

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	06 December 2010
Report of:	Head of Human Resources and Organisational Development
Subject/Title:	Managing Workforce Change
Portfolio Holder:	Councillor Peter Mason

1.0 Report Summary

- 1.1 This report provides the financial details and posts for which the Chief Executive is recommending the approval of applications for voluntary redundancy.

2.0 Decision Requested

- 2.1 That Cabinet supports the decision of the Chief Executive to release the employees whose roles are listed as 1 to 72 at Appendix A under the arrangements agreed in relation to voluntary severance provisions for employees in the Council.
- 2.2 That Cabinet notes the employee listed as 73 at Appendix A who may become compulsorily redundant and would receive payments under the arrangements agreed in relation to severance provisions for employees.

3.0 Reasons for Recommendations

- 3.1 The ongoing restructure within the Council, including closure of certain premises has led to the Management Team identifying that there is no suitable alternative employment to accommodate the employees in the posts shown in Appendix A and therefore it is recommended that the request for severance/ early retirement is approved.
- 3.2 Redeployment opportunities have actively been sought for the employee listed as 73 on the report but unfortunately without success. As a result of this, it is becoming increasingly likely that this person will become compulsorily redundant.

4.0 Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

6.1 Not applicable.

7.0 Financial Implications for Transition Costs (Authorised by the Borough Treasurer)

7.1 Not applicable.

8.0 Financial Implications 2010/11 and beyond (Authorised by the Borough Treasurer)

8.1 In accordance with the provisions for voluntary and compulsory severance in Cheshire East Council, it is recommended that in relation to the employees listed in Appendix A, the following is agreed:-

8.1.1 Severance payment based on actual pay, rather than the statutory cap and inclusive of an additional payment equivalent to that severance payment that would have been due under the statutory scheme. The additional payment could be used to purchase additional pension scheme membership if the employee wishes to augment his pension;

8.1.2 The release of accrued pension (and lump sum entitlement) at the date of leaving on an unreduced basis. As advised in previous reports, this is not a payment to the employee but to the Pension Fund; and

8.1.3 A contribution of up to £250 per person has been agreed to be put towards legal fees in respect of the compromise agreement except in relation to the employee listed as 73 in whose situation a compromise agreement does not arise.

8.2 Severance Costs – on 25th February 2010, Council gave approval for £6,500,000 to be provided for severance payments. To date, £3,710,681 of this funding has been spent.

8.3 Pension – The Council decision of 25th February gave approval to providing a further £6,500,000 for actuarial costs incurred by the early release of pension in relation to corporate severance. To date, £3,044,655 of this funding has been spent.

8.4 Table 1- Severance Proposals

	No of redundancies	
Balance of existing Budgetary provision		£ 2,789,319
Proposals in this report	73	£ 746,791
Balance		£ 2,042,528

8.5 Table 2- Actuarial Costs

	No of redundancies	
Balance of existing Budgetary provision		£ 3,455,345
Proposals in this report	73	£ 231,886
Balance		£ 3,223,459

9.0 Legal Implications (Authorised by the Borough Solicitor)

- 9.1 The voluntary redundancy process is handled in such a way as to minimise the risk of employment and breach of contract claims and no settlements will be paid unless an approved compromise agreement has been executed

10.0 Risk Management

- 10.1 Risks are mitigated by the use of a compromise agreement for staff leaving on a voluntary basis. The compromise agreement includes a clause that it is in full and final settlement of all claims (excluding any personal injury claims) against the council or its successors and a confidentiality agreement that binds officers and Members to treat its contents as confidential. There is a requirement for independent advice to be given to employees who sign such agreements and reimbursement of up to £250 per individual will be provided in order that they acquire this advice.

11.0 Background and Options

- 11.1 To date 528 of the employees whose redundancies were approved or noted by Cabinet went on to leave the Council. This report brings to the attention of Cabinet a further 72 voluntary redundancies and 1 compulsory redundancy.
- 11.2 A further 602 employees have been placed on the Redeployment Register since September 2009, either because their positions are already displaced from the structure or because they are “at risk” of becoming so.
- 11.3 Of the total number of employees placed on the Register, the situation has been resolved for 299 people so far, through them having been redeployed or leaving on severance terms. A further 10 people are currently on work trials to determine whether a permanent redeployment option is suitable.
- 11.4 The posts for which approval for redundancy is sought in this report have been identified following structure development in line with the employee budget available and following consultation on targeted areas.
- 11.5 After due consideration, the Chief Executive is recommending to Cabinet that the employees whose redundancy costs are outlined in Appendix A be accepted.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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