, to the current multiplier of 1.4, with the approval of this committee. Added years can no longer be given.
- 5.3 When the multiplier was at the higher end, it was very successful in attracting volunteers and enabled us, in the main, to allow volunteers to leave and therefore minimise compulsory redundancy. This is supported by the amount of savings achieved as detail below:-

Financial Year	No.of Volunteers	Savings	Protocol Multiplier
2010/11	110	3,968,227	2.2
2011/12	57	1,753,038	2.2
2012/13	17	612,337	1.8
2013/14	10	440,317	1.6
2014/15 to date	7	222,607	1.4

These figures do not include the significant numbers of volunteers who left in 2009/10 when the Council delivered a number of different efficiency work streams at the start of the Efficiency Programme.

- 5.4 Following a request from the Trade Unions at the Corporate Joint Consultative Committee, management agreed to consider a temporary increase to the multiplier, in order to attract volunteers and to avoid, wherever possible, compulsory redundancies.
- 5.5 Negotiations have been on-going with the trade unions for some months with a view to reaching agreement on an improved voluntary redundancy scheme, designed to re-invigorate the scheme to attract more volunteers.
- 5.6 Whilst the trade unions' starting point was to seek an increase of the redundancy multiplier back to the original position of 2.2, they have agreed with management to recommend to this Committee a multiplier of 1.9. This would be for a time limited period from 1st January 2015 – 31st March 2016, after which time it would be reviewed. For those employees who are aged over 55, they will have the right, under the pension scheme regulations to access their accrued pension.
- 5.7 This remains a discretionary payment and the revised multiplier, if approved, would be publicised to the workforce as applying only for the specified period. Applicants would be considered by Strategic/Operational Directors after the manager of the service has consulted H.R. to formally review the application, explore ways of acceding to the application, impacts on the service, on remaining staff etc. There has to be a "benefit" to the Council to acceding to any requests.

6.0 Terms for VER/VR in the Northwest

- 6.1 Requests have been made for details of neighbouring Authorities terms for Voluntary Redundancy, and the following information has been gathered:-

Cheshire West and Chester – Multiplier x 2 capped at 52 weeks

St Helens - No multiplier; statutory at actual weeks' pay

Wirral – multiplier of x 1.4

Manchester – Multiplier of x 3

Knowsley – No multiplier; statutory at actual weeks' pay

Sefton – No multiplier; statutory at actual weeks' pay

Oldham – multiplier x 1.5.

7.0 POLICY IMPLICATIONS

- 7.1 Although the terms for voluntary redundancy are discretionary, any applications to leave in this way will be dealt with through the provisions of the Staffing Protocol.

8.0 OTHER IMPLICATIONS

- 8.1 There are financial implications involved in these recommendations. No applications will be considered unless there is a saving to the Authority.

9.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

9.1 Children and Young People in Halton

As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities and ensure that there are no implications for children and young people in Halton.

10.0 Employment, Learning and Skills in Halton

- 10.1 As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities.

11.0 A Healthy Halton

- 11.1 As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities.

12.0 A Safer Halton

12.1 As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities.

13.0 Halton's Urban Renewal

13.1 As the schemes are discretionary they will be applied to applicants in such a way as to ensure the continued delivery of the Council's priorities.

14.0 RISK ANALYSIS

14.1 A risk register is kept and regularly reviewed by the Efficiency Programme Office. Risks are traffic-lighted and the Efficiency Programme Board agrees action to mitigate risks.

15.0 EQUALITY AND DIVERSITY ISSUES

15.1 Human Resources processes must be applied consistently and fairly to ensure that unlawful discrimination does not occur. To reduce these risks, Human Resources procedures have been robustly tested over time and have been subject to extensive consultation to reach agreement with trade union colleagues.

15.2 Equality Impact Assessment has been undertaken on the Protocol.

16.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.