Executive Board Meeting
12th December 2012

Voluntary Redundancy Policy
Joint Report of Treasurer and Chief Constable

Purpose of Report
To seek approval to increase the multiplier for voluntary redundancy payments from 1.0 to 1.5.

Background
At present there is no distinction between the amount of redundancy payable when an employee leaves the organisation on either voluntary redundancy or compulsory redundancy.

It is clear that the Force faces challenging times ahead as a result of the Government’s austerity programme. Police Staff pay represents the second largest budget, after Police Officer pay, within the Force. Given that austerity is likely to last for a number of years it is important that adequate incentives are in place to encourage Police Staff to leave the Force in the interests of efficiency and effectiveness.

The simplest way to achieve this is to increase the voluntary redundancy multiplier to 1.5 from 1.0. In practice this means that staff would receive an additional 50% redundancy payment as an incentive to leave. A revised policy is included at Appendix 2 from which it will be noted that proposals are unlikely to be agreed unless there are clear and demonstrable savings arising from service rationalisation and/or a reduction in the number of posts. Also in accordance with good practice, the estimated payback period will be reported in each case and each case should normally report a payback period of no more than three years.

It is considered that the financial consequences of this can be met from within the existing revenue budget of the Force given that the Force has a history of revenue underspends.

Recommendations
It is recommended that the PCC agree the report and appendix 2.

Keith Thompson
Treasurer

Gary Ridley
Assistant Chief Officer
Appendix 1: Risks and Implications

Finance
As outlined in the report.

Staffing
It is unclear at present how many staff could potentially leave the Force as a result of this policy change. The regular budget monitoring report will act as a check and balance on the affordability of the policy change.

Equality and Diversity
N/A

Accommodation
Where staff leave the Force this may result in less accommodation space being needed which will assist in implementing the overall estates strategy.

Crime and Disorder
N/A

Children’s Act 2004
N/A

Stakeholder/Community Engagement.
N/A

Environment
N/A

Collaboration and Partnerships
N/A

Value for Money and Productivity
N/A

N/A

Commissioning.
N/A

Other risks
N/A

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<tr>
<th>Contact Officer:</th>
<th>Gary Ridley</th>
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<tbody>
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Early Retirement Scheme Guidance

Application: Police Staff

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<thead>
<tr>
<th>Registry Reference No.</th>
<th>DCP 112a</th>
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<td>Personnel</td>
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<td>Policy approved at FMG</td>
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<td>Date approved at PUG</td>
<td>09.07.09</td>
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<tr>
<td>Version</td>
<td>1</td>
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<tr>
<td>Last Updated</td>
<td>24.07.09</td>
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<tr>
<td>Reason for change</td>
<td>Policy and Guidance amended to reflect changes in LGPS.</td>
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<tr>
<td>Publication Scheme Y/N</td>
<td>Yes</td>
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Durham Constabulary Freedom of Information Act Publication Scheme

Relevant policy
Early Retirement Scheme

Associated documents:
Retirement & Resignation Policy
Medical Retirement Policy

All Durham Constabulary policies are drafted in accordance with Human Rights and Equality Legislation
1.0 GUIDANCE

- The Constabulary will use where appropriate the powers available to it under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 (known here as the Compensation Regulations) and the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (all as amended) (known here collectively as the LGPS Regulations).

- The Early Retirement Scheme is voluntary and no employee will be required to accept early retirement against his/her will. No inference will be drawn from any request from an individual who seeks information in relation to early retirement.

2.0 Definitions of Early Retirement

2.1 There are two types of early retirement that the Constabulary may progress.

These are:-

- early retirement on the grounds of redundancy or efficiency, and

- those that are initiated by the employee.

2.2 Redundancy or efficiency grounds

- Proposals involving voluntary redundancy will be made where this is the only reasonable alternative to compulsory redundancy, i.e. where attempts to find alternative employment of a similar and appropriate type have been exhausted.

- For proposals based on redundancy the Head of Personnel would need to confirm with the Head of Command that a post is redundant and that this post is to be deleted from the budgeted posts of the Constabulary.

- Redundancy for the purposes of the LGPS Regulations includes retirement in the interests of efficiency, and where it is confirmed that these circumstances are met, accrued pension benefits under the LGPS Regulations are payable immediately.

- In these circumstances, in order to provide sufficient encouragement for employees to volunteer for redundancy, the following benefits will be offered, with the essential proviso that each proposal results in clear and demonstrable savings to the Constabulary after taking into account all the costs involved (in some circumstances, in order to achieve a saving, a lesser offer may be made):
i. A voluntary redundancy payment is calculated by reference to the redundancy payment matrix under the Employment Rights Act 1996. This provides for a payment based on up to 30 weeks statutory redundancy pay, and the Constabulary will exercise its power to use actual pay in the calculation of weekly pay. The voluntary redundancy payment would be inclusive of the statutory redundancy sum that would otherwise have been paid in the event of a redundancy.

ii. The Force will not normally agree to augmentation (the awarding of added years).

iii. The calculation of the number of weeks of actual pay in each case would be based on the redundancy payment matrix under the Employment Rights Act 1996 (also used in the calculation of voluntary redundancy payments as above). However, in the discretionary compensation calculation, the number of weeks derived from this table would be multiplied by 1.50, and based on an individuals’ actual weeks gross pay (including contractual allowances).

If an employee under notice of redundancy receives an offer of employment in local government or a related employer starting work within 4 weeks of leaving Force employment they are not entitled to a redundancy payment under this Scheme. Related employers are as set out in the Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999 (as amended).

2.3 Applications initiated by the employee

- A small number of early retirement requests arise on compassionate grounds or where an employee has other personal reasons to retire early. As the employees concerned initiate these, they usually do not involve efficiencies for the Constabulary and therefore normally do not involve savings. It is the Constabulary’s policy that these applications are considered individually on merit by the Assistant Chief Officer together with the Head of Personnel and the Head of Command.

- Where there are no savings for the Constabulary it is not possible to consider compensation payments. There is often, however, depending on the circumstances of the applicant, a cost to the pension fund of allowing early release of pension, borne ultimately by the employer, and so each case needs to be carefully justified and considered.

- Where pension benefits would potentially be reduced because the applicant is under age 65 and does not fully meet the age and service criteria required to be eligible for unreduced benefits under the LGPS Regulations, applications may be considered with the option of waiving on compassionate grounds the potential
reduction, under the provisions of the LGPS Regulations, but this would add to the cost of the proposal.

- Applications made by employees on compassionate grounds or otherwise must be backed by supporting evidence, including medical evidence where appropriate, and these will not proceed for decision until such evidence is made available.

### 3.0 Reporting and decision making

- The Assistant Chief Officer together with the Head of Personnel determines each application for early retirement, with or without redundancy. Each application is considered on its merits.

- In cases involving redundancy and efficiency, proposals are unlikely to be agreed unless there are clear and demonstrable savings arising from service rationalisation and/or a reduction in the number of posts. There needs to be net savings from each proposal, after allowing for consequential costs and the costs of severance.

- Most early retirements and access to pension will come at a cost to the Constabulary.

- In accordance with good practice, the estimated payback period will be reported in each case. This represents the predicted time it will take for net annual savings to repay the initial costs of termination, calculated in years. Each case should normally report a payback period of no more than three years. Cases that do not fall within this criterion will not usually be accepted.

- Continuous local government service in the calculation of voluntary and discretionary compensation will be as outlined in Statements of Main Terms and Conditions of Employment.

### 4.0 Eligibility

The following eligibility restrictions apply, based on existing legislation:

- Applicants must have two years continuous local government service before a redundancy payment or a related discretionary compensation payment can be made.

- Applicants who are under 55 cannot have pension benefits released.
5.0 Notice waiver

Where any early retirement, voluntary redundancy or discretionary compensation payment is agreed in accordance with this Scheme, either on the basis of redundancy or efficiency, or where it is has been initiated by an employee, it is on condition that the employee so volunteering for one of the above severance arrangements will waive her/his rights to the notice period stated in her/his Statement of Main Terms and Conditions of Employment and agree to a termination date set by the Constabulary.

6.0. Relevant definitions

- The definition of ‘weekly pay’ in the calculation of voluntary redundancy and discretionary compensation payments will be as laid down in the Employment Rights Act 1996, but with the modifications set out in the Compensation Regulations.

- The definition of ‘continuous local government service’ in the calculation of voluntary redundancy and discretionary compensation will be as laid down in the Redundancy Payments (Continuity of Employment in Local Government, etc) Modification Order 1999.