

**STAFFING POLICY COMMITTEE**  
**12<sup>th</sup> October 2010**

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**REDUNDANCY PAY, REDUNDANCY & APPOINTMENT POLICIES****Purpose**

1. The purpose of this report is for the Staffing Policy Committee to approve revisions to the redundancy pay, redundancy and appointments policies.

**Background**

2. At its meeting on 22<sup>nd</sup> February 2010 the Corporate Leadership Team (CLT) agreed to a revision of the redundancy pay policy. This revision is earlier than agreed by the Implementation Executive (IE) at its meeting on 9<sup>th</sup> July 2008. At that meeting the IE agreed that the redundancy pay policy would be adopted specifically for redundancies resulting from the local government re-organisation that that it would be reviewed in April 2011.
3. CLT took the decision to review the redundancy policy earlier due to the on-going cost of the redundancy pay policy, and the funding process for redundancies in the transition to one council having come to an end.
4. Since that meeting a revised redundancy pay policy has been developed. The proposed change to that policy has meant that changes are needed to both the redundancy and appointment policies.
5. The redundancy pay policy applies to non-teaching staff in schools that are subject to the National Agreement on Pay and Conditions of Service of the National Joint Council for Local Government Services. Due the processes for dismissal, (including redundancy), and appointments of staff in schools being different to those for staff in the Council the redundancy and appointments policies only apply to Wiltshire Council employees and exclude non-teaching staff in schools.

**Current Situation**

## Redundancy Pay Policy

6. The revised redundancy pay policy is attached (appendix 1). This policy includes a two tier approach to redundancy pay, voluntary and compulsory, and the removal of the facility to opt for augmentation of pension.
7. The inclusion of a two tier approach to redundancy is based on two factors: -
  - By offering more beneficial redundancy pay for volunteers the impact will be less demoralising for the workforce than compulsory redundancy, and therefore less disruptive, provided the right people volunteer.
  - The council will have a better opportunity to agree the early release of staff accepted for voluntary redundancy based on the redundancy pay being significantly more beneficial than compulsory redundancy pay, therefore realising the planned savings sooner.

8. For employees who volunteer, and are accepted for voluntary redundancy, the proposal is for an enhanced redundancy pay arrangement with a multiplier of 2.5 based on statutory weeks, capped at 40 weeks. Essentially this means that the maximum payment will equate to approximately one years salary, net of tax and national insurance.
9. For employees who do not volunteer for redundancy, and are subsequently made redundant, a compulsory redundancy payment will be made. This proposed payment will be based on the minimum that the council can pay, set by the Statutory Redundancy Payment Scheme. Payments are based on the employee's age and length of service (up to twenty years) to determine the number of weeks due, which is then subject to a limit on weekly pay currently set at £380.
10. Following negotiations with the trade unions the council agreed to include minimum payments for both voluntary and compulsory redundancy. This was in response to the trade unions concern for the amount of compensation that would be payable to the lower paid employees. The minimum payments proposed are £3,000 for voluntary redundancy and £1,500 for compulsory redundancy. In both cases these amounts will be pro rata for part time staff.

#### Redundancy Policy

11. The revised redundancy policy is attached (appendix 2). Because of the two tier approach to redundancy pay changes have been made to this policy.
12. The main changes to the redundancy policy (attached at appendix 2) are:
  - Detailing the policy and procedure for inviting volunteers to apply to be accepted for redundancy. (See paragraphs 22-31)
  - Providing a voluntary redundancy selection matrix for managers to use to ensure employees are selected in a fair and reasonable manner (attached as appendix 3). Guidelines for managers have also been developed to go alongside this matrix.
  - The addition of a manager's toolkit, including guidance on how to apply the policy, which contains:
    1. Template letters
    2. Flowchart detailing the process for both voluntary and compulsory redundancy
    3. Guidance on collective and individual consultation
    4. Meeting record template
    5. Voluntary redundancy application form
    6. Appeals procedure and form
    7. FAQs

#### Appointments Policy

13. The revised appointments policy is attached (appendix 4). Changes to this policy have been made to reflect the changes to the redundancy pay and redundancy policies, and include:
  - Clarification of the ownership and ring-fence criteria making it clearer and less open to interpretation.

- An amendment that excludes those staff that volunteer, and are accepted for voluntary redundancy, from the ownership/ring-fencing and the redeployment processes.
  - An amendment to the time that an employee will remain within the redeployment pool and be subject to the redeployment process. The employee will enter the redeployment pool once the ownership and ring-fencing process is completed, and will remain in the pool for a maximum period of 3 months or until both the statutory consultation period and their notice period has ended.
  - The addition of a Frequently Asked Questions section (FAQ's) to help in the understanding and application of the policy.
  - The addition of a flowchart and managers toolkit, including guidance on how to apply the policy.
14. All of the revised policies have been put into the new policy format to ensure they are easy to understand and user friendly. The inclusion of the managers' toolkit and guidance where appropriate should support the consistent application of these policies.

#### Trade Union Negotiations

15. Formal negotiations with the recognised trade unions to reach agreement on the revisions to the redundancy pay, redundancy and appointments policies commenced in July 2010 when the trade unions were invited to attend a series of meetings to discuss and agree changes to the policies. The recognised trade unions for these purposes are UNISON, UNITE & GMB.
16. There have been three meetings with the trade unions during which they have acknowledged the council's financial position and the pressure to change the redundancy pay policy. Progress on reaching agreement on the proposed changes to the policies has been positive. Some changes to both the redundancy and appointments policies were made as a result of issues raised by the trade unions the meetings. These changes are: -
- A change to the procedure to enable staff placed at risk to be given more than one opportunity to volunteer for redundancy while they remain at risk of redundancy.
  - An extension to the amount of time an employee will be given to appeal against an ownership/ring fencing decision.
17. The trade unions have now agreed to the proposed changes to these policies. In the case of GMB will recommend acceptance of these proposals via a ballot of their members.

#### Communication

18. At the time of writing this report a communication is being prepared to be sent to all staff on Friday 8<sup>th</sup> October 2010 outlining the proposed changes to the redundancy pay and redundancy policy. This is necessary due to the information being included in the ballot notification to GMB members on the same day, and the need to ensure all staff are informed of the proposals at the same time. UNISON are also preparing to send a statement to their members outlining their position. At the time of writing this report the position with regard to a communication from UNITE is unknown.

## **Conclusions**

19. The inclusion of a two tier approach to redundancy will enable the early release of staff that volunteer and are accepted for redundancy, therefore savings will be realised sooner. This early release, i.e. during the formal consultation process, will only be possible if the voluntary redundancy pay is significantly more beneficial than the compulsory redundancy pay, enabling agreement with the employee to leave with pay in lieu of notice.
20. Those staff who remain displaced following ownership/ring fencing, and who choose not to volunteer, will face compulsory redundancy. In these cases notice will be given at the end of the 12 week formal consultation process, and employees will remain employed for the length of their notice period. This is something the council wishes to avoid.
21. The budget set aside to pay for redundancies from this management review, and for future redundancies needed to achieve the published savings, is based on the redundancy pay policy proposed.
22. Whilst the changes to the redundancy pay policy represent a reduction compared to the current arrangements, in comparison with the redundancy pay being proposed by other local authorities the changes to the Wiltshire Council policy remain fair, and are affordable. This has been acknowledged by the trade unions.
23. The management review aims to reduce the number of management posts in the council by approximately 240 to achieve savings of £8m in this, and future financial years. The achievement of these savings will be difficult if the policies are not in place soon enough to ensure those staff that are redundant as a result of the management review leave by 31<sup>st</sup> March 2011. The policies must be agreed and in place before formal consultation with staff that will be at risk of redundancy can commence.
24. The trade unions have agreed to the proposed changes to these policies. In the case of GMB this agreement is subject to a ballot of their members.
25. At their meeting on 6<sup>th</sup> October 2010, the Staff Management Executive Board agreed the revisions to the three policies and recommended their approval by Staffing Policy Committee.

## **Recommendations**

26. To approve the revised proposals in the redundancy pay, redundancy and appointments policies.
27. To note that approval of these policies by Staffing Policy Committee is still subject to the outcome of a member ballot by GMB being in favour of the proposed changes to the policies.
28. To note that these policies cannot be implemented, and the formal consultation period for the redundancies resulting from the management review cannot take place, until the outcome of the GMB ballot is known.

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