Derby City Council

Personnel Committee
10 March 2016

ITEM 5

Report of the Chief Executive

Voluntary Redundancy, Voluntary Early Retirement, Efficiency Retirement Policy review

SUMMARY

1.1 The Voluntary Redundancy, Voluntary Early Retirement, Efficiency Retirement Policy was last reviewed in 2007. Since then there has been a significant increase in redundancies, especially voluntary redundancies, due to budget reductions. This has resulted in some changes in the procedures, which are reflected in this review.

1.2 The main change that requires approval from Personnel Committee is to officially adopt the calculation of the affordability criteria used since 2011 for Medium Term Financial Planning. The criteria is the total cost of leaving, including pension costs if applicable, must be less than the cost of employing someone in that post for 18 months.

1.3 The previous policy said that ‘employing departments should be able to demonstrate an 80% saving on the post in the case of voluntary redundancy and early retirement.’ (Efficiency retirement provides for retirement in circumstances which are not financially driven.)

RECOMMENDATIONS

2.1 To approve the adoption of the 18 month rule for voluntary redundancy and voluntary early retirement.

2.2 To approve the revised Voluntary Redundancy, Voluntary Early Retirement, Efficiency Retirement Policy.

REASONS FOR RECOMMENDATIONS

3.1 The policy needs to be updated, especially with the number of procedural changes that have happened as part of Medium Term Financial Planning over the last five years.

3.2 The 80% saving rule in the previous policy was confusing to administer.

SUPPORTING INFORMATION

4.1 The 18 month rule is much easier to understand and calculate for managers, and still makes an acceptable saving.

4.2 This approach has been used in practice for the last few years.

OTHER OPTIONS CONSIDERED

5.1 None.

This report has been approved by the following officers:

Legal officer	Paul McMahon, Principal Solicitor
Financial officer	Martyn Marples, Director of Finance
Human Resources officer	Diane Sturdy, Acting Head of Service - OD, Employee Relations and Pay and Reward Strategy
Estates/Property officer	
Service Director(s)	Gordon Stirling, Director of Strategic Services and Organisational Development
Other(s)	Ann Webster, Equality and Diversity Lead Tina Holmes, HR Advisor

For more information contact:	Simon Hann 01332 643734 simon.hann@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Voluntary Redundancy, Voluntary Early Retirement, Efficiency Retirement Policy

Appendix 1

IMPLICATIONS

Financial and Value for Money

1.1 The 18 month rule is affordable and will make calculations easier. The aim of voluntary retirement and voluntary early retirement is to help manage budgetary constraints.

Legal

2.1 The Council follows national guidelines and appropriate employment law requirements when managing redundancies.

Personnel

3.1 The adoption of the 18 month rule will make it much easier for HR and managers to process and check the affordability of requests. This will speed up the processing of applications to provide a more responsive service to employees and managers.

IT

4.1 There are no implications.

Equalities Impact

5.1 An EIA has been carried out. This shows that there are no negative impacts, and that the policy can have a positive impact on four equality groups.

Health and Safety

6.1 There are no implications.

Environmental Sustainability

7.1 There are no implications.

Property and Asset Management

8.1 There are no implications.

Risk Management

9.1 The Council has to manage its financial and legal risks and appropriate policies are required to support this.

Corporate objectives and priorities for change

10.1 A skilled and motivated workforce.