

# CHESHIRE EAST

## CABINET

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**Date:** 3 FEBRUARY 2009  
**Report of:** LEAD HR OFFICER  
**Title** REDUNDANCY PROVISIONS

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### **1.0 Purpose of Report**

1.1 To confirm the arrangements in relation to severance provisions for non teaching employees in the new Council.

### **2.0 Decision Required**

2.1 To agree that the severance agreed in July 2008 will continue to apply until 31 March 2010 at which point they will be subject to review.

### **3.0 Implications for Transitional Costs**

3.1 There are no implications for transitional costs.

### **4.0 Financial Implications 2009/10 and beyond**

4.1 The financial implications for future years will depend on the provisions adopted and the age/length of service and actual number and salaries of employees in a redundancy situation. The People and Places bid envisaged one off transitional costs of £10.9m in 2009-10 based on a number of assumptions regarding the level of statutory redundancy pay plus an averaged estimate of costs relating to the early release of accrued pension. The severance provisions recommended in this report are broadly in line with those assumed in the bid and therefore in themselves should not materially affect the level of costs. The key determinants of the actual costs to be incurred are those factors still unknown, namely: the size of the reductions required; the proportion of these realised through turnover or relocation and the details of the individual employees concerned.

### **5.0 Legal Implications**

5.1 The proposals meet statutory redundancy requirements.

### **6.0 Risk Assessment**

6.1 The risks are striking the right balance between the responsibilities and reputation of Cheshire East as a responsible employer, facilitating organisational change, maintaining constructive industrial relations and managing the costs incurred.

### **7.0 Background**

7.1 In July the Council agreed the provisions which would apply to non teaching staff in redundancy cases in the new Council. As follows:

- (i) the removal of the statutory cap and pay the actual week's pay;
- (ii) in addition to paying the Statutory Redundancy Pay (SRP), the payment of an additional amount equivalent to that payment (i.e. giving a maximum payment of 60 weeks in total); and
- (iii) the provision for employees to use the additional payment (not the SRP) to purchase additional pensionable service in the Local Government Pension Scheme (LGPS) if they wish to do so and are a member

7.2 It was agreed at that time that these should be consistent with the provisions agreed in existing Councils so that all staff who were made redundant as a result of LGR would receive the same redundancy payments and so that employees would be clear about the redundancy provisions which would apply.

7.3 The report proposed that the provisions should apply to all redundancies which occur during the period of LGR, whether or not they were as a result of re-organisation or for other reasons. In addition it was proposed that they remain in place for at least 12 months after 1 April 2009, as it was recognised that LGR associated redundancies could occur for a considerable time after the new Councils were in place. However this was not part of the formal recommendations of the report.

7.4 With the recent voluntary redundancy exercise, with some staff being refused release because of transitional requirements during the first year of the Council, there is increasing concern amongst staff that the provisions may be changed, which would mean that staff made redundant when the transitional work was complete would be made redundant on lesser terms than those currently applying.

7.5 It is therefore recommended that the proposal in the original report for the provisions to be in place for a twelve month period from 1 April 2009, be formally adopted.

## **8.0 Trade Unions**

8.1 The trade unions would welcome this formal confirmation.

## **9.0 Reasons for Recommendation**

9.1 To provide clarity for employees whose future employment with the Council is uncertain.

### ***For further information:-***

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Background documents:  
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