

**OFFICE OF THE POLICE AND CRIME COMMISSIONER  
FOR HUMBERSIDE  
DECISION RECORD**

Decision Record Number: **11/2013**

Title: **Voluntary (Enhanced) Redundancy Scheme**

**Executive Summary:**

To outline and seek approval for a Voluntary (Enhanced) Redundancy Scheme.

**Commissioner Comments:**

The Commissioner accepted that it was a valuable tool and confirmed that it was discretionary.

It was requested that the first paragraph of the March 2013 scheme needed to be updated to reflect the current MTFS in terms of savings requirements.

It was requested that the inclusion in the second paragraph of *"It shall be time limited, ie any formal application must be submitted by no later than 1 September 2010, after which the normal policy of non enhanced redundancy payments shall prevail"* be removed as it was intended that the scheme would be used discretionally in areas under review.

The Commissioner requested that the scheme be reviewed annually.

The Commissioner queried the inclusion of reference to staff with a short length of service and following discussion it was requested that this be removed.

The Commissioner referred to the proposed approval process outlined at 2.2 and indicated that recommendations should be made to him and that he should have the final decision to approve all applications so that he could be satisfied that they provided a cost effective outcome for local residents.

The Commissioner indicated that he was supportive of the use of the scheme so long as it was, in most cases, cost neutral to the tax payer and enabled the organisation to make significant cost savings and to allow people to leave the organisation at the most appropriate time for the organisation.

**Decision:**

That, subject to the amendments requested above, the briefing paper be noted and the ongoing use of the VER scheme, in its revised form, be approved for use on a discretionary and targeted basis, with all applications having to be individually approved by the Commissioner.

**Background Report:** Open

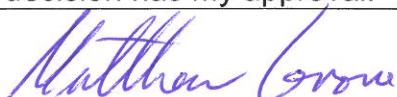
**Police and Crime Commissioner for Humberside**

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with my code of conduct.

Any such interests are recorded below.

The above decision has my approval.

Signature



Date 27.03.13

**POLICE AND CRIME COMMISSIONER  
FOR HUMBERSIDE**

**DECISION RECORD: SUPPORTING REPORT FOR DECISION**

**Title: VOLUNTARY (ENHANCED) REDUNDANCY SCHEME**

**Date: 27 March 2013**

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**1. The Reason for the VER Scheme**

People are the Forces biggest asset and they are also by far the biggest cost. In the face of unprecedented budget cuts a number of people management tools are required to manage the complex workforce transition, including:

- A Recruitment and Selection controls
- Careful and detailed workforce planning, working closely alongside the CSR2015 review teams
- A new Change Management Framework including revised Retraining and Redeployment policy and process
- A VER scheme, previously sanctioned by the HPA and agreed with the Trade Unions, that offered a dignified and cost effective way in which police staff were able to elect to be considered for the voluntary scheme, thus reducing the need for compulsory redundancy.

All tools continue to be essential for the future, however, the VER scheme in particular should not be underestimated in terms of contributing to managing the workforce numbers and changes over the past 2 years.

**2. Timeline details**

- Introduced May 2010
- Extended to November 2010
- Ended as an open scheme on 31 March 2011
- Remained open for discretion during significant individual cost saving reviews

**3. Applications & Approvals**

- 460 requested confidential quotes
- 309 transpired into Formal Applications
- 187 were approved by Chief Officers and ratified by the Police Authority, using strict public vfm and payback criteria
- 21 individuals withdrew their applications following ratification
- 166 individuals have left the organisation through the VER

**4. The Finances**

- Total cost of just over £3m
- Total payback period of approximately 9 months

## **5. The Process**

All parties understand that applications are considered on a case by case basis and that the scheme is entirely voluntary, any agreements for VER have not set precedent for other colleagues.

- Individuals requested a confidential estimate quote
- Individuals then choose to submit a formal application
- Line manager adds comments to the formal application
- Divisional commander/Branch manager adds comments to the formal application. Primary concern was the ability of the division/branch to be able to delete the individuals post as a permanent cost saving for the force.
- Applications then considered by the Chief Officers, to date there have been 8 batches.
- Those applications supported were then taken to a transitional costs sub group of the Police Authority for scrutiny and ratification.

Key considerations in the decision making throughout include; Value for money; the permanent cost saving contribution; the payback period, the actual level of payment (extremely generous individual payments have been avoided) the circumstances of the function (i.e. has the CSR2015 programme identified the need for a reduction of staff in this area); the circumstances of the individual; the potential pension strain costs, and the comparative cost or redeployment, notice and compulsory redundancy against the VER cost.

Following an Internal Audit in December 2011, all figures were cross referenced and verified with the Finance Section prior to submission for approval and ratification.

## **6. The VER terms of the Scheme-**

The scheme offered to Police Staff within Humberside Police is an enhanced voluntary redundancy scheme which is explained in the table below. The table also compares the statutory redundancy entitlement with the Humberside Police Staff VER scheme, it also shows how cost effective the scheme is compared to the new Police Officer voluntary exit scheme which is to be introduced through Winsor on 1<sup>st</sup> April 2013.

<b>Discretion</b>	<b>Staff Statutory Entitlement</b>	<b>Staff Enhanced Benefits (Discretionary Entitlement)</b>	<b>Police Officer</b>
<b>Basis for calculation of a weeks pay</b>	Employees' actual salary to be used up to a current maximum of £380 per week.	Employee's actual weekly salary to be used in all cases, without reference to statutory maximum.	
<b>Number of week's service to be used in calculating redundancy payment.</b>	Use of Statutory redundancy pay table	Number of weeks service enhanced by a factor of x 2.45 – subject to a maximum of 49 weeks pay	

## **7. Legal Implications**

The VER Scheme has been in operation in Force without successful challenge. It is a scheme that was subject to full consultation and agreement with the Trade Union. It is entirely discretionary.

## **8. Equality and Diversity Implications**

The VER Scheme has been subject to an equality impact assessment.

## **9. RECOMMENDATIONS**

It is recommended that the PCC note the briefing paper and agree to support the ongoing use of the VER scheme, in its revised form (attached), which sees the specific addition of the need to have an up to date PDR to be eligible for application for the scheme, on a discretionary and targeted basis.

### **Contact Officer:**

Sarah Wilson

Head of HR Operations Humberside & South Yorkshire Police

**HUMBERSIDE POLICE  
VOLUNTARY REDUNDANCY SCHEME (ENHANCED)  
POLICE STAFF  
MARCH 2013**

**1. INTRODUCTION**

This voluntary redundancy scheme has been developed in response to the difficult economic times which both public and private sectors are experiencing. Humberside Police must make significant efficiency savings and the Police and Crime Commissioner requires the Force to balance its budget the effect of which is to achieve a permanent reduction in expenditure target of £15M by 2014.

The scheme has been developed in consultation with UNISON, has the approval of the Police and Crime Commissioner and takes into account advice from ACAS and existing redundancy schemes applied throughout local government in our area. It shall be **'time limited', i.e. any formal application must be submitted by no later than 1<sup>st</sup> September 2010**, after which the normal policy of non-enhanced redundancy payments shall prevail. The enhanced provisions of this scheme shall not be increased, should in the unlikely event be reopened at any point in the future.

To ensure high standards of probity and financial regularity are maintained, the Force's external auditors have been consulted on the scheme and specialist tax advice has been sought.

The scheme will be open to all staff regardless of length of service. This will include those staff that would not normally be entitled to a redundancy payment because of their short length of service (i.e. less than 2 years).

**2. INFORMATION**

**2.1 Eligibility & Process**

In order to minimise the need for compulsory redundancies, voluntary redundancy/early retirement may be an appropriate consideration for individual staff. All requests for voluntary redundancy/early retirement will be considered on a case by case basis and there can be no guarantees that an application will be approved. A number of factors and conditions will apply and all parties should understand that the Assistant Chief Officer (HR) has the ultimate right to decide whether a particular member of staff should be allowed to leave under a voluntary redundancy situation.

The scheme will be available to any member of police staff to express an interest. Those who express an interest shall be provided with an estimate of enhanced redundancy benefits and, if they are members of the Local Government Pension



Scheme, also be provided with an estimate of their pensionable benefits. Applications will only be considered where a current completed PDR is submitted.

Having considered the financial information supplied to them, staff may then decide whether or not they wish to make a formal application. Applications will be sent to relevant Divisional Commanders/Branch Managers who will be required to show whether or not they can accommodate the request through redistribution of work or other permanent efficiencies. Applications will then be passed to the ACO (HR) for consideration.

It should be noted that any decision made by the Assistant Chief Officer (HR) to agree voluntary redundancy for any individual will not set a precedent for such decisions with any other colleagues or team members – even when they hold a similar or the same role and are from the same area. Individuals interested in voluntary redundancy/early retirement should complete the application form available from HR Shared Service.

## 2.2 Decision making Authority

On behalf of the Chief Officer Group, the ACO (HR) will approve any application.

After the Police and Crime Commissioner, through their agreed governance arrangements, has ratified the financial support for all formal requests, applicants will be informed in person of any final decision in relation to their case. As the scheme is completely discretionary no appeal shall be available in regard to non-approval.

## 2.3 Benefits

The Police and Crime Commissioner has power, in law, to enhance the statutory redundancy payments of any employee who has 2 or more year's relevant service. Under this scheme, for a limited time, significant enhanced benefits are available over and above the statutory entitlements, as described in column (c):

Discretion (a)	Statutory Entitlement (b)	Enhanced Benefits (Discretionary Entitlement) (c)
<b>Basis for calculation of a weeks pay</b>	Employees' actual salary to be used up to a current maximum of £380 per week.	Employee's actual weekly salary to be used in all cases, <b>without reference to statutory maximum.</b>
<b>Number of week's service to be used in calculating redundancy</b>	Use of Statutory redundancy pay table	Number of weeks shown in Statutory pay table is <b>enhanced by a factor of x 2.45 – subject to a maximum of 49 weeks pay</b>

payment.		(See Enhanced Benefits Matrix Appendix 4)
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The following example shows the practical effects of the scheme benefits based on a sample worker with 20 or more years relevant service, aged 55 with a salary of £25k. (Using attached redundancy pay table)

**i) Benefits Under Statutory Scheme.**

27 weeks x £380 = **£10,260** redundancy payment.

**ii) Benefits Under This Scheme.**

49 weeks x £479 = **£23,471** enhanced redundancy payment.

**Notes.**

*Authority for the above is described in the 'The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006' (SI 2914)*

*Redundancy payments up to the value of £30K are not taxable if certain criteria are met. These are explained later under the heading of 'Scheme Framework'.*

*Length of service is to be continuous in the police staff service or other related employment as listed in The Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) (Amendment) Order 2004 (SI 1682). **IMPORTANT NOTE** Offers of alternative employment with listed employers during their notice period which are taken up within 4 weeks of their dismissal will result in there being no redundancy.*

*A weeks pay is determined as 7/365ths of an employee's annual salary in place at the time of the employee's termination and includes any protection arrangements currently in place at that time. Non contractual allowances (including overtime) are not included in the calculation.*

*The basis of the calculation for those staff with less than 2 years service will be half of the minimum entitlement shown on the statutory redundancy pay table.*

In addition to the above redundancy payment benefits, members of the Local Government Pension Scheme may also be able to take advantage of other options. These are as follows;

- Access to unreduced pension if granted voluntary redundancy and applicant is aged 55 or above.
- Requests to convert any discretionary benefits (outlined above) into 'added years' will be considered only if the costs to the force are minimal.
- Requests to augment service as an alternative to payment of a compensatory lump sum will be considered only to a maximum of 6 2/3<sup>rd</sup> years (in line with existing policy) so long as the costs to the force do not exceed the cost of the lump sum payment.

**Notes.**

*Authority for the above is described in The 'Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007' (SI 1166)*

### **3. SCHEME FRAMEWORK**

Payment of voluntary redundancy is discretionary, with the decision to approve requests lying solely with the Force and Police and Crime Commissioner, with no right of appeal. All parties should understand that Chief Officers will consider applications/volunteers based on a number of factors to ensure there is no unacceptable depletion of skills and experience such that business continuity & performance is comprised. These factors will include;

- Cost and benefits to Humberside Police
- The individual's personal circumstances
- Skills gap and cost of re-skilling/ retraining
- Any health issues unrelated to disability
- Amount of time spent in redeployment (where relevant)
- Ability to redeploy and realistic view on redeployability
- Those very near to normal retirement age will not be considered eligible for this scheme
- Up to date completed PDR

Approvals for voluntary redundancy are to result in termination of employment for the employee, the date of which to be agreed on a mutual basis.

The process will ensure that the good reputation and dignity of the /applicant is maintained throughout, including the leaving arrangements.

Voluntary redundancy must make a contribution towards recurring savings as the substantive post will cease to exist once the employee has left or alternatively another allied/associated post is permanently deleted to achieve a similar level of permanent saving.



Voluntary redundancy and any associated payments must be affordable and paid in accordance with the individuals contractual entitlements, the terms of this scheme and (if relevant) the rules of the Local Government Pension Scheme.

Redeployment opportunities remain the Force's initial focus for supporting displaced employees. This is our statutory obligation and best practice. However, it is open to the force to manage these situations using a number of other options such as a Voluntary redundancy scheme.

Staff who unreasonably refuse \*suitable alternative employment will not, under this scheme, be entitled to an enhanced redundancy payment. \*Suitable is deemed to include equivalent salary, status, other contractual terms and (in certain instances) personal circumstances.

The payment of voluntary redundancy would be in full and final settlement of all contractual and common-law liabilities of the Force, its officers and its employees, arising from employment of the individual employment.

Where voluntary redundancy is approved, the policy of the Force is that payment in lieu of notice will not be paid. The expectation is that the employee will work their notice period and that they will fulfil their obligations under this requirement.

Voluntary redundancy will not be accessible as part of a 'Flexible Retirement' scheme.

Approval for applications is to be made by the Assistant Chief Officer (HR) on behalf of the Chief Officer Group and will require ratification by the Police and Crime Commissioner.

**Any payment in recompense for untaken accrued annual leave at the time of the termination will be subject to deductions for Income Tax and National Insurance Contributions.**

Other than providing assistance in calculating entitlements or arranging for estimates of benefits, no member of Humberside Police Staff shall offer any form of financial advice, to any member of staff who wishes to make use of this scheme.

