

Human Resources Policy

Redundancy and Efficiency Policy

Scope

This policy applies to all employees of Cheshire East Council except schools based employees. There are specific policies for schools employees which can be accessed via the Schools Intranet Site.

Policy Statement

The Council fully recognises the importance of creating a secure working environment and will take the necessary steps to ensure continuity of employment wherever possible; by effective workforce planning that ensures the effective, economic and efficient provision of service.

This policy sets out the Council's approach to dealing with potential redundancies and cases where it is considered in the best interests of the organisation to release an employee on the grounds of business efficiency. It does not form part of an employee's terms and conditions of employment and may be subject to change at management's discretion.

It is the Council's policy to avoid redundancies or release of employees on grounds of business efficiency wherever possible. However, the needs of the organisation may from time to time require a reduction in the overall numbers of employees or organisational changes that may result in some redundancy situations arising, or the need to release individuals on grounds of business efficiency.

Definitions

Redundancy- as defined in law by the Employment Rights Act 1996.

Efficiency- where an employee is invited to exit the organisation on the grounds of business efficiency. The exit would provide overall benefit to the business efficiency of the organisation. The post holder is not made redundant.

Principles

Where the Council decides that after taking all considerations into account, redundancies are unavoidable or appropriate for sound business reasons, or

it is in the best interest of the organisation to exit an employee on the grounds of business efficiency, the Council will exercise its discretions as agreed by Staffing Committee and in doing so will ensure that:

- It exercises its discretions reasonably and objectively
- Any enhancements are affordable in the short and long term and provide value for money for the tax payer.
- The future ability to deliver efficient and cost effective services to the community is not jeopardised
- The loss of skills and experience is carefully assessed to ensure that a balanced workforce is maintained
- The Redundancy/ Efficiency Procedure is applied in a fair and consistent manner
- The number of redundancies is kept to a minimum
- Employees and their representatives are fully consulted on any proposals and their implementation as early at the earliest practical opportunity
- The Department for Business, Innovations and Skills is notified of the reasons for the proposals and the potential number of redundancies following the correct HR1 procedures. A copy will be forwarded to the Trade Unions along with details of the service areas affected.
- Consultations take place with Trade Unions to discuss any possible measures for avoiding redundancies
- Every effort is made to find suitable alternative employment for those employees who may be affected by the proposals, in accordance with the Redeployment Procedure
- Support and advice is provided to affected employees to help them find suitable work in the event of a redundancy
- The facts will not be made public before employees and their representatives have been informed

When considering applications for voluntary redundancy (VR) the Council will consider:

- The need for the competency and skill set to meet the current commitments
- The uniqueness of that competency and skill set in the organisation to the expected demand
- The likely need for that competency and skill set to meet future needs
- The likely timescale of future needs, comparing the cost of retention with the cost of VR and future re-recruitment
- The opportunity to cross skill or retrain remaining staff to fill the gap, and the cost and timescale to achieve this
- The cost of VR and value for money for the tax payer.

Redundancy Payments

In a redundancy situation, as defined by the Employment Rights Act 1996 an employee may be eligible to receive a redundancy payment or early retirement, depending on the circumstances. Retirement provisions are outlined in the Retirement Policy.

For employees in the Local Government Pension Scheme (LGPS), the provisions are:

Compulsory Redundancies

- early release of pension benefits (if aged 55 and over with at least two years membership in the LGPS or with transferred pension) in line with the Local Government Pension Scheme regulations,
- a redundancy payment in accordance with the State formula based on the employee's actual week's pay.

Voluntary Redundancies and release on ground of Business Efficiency

- The same as for Compulsory Redundancy, with an additional severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 weeks pay. This additional element is awarded in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000 and the Council reserves the right to change all discretionary elements.

Employees who are not in the LGPS will be entitled to:

Compulsory Redundancy - a redundancy payment in accordance with the State formula based on the employee's actual week's pay.

- **Voluntary Redundancy** - a redundancy payment in accordance with the State formula based on the employee's actual week's pay **plus** an additional severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 weeks pay. This additional element is awarded in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000 and the Council reserves the right to change all discretionary elements.

Release on grounds of business efficiency

Efficiency or severance may involve the release of an employee from the organisation where the release achieves the more effective use of resources and provides value for money and may avoid a redundancy situation.

There may be occasions where the Council will consider release on the grounds of business efficiency. This provides for a lump sum severance payment to be made, based on the merits of each individual case but up to a maximum of the same amount that would be permitted under the Council's

Voluntary Redundancy scheme, and may involve retirement for employees. Business efficiency must be demonstrated, where the release of the employee achieves the more effective use of resources and provides value for money for the Council. It may be used to facilitate restructuring and/or to avoid a redundancy, and will not result in the deletion of the post holder's post from the structure in the same way as redundancy would.

Green Car Scheme

Where employees are participating in the Green Car Scheme at the time of their redundancy/ release on grounds of business efficiency, their redundancy/ efficiency payment will be calculated using the pre sacrificed salary.

Equality

Cheshire East Council will ensure that, when implementing this procedure, no employee will be disadvantaged on the basis of age, disability, gender reassignment, marital status or civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. This means that the policy may need to be adjusted to cater for the specific needs of an individual, including the provision of information in alternative formats where necessary.

Monitoring and Review

The procedure will be reviewed in the light of operating experience and/or changes in legislation.

Data relating to this procedure will be collated and monitored periodically to ensure that the procedure is operating fairly, consistently and effectively. Issues that are identified from the data will be dealt with appropriately.

Useful Links:

Prepared by:	HR Policy and Strategy Team
Date :	April 2016
Revisions and reasons:	LGPS 2014 Clarification of efficiency
Review Date:	April 2019