

Report of: Assistant Chief Executive, Governance and HR

Meeting of:	Date	Ward(s)
Audit Committee	6 October 2015	All

Delete as appropriate	Exempt	Non-exempt

SUBJECT: Review of Voluntary Redundancy Scheme

1.0 Synopsis

The Audit Committee recently considered proposals to increase the amount of the additional payment available under the council's redundancy scheme for 2015/16. A further report has been requested to enable further consideration of this matter. This report provides additional, more detailed, information for the committee.

2.0 Recommendations

- 2.1 To note the information in the report in Appendix 1 and the further information contained in this report.
- 2.2 To agree that the additional payment offered to volunteers accepted under the voluntary redundancy scheme be increased to £5,000 on a pilot basis for the 2015/16 scheme.

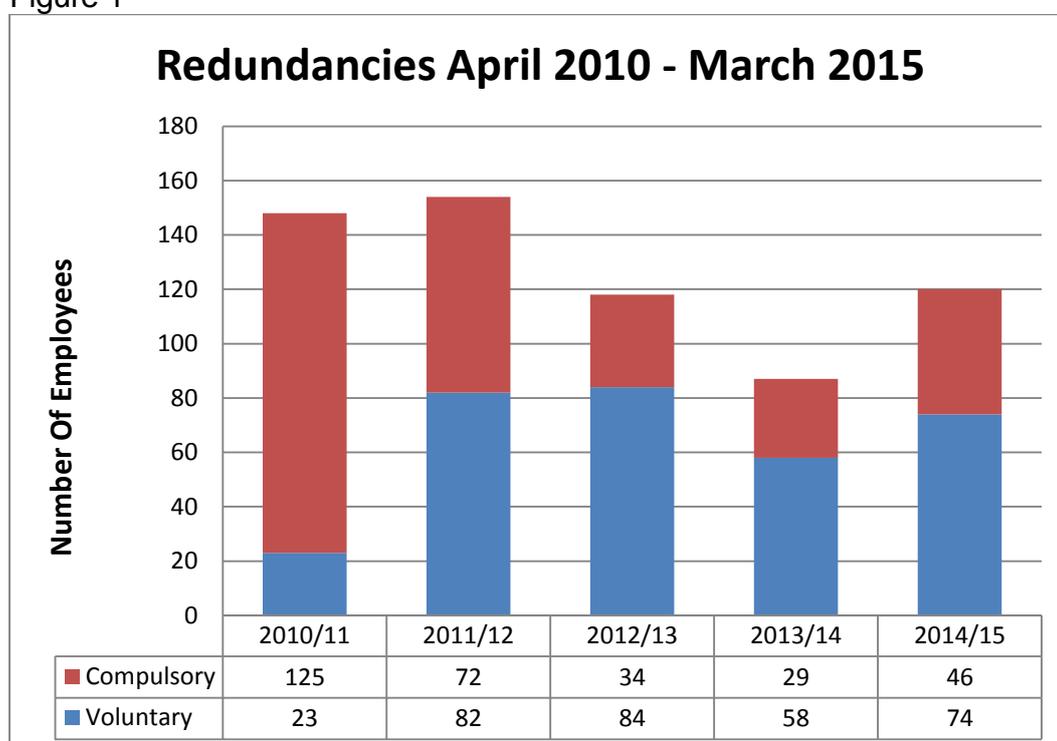
3.0 Background

- 3.1 The committee considered a report at its meeting on 21 September recommending an increase in the additional enhancement of £500 available under the scheme to £5,000 (the First report). This report is included for reference in Appendix 1. On the basis of the information then before it the

committee only felt able to agree an increase to £2,500. This report contains further information to enable the committee to consider whether a further increase in the amount would be appropriate.

- 3.2 The committee raised concerns about the financial implications of increasing the additional enhancement to £5,000. In particular there was a concern that the available budget might be exceeded because of the difficulties in predicting the number of redundancies likely to be needed in the year and the difficulty in predicting the take up of the scheme.
- 3.3 As set out in the First Report, between April 2010 and March 2015 (inclusive) 627 staff exited the council by way of redundancy, 322 of whom were voluntary.

Figure 1



- 3.4 Assuming, a higher uptake of voluntary redundancies from this proposal, if 100 staff take the offer this would mean the total cost of the additional enhancement compared to the £500 enhancement previously in place would be £450,000.
- 3.5 Some mention was made at the committee of the possibility of imposing a financial cap on the scheme. This would potentially mean that once when the scheme closed and applications are considered, some employees might be refused voluntary redundancy because the cap has reached even though their post is to be deleted in a restructure. Making a fair selection in those circumstances would be challenging. An alternative might be to reduce the period for which the scheme is open initially, which is likely to reduce the number of applicants, and for consideration to be given to re-opening it at a later stage if once decisions have been made on the first tranche of applicants it

appears that there remains sufficient scope in the budget for a further stage. Members may feel this is unnecessary in view of the details provided in the Financial Implications section of this report..

- 3.6 As set out in the First Report, the enhancement agreed by this committee will only apply for the 15/16 scheme and the enhancement will revert back to £500 for subsequent years. Any future report to the committee to consider the 17/18 scheme would be to consider whether the incentive should be increase for £500 for that year, and, if so, what would be the appropriate amount. The council's budget position at that point and the experience of the 2015/16 scheme would inform that decision.
- 3.7 As also set out in the First report, the trades unions have expressed their support of the scheme and of the proposal to increase the enhancement to £5,000 for the 2015/16 scheme.

8.0 Legal implications

- 8.1 The council has power to enhance the statutory redundancy scheme and to make severance payments to staff not eligible for that scheme under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 (as amended) where dismissal is for redundancy or efficiency reasons.
- 8.2 Under the Redundancy Payments (Continuity of Employment in Local Government) Modification Order continuous service with bodies listed in the Order is included in the calculation of an employee's continuous employment for redundancy purposes.

9.0 Financial implications

- 9.1 The proposal to increase the voluntary redundancy amount to £5,000 is affordable. The Annual Statement of Accounts presented to the Audit Committee on showed that at 1 April 2015 £2.7m was held in an earmarked redundancy reserve to fund redundancy and associated costs. The proposal on its own would only increase the drawn down from this reserve by £450,000 if 100 staff take up this proposal. There is sufficient in the reserve to cover this. The voluntary redundancy incentive is only one element of the cost of a member of staff leaving and even at £5,000 it would often be the smallest element, especially if the staff member is 55 or over and can access their pension, triggering a pension strain cost.

10.0 Resident Impact Assessment

- 10.1 An equalities analysis of the operation of the scheme over the past 5 years is included in the First Report. It is anticipated that the increased additional payment will make the scheme attractive to a more representative group of staff.

11.0 Conclusion

11.1 The Audit Committee is asked to consider whether a further increase to the additional enhancement available under the scheme should be agreed to bring the total enhancement to £5,000.

Appendices:

Voluntary Redundancy Scheme Report to Audit Committee 21 September 2015

Background papers:

None

Final report clearance:

Signed by:



28 September 2015

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HR)

Date

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