

LEICESTERSHIRE

FIRE and RESCUE SERVICE

Status of Report: Public Agenda Item: 17

Meeting: Combined Fire Authority
Date: 25th June 2014
Subject: Voluntary Redundancy Policy
Report by: Chief Fire and Rescue Officer
Author: Mark Andrew (Head of HR, Planning and Performance)
For: Decision

1. Purpose

The purpose of this report is to seek the Combined Fire Authority's (CFA) approval for a Voluntary Redundancy (VR) Policy.

2. Executive Summary

- 2.1 Due to the significant challenges facing the CFA and the need to reduce the workforce, it is appropriate to consider the introduction of a VR Policy. Such a policy will supplement the Organisational Change Procedure / Redundancy Procedure and will be used when managing redundancy situations.
- 2.2 As well as assisting with change management such a policy could assist with avoiding compulsory redundancies by allowing volunteers to effectively 'bump' redundancies i.e. create a redeployment opportunity for someone 'at risk' of redundancy. It could also, in certain circumstances, incentivise employees to put forward proposals to redesign services through restructuring.

3. Report Detail

- 3.1 The CFA is facing significant financial pressures over the next few years, thereby requiring the identification of a number of cost savings. This will involve a reduction in the workforce and include the likelihood of redundancies. In all cases, the Organisational Change Procedure / Redundancy Procedure will be implemented. However, it is now appropriate to supplement this with a VR scheme to both help minimise the number of compulsory redundancies and incentivise voluntary leavers.
- 3.2 One of the considerations for the CFA is how (if at all) the scheme should be restricted and managed. If an open ended scheme is introduced there is the potential for a number of applications that may not assist in the organisational changes facing the CFA. The scheme could also be designed to encourage

individuals and/or teams to bring forward proposals to improve efficiency.

- 3.3 In addition, for employees who are near or have passed the point when they can access their full pension the CFA needs to consider how a VR scheme would operate, otherwise forecast retirements may be delayed, as individuals may expect VR. Paragraph 3.3 (section 2) states that where an employee can access their full pension entitlement without reduction, it may be more difficult to make a sound business case to support their application. In addition, the policy makes it clear that VR will only be offered in certain circumstances.
- 3.4 The proposed Policy (attached as **Appendix 1**) therefore has two routes to VR, within a process in order to manage expectations and decisions. The first route is where an individual is within a ring fence 'at risk' of redundancy situation and volunteers to leave. The second is when the CFA actively seeks volunteers for redundancy from particular categories of employee. A good example of the latter is administration staff or firefighters, where there is a need to reduce numbers overall, across a number of teams and/or locations. Here applications will be assessed using the guidance in the policy.
- 3.5 Before formal adoption, the proposed Policy will be subject to consultation with the Representative Bodies.

4. Report Implications / Impact

4.1 *Legal (including crime and disorder)*

- a) There are two potential issues with redundancy selection. The first occurs where an employee complains that the way the redundancy dismissal was handled was unfair and contrary to section 98 (4) of the Employment Rights Act 1996. The CFA mitigates against such a claim by following its own procedure. The second potential issue is unfair selection which could mean the dismissal is unfair and/or creates a potential for a claim for discrimination, if a protected characteristic is involved, the most relevant here being age (due to the significant actuarial strain costs in some circumstances). Here case law has provided some guidance, indicating cost can be a relevant factor when making a decision. Therefore, the proposed policy allows for cost to be considered along with other factors, when making a decision on a VR application.
- b) The making of a redundancy payment to a volunteer will be legal as long as there is an overall reduction within the organisation. This is sometimes known as 'bumping'. The policy allows for 'bumping' and therefore the employee's post will not always be deleted. In addition, the policy and procedure states that VR will not be available under certain circumstances and that a business case for VR may be more difficult to justify, for an employee who can access their full pension.

4.2 *Financial (including value for money, benefits and efficiencies)*

The costs of VR and any associated actuarial strain will need to be met from contingency budgets and any approval must provide on-going savings.

4.3 ***Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)***

The selection of any volunteers may create some risks with regards to the maintenance of knowledge within the organisation.

4.4 ***Staff, Service Users and Stakeholders (including the Equality Impact Assessment)***

As 4.3, plus the application of the procedure will need to be clearly monitored and recorded in order to ensure all applications are treated fairly and in a non-discriminatory way. An Equality Impact Assessment is attached at **Appendix 2**.

4.5 ***Environmental***

None arising.

4.6 ***Impact upon Our Plan Objectives***

The policy will impact on the following objectives: Staff with the right skills, behaviour and attitudes to provide an excellent service and Efficiency and the provision of a value for money service.

5. Recommendations

The CFA is asked to approve the proposed Voluntary Redundancy Policy subject to consultation with the Representative Bodies.

6. Background Papers

Organisational Change Procedure / Redundancy Procedure

7. Appendices

- a) Proposed Voluntary Redundancy Policy
- b) Equality Impact Assessment

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FIRE and RESCUE SERVICE

SERVICE PROCEDURE

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HUMAN RESOURCES

VOLUNTARY REDUNDANCY POLICY

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AUDIT OF AMENDMENTS

Date	Paragraph Changed	Brief details of alterations	Approved by
		FIRST TRANSFERRED TO SHAREPOINT	

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VOLUNTARY REDUNDANCY POLICY

INTRODUCTION

- 1 Leicestershire Fire and Rescue Service is looking at ways to minimise the number of compulsory redundancies across the organisation.
- 2 One way to do this is to offer voluntary redundancies (VR) under certain circumstances.
- 3 This scheme applies to all employees under the conditions of service of the following bodies:
 - a. National Joint Council for Brigade Managers of Local Authority Fire and Rescue Services (Gold Book)
 - b. National Joint Council for Local Authority Fire and Rescue Services (Grey Book)
 - c. National Joint Council for Local Government Services (Green Book).

CRITERIA FOR ELIGIBILITY

- 4 Individuals who have already given notice of their retirement or resignation from the organisation, or are on notice for any other reason will not be permitted to make an application for consideration under this scheme for VR.
- 5 The scheme aims to reduce the number of compulsory redundancies and to allow the organisation to release employees to make a cost saving, or to restructure or reorganise work within a budget. In addition, where an employee can access their full pension entitlement without reduction, it may be more difficult to make a sound business case to support their application.
- 6 When an employee and/or group of employees are formally “at risk” of redundancy, VR, will be a way of reducing the establishment on a voluntary basis. If more volunteers come forward than is necessary, a decision will be made on who to select in line with the procedure – see paragraphs 13 – 20 below.

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- 7 The Service may invite volunteers for redundancy from the workforce at a time of significant organisational change and potential compulsory redundancies as a way of creating opportunities for redeployment. The Service will identify the category of employee it seeks volunteers from based on the likely skills of those “at risk” of redundancy. If more volunteers come forward than needed, a selection will be made in line with guidance in this policy.

VOLUNTARY REDUNDANCY

- 8 The redundancy payment will be calculated on the basis of completed years of local government/fire service continuous service, age, current pay and hours.
- 9 Payments up to £30,000 are not subject to deductions for tax and national insurance. For employees who are members of the Local Government Pension Scheme (who are aged 55 or above) there is the opportunity to have release of their pension, without reduction, subject to approval of VR.
- 10 A ready reckoner is contained within Appendix B of Service Procedure Human Resources – Organisational Change Procedure/Redundancy Procedure which staff can use to estimate their own entitlement. However, guidance can be sought from HR if needed.
- 11 Employees with less than two years’ continuous Local Government/Fire service will not be entitled to a redundancy payment.
- 12 Redundancy estimates and, if relevant, pension estimates will be calculated based on the date that the VR application was submitted to Human Resources. Estimates will also be based on an employee’s age and length of service as at the date of submission.

PROCEDURE

- 13 If “at risk” of redundancy, VR can be requested when the “at risk” letter is issued. The relevant Human Resources Business Partner should be informed in writing.
- 14 If a wider VR request/trawl is to be offered, this will be communicated via a Weekly Update with the categories of employee made clear.
- 15 If a request is made as part of a wider trawl, the employee should complete a formal VR application form and submit it to Human Resources. Application forms are available on SharePoint. (Note: this will be produced when the policy is approved)

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- 16 In all cases, Heads of Department together with the appropriate line managers, Finance and Human Resources will develop a business case for each VR application. If management does not support an application, it will still be considered by the appropriate Directors.
- 17 In most cases, if an employee is made redundant, the post they held will be deleted. However, the post may be filled if this will prevent a compulsory redundancy elsewhere. In this case, management will submit a business case with the employee's VR application form outlining what savings can be made or how the post may be filled. In all cases, vacant posts will be advertised to those "at risk" of redundancy and then internally.
- 18 Where the savings would require a reorganisation within the team, the Head of Department should seek advice from Human Resources. Any jobs which will change as a result will need to be re-evaluated to confirm the grade (any cost or savings will be included in the business case). Other employees and trade unions may need to be consulted about the implications of any reorganisation.
- 19 Once a business case has been established, management will need to discuss the financial implications with the Head of Finance.
- 20 Finalised business cases should be forwarded to the Head of Human Resources.

DECISION-MAKING

- 21 Two Directors will consider all applications and business cases. Consideration of applications will be on the basis of reducing the number of compulsory redundancies, (i.e. could a person "at risk" of redundancy undertake the role), saving produced and the requirements of the relevant section.
- 22 The Directors will confirm whether or not applications can be approved. The Directors will need to weigh up the following criteria when making a decision.
 - a. Retention of specialist skills
 - b. Loss of expertise
 - c. The cost of a person's VR. This will include redundancy and pensions costs (if applicable)
 - d. The person's conduct and performance record with the Service
 - e. Future workforce planning needs.

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- 23 The reason for not selecting a volunteer will be recorded and passed on to the individual in writing.
- 24 There is a right of appeal, against a decision not to approve VR. This will be heard by the Chief Fire and Rescue Officer. An appeal must be registered within 5 working days of the receipt of the decision.
- 25 Approved applicants who wish to withdraw their application must inform Human Resources in writing within five working days of receiving written notification of approval, as there will be no opportunity to withdraw once they have received their official notice of redundancy.
- 26 Should an employee's application be approved, their redundancy figures and, if relevant, pension figures will be calculated based on the leave date agreed with the employee's line manager.
- 27 A decision on an application may be deferred if the post is to be filled, to see if it can be filled from the redeployment register.

CONFIRMATION OF OUTCOMES

- 28 Where an application is accepted, Human Resources will issue notice of redundancy, confirming the redundancy payment and, if relevant, pension figures.
- 29 Notice will be issued in line with the employee's contractual or statutory entitlement (whichever is the greater).
- 30 Subject to the needs of the Service, managers may offer payment in lieu of some or all of the notice period. If this is not possible, earlier leaving dates may be agreed between the employee and their manager subject to the employee agreeing in writing to waive any remaining notice period.

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Appendix 2

NOTE: IT IS IMPROTANT THAT YOU READ THE GUIDANCE NOTE, PRIOR TO CARRYING OUT THE EQUALITY IMPACT ASSESSMENT ON THE POLICY/FUNCTION. A POLICY/FUNCTION CAN BE WRITTEN OR UNWRITTEN, FORMAL OR INFORMAL, IRRESPECTIVE OF THE SCOPE OF THAT POLICY/FUNCTION.

EQUALITY IMPACT ASSESSMENT PRO-FORMA

Section 1 – Initial Assessment		
Directorate:	Organisational Development	
Team:	Human Resources	
Responsible Person(s):	Mark Andrew	
Name of Policy/function:	Voluntary Redundancy Policy	
Date of Assessment:	6 th May 2014	
Briefly Describe the aims, objectives and purpose of the policy/function:	<ul style="list-style-type: none"> The aim of the policy is to minimise the number of compulsory redundancies across the service Allow the organisation to release employees for cost saving purposes Restructure or reorganise work to meet budgets 	
Who will benefit from the policy:	<ul style="list-style-type: none"> The communities of Leicester, Leicestershire and Rutland. Existing staff who wish to be considered for voluntary redundancy. 	
What factors/forces could contribute/detract from the outcomes?	<ul style="list-style-type: none"> Significant interest in the “at risk group” of employees Availability of required skills within a team/service 	
Who are the main stakeholders in relation to the policy/function?	<ul style="list-style-type: none"> Combined Fire Authority Senior Management Team Representative Bodies Staff who may wish to be considered for voluntary redundancy. 	
Who implements the policy and who is responsible for the policy/function?	<ul style="list-style-type: none"> The policy will be implemented by the Area Manager responsible for Human resources. 	
Are there any concerns that the policy could have an impact on:	Yes/No	Please justify your decision, say what evidence can be provided.
Race	YES	<ul style="list-style-type: none"> There is potential/possibility that volunteers with specific skills such as language can be deselected by the Service on the basis retaining required skills in order to maintain service provision. It has been noted that although skills such as

		“language” skills maybe offered by anyone irrespective of race, the majority of such skills are offered by people who are often of a specific racial/ethnic background.
Gender (including transgender)	NO	<ul style="list-style-type: none"> • There is no evidence or information that would suggest that volunteers would be excluded from consideration because of they are male or female
Disability	NO	<ul style="list-style-type: none"> • There is no evidence or information that would suggest that volunteers would be excluded from further consideration on the basis of disability
Sexual Orientation	NO	<ul style="list-style-type: none"> • There is no evidence or information that would suggest that volunteers would be excluded from further consideration on the basis of their sexual orientation
Age	YES	<ul style="list-style-type: none"> • There is potential/possibility that volunteers who are approaching retirement age can be deselected by the Service on the basis of cost to the service (If full pension benefits are accessible as a result) and therefore discriminating on the grounds of age.
Religious or Belief	NO	<ul style="list-style-type: none"> • There is no evidence or information that would suggest that volunteers would be excluded from further consideration because of their religion or belief
Marriage and Civil Partnerships	NO	<ul style="list-style-type: none"> • There is no evidence or information that would suggest that volunteers would be excluded from further consideration because of marriage or being in a civil partnership.
Caring Responsibilities	NO	<ul style="list-style-type: none"> • There is no evidence or information that would suggest that volunteers would be excluded from further consideration because of caring responsibilities.
Pregnancy/Maternity/Paternity	NO	<ul style="list-style-type: none"> • There is no evidence or information that would suggest that volunteers would be excluded from further consideration because of pregnancy or maternity or paternity
Offenders	NO	<ul style="list-style-type: none"> • There is no evidence or information that would suggest that volunteers would be excluded from further consideration because of offences declared.
Are there any concerns for unfavourable treatment in this policy?	YES	<ul style="list-style-type: none"> • Specifically in relation to RACE and AGE as detailed above. However, the policy, at point 17, suggests that “the appropriate line managers, finance and Human Resources will develop a business case for each Voluntary Redundancy application.” This should offer opportunity to validate any refusal and provide the necessary

		mitigation.
Should the policy proceed to:	Partial: No <i>(if yes, proceed to section 2)</i>	Full: Yes/No <i>(if yes, proceed to section 3)</i>
Section 2 – Partial Impact Assessment		
Please state clearly the expected benefits of the policy.	•	
In light of the issues identified, are there any experts/relevant groups who you can approach to explore their views on the issues. If so, please list <ul style="list-style-type: none"> ○ the relevant groups/experts ○ how there views will be obtained ○ date they will be contacted 	•	
Please explain in detail the views of the relevant groups/experts on the issues involved. (please use a separate sheet if necessary)		
Please clearly state what action has been taken, if the policy/function has not proceeded to a full impact assessment.		
Section 3 – Full Impact Assessment		
a. Identify the aims of the policy and how it is to be implemented.		
b. Consideration of relevant data and research (see guidance notes for details).		
c. Assessment of impacts (see guidance notes for details).		
d. Consideration of measures .		
e. Formal consultation on the actual impact of existing policies and the likely impact of proposed policies.		
f. Make a decision in the light of data, possible alternatives and consultation.		
g. Monitoring for adverse impact in the future and publication of the results of such monitoring.		
h. Publication of results of the Equality Impact Assessments (see Appendix 1 & 2 – Pro-forma for initial and partial assessment)		
Authorisation <ul style="list-style-type: none"> ○ Name and position of officer authorising the EIA (this should be the head of service). 		
Contacts <ul style="list-style-type: none"> ○ Contact details of officer to discuss EIA with if different from section 1, above. 		
Date Completed:		