

Agenda Item

Executive Board

3 March 2010

KJ/MW



Revised Redundancy Policy and Procedure

Summary

The Redundancy Policy and Procedure was last reviewed in full in January 2007. This review has been the subject of negotiations with UNISON and subject to any further representations from UNISON it is proposed to implement this policy with effect from 1 June 2010.

The payments outlined in Part A and B have been revised to ensure that this policy is sustainable and affordable for the Council whilst continuing to provide reasonable financial compensation for redundant employees.

These changes seek to bring EDDC's Redundancy Policy and Procedure in line with those of Devon County Council, Exeter City Council, West Devon District Council and North Devon District Council. Other districts in Devon have indicated that their policies are also under review.

Recommendation

- **That Executive Board approve the revised Redundancy Policy and Procedure to take effect from 1 June 2010.**

a) Reasons for Recommendation

The recommendation is proposed to ensure that the Council's Redundancy Policy and Procedure is affordable and sustainable whilst supporting redundant employees.

b) Alternative Options

Not to revise the policy

c) Risk Considerations

If we do not proceed, EDDC's Redundancy Policy and Procedure will cost significantly more than similar policies across Devon.

d) Policy and Budgetary Considerations

This policy change is being recommended in the light of our current financial position.

1 Main Body of the Report

1.1 The Redundancy Policy and Procedure sets out two types of arrangement for calculating redundancy pay and these are based on age and membership status of the Local Government Pension Scheme.

1.2 There is one calculation for individuals who are under 55 or over 55 but not in the Local Government Pension Scheme. This is detailed in Part A of the attached. There is another

payment calculation for those who are over 55 and part of the Local Government Pension Scheme. This is detailed in Part B of the document.

1.3 The revisions to this policy remove the multipliers of 2 and 3 which applied to Part A of the policy and replace it with a single multiplier of 2. This means that the weekly salary x age x length of service calculation used in redundancy payments (and based on the statutory table) for those under 55 will be reduced to a single multiplier of 2. Additionally, the policy reduces the maximum number of weeks of compension from 104 to 60.

1.4 The revisions to Part B of this policy remove the augmentation of 6 and two thirds added years which was previously applied to the pension benefits for those over 55.

Legal Implications

The council is legally required to formulate, publish and keep under review its redundancy policy. If it decides to change its policy, it must publish the amended policy a minimum of one month before implementing it.

A statutory instrument limits the maximum amount of redundancy payment that can be made to 104 weeks' pay. It is discretionary whether to make this level of payment, and in developing a policy framework for the amounts and circumstances in which payments are made.

The Council must, in formulating, publishing and reviewing their policy:

- (a) have regard to the extent to which the exercise of their discretionary powers, as set out in the policy, unless properly limited could lead to a serious loss of confidence in the public service; and
- (b) be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

The policy amendment seeks to reduce the cost of redundancy payments/added years in the light of changing economic circumstances, including the recession and increasing pressure on council budgets and individual council tax payers.

Financial Implications

The revised policy will result in lower redundancy costs to the Council and is prudent in the current financial climate.

Background Papers

- Redundancy Policy and Procedure

Karen Jenkins
Head of OD

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