

Voluntary Redundancy Scheme Process – 2019 Terms & Conditions

1 Introduction

- 1.1 This scheme is intended to enable the Council to make necessary savings while protecting services and minimising the need for compulsory redundancies.
- 1.2 Under this scheme, individuals will be able to apply for voluntary redundancy to leave employment by **29 February 2020**. Employees of pensionable age (age 55+) and contributing to the Local Government Pension Scheme (LGPS) will have their pension benefits released under the scheme. Employees in schools or those with less than 2 years continuous local government service are **not** eligible for the voluntary redundancy scheme.
- 1.3 All applications are subject to Panel approval, and acceptance for individuals under the scheme is not guaranteed.
- 1.4 The scheme is open for all Council employees (including HLT staff), except for those based in schools or with less than 2 years continuous local government service. **The scheme is open for employees to volunteer until 6 September 2019**. The Council may or may not choose to offer further schemes in the future.
- 1.5 Compulsory redundancy terms remain unchanged at this time, but may need to be changed at some point in the future to reflect the financial position that the Council is facing at that time. Future redundancy payments and other forms of exit payments are also subject to change by amending legislation from central government.

2 Application process

- 2.1 This scheme is open to all Council employees (including HLT staff), except for those based in schools. Employees with less than 2 years continuous local government service will not be able to apply.
- 2.2 Applications should be completed and returned by email to pensions@hackney.gov.uk or by post to Pensions, Financial Services, 4th Floor Hackney Service Centre, 1 Hillman Street, London E8 1DY to arrive **no later than 4pm on 6 September 2019 - no exceptions**. Applications via email will be automatically acknowledged, hard copy applicants will receive a letter of acknowledgement.
- 2.3 Employees selected for voluntary redundancy will have a last day of service with the Council by 29 February 2020 at the latest, unless specifically agreed otherwise. In applying under this scheme, employees are indicating their acceptance of the terms in this document.

- 2.4 Employees are strongly encouraged to discuss their application with their manager before applying.

3 Decision-making process

- 3.1 All applications will be considered for approval by a Directorate Panel or Management Panel, consisting of the relevant Group Director and representatives from Finance and HR, and the decision based on business case evidence provided by the relevant Director and Heads of Service. Panel meetings will take place over a 2 week period commencing on 18 November 2019. Decisions will take account of:-

- the impact of the deletion of a post on the operational viability of the service;
- the Council's needs to retain the types of knowledge and skills that are believed to be essential to meet future business aims;
- the need to retain a balance of employees with different skills;
- issues around skills shortages and staff retention problems;
- cost considerations (including costs of early retirement);
- value for money considerations and ability to withstand external scrutiny
- cross cutting directorate restructuring plans
- bumped redundancies and the impact of deleting the bumped post

- 3.2 If your service is already being restructured, individuals can still apply, but the last day of service may vary depending on the progress of any restructuring already in progress.

- 3.3 All applicants will be informed of the outcome, whether successful or not, the week commencing 16 December 2019. **There is no right of appeal against the decision not to grant voluntary redundancy.**

- 3.4 If the application is accepted:-

- the applicant will receive a formal offer in writing with details of the terms of the offer;
- the applicant will have until 4pm on the 6 January 2020 to confirm acceptance or reject the offer (no exceptions);
- once the offer is accepted a final day of service, no later than 29 February 2020, (unless specifically agreed by the Panels), will be agreed and formal notice will be issued.
- Outstanding pro-rata leave, TOIL or flexi should be taken prior to the last day of service

- 3.5 A diagram showing the process is set out below:

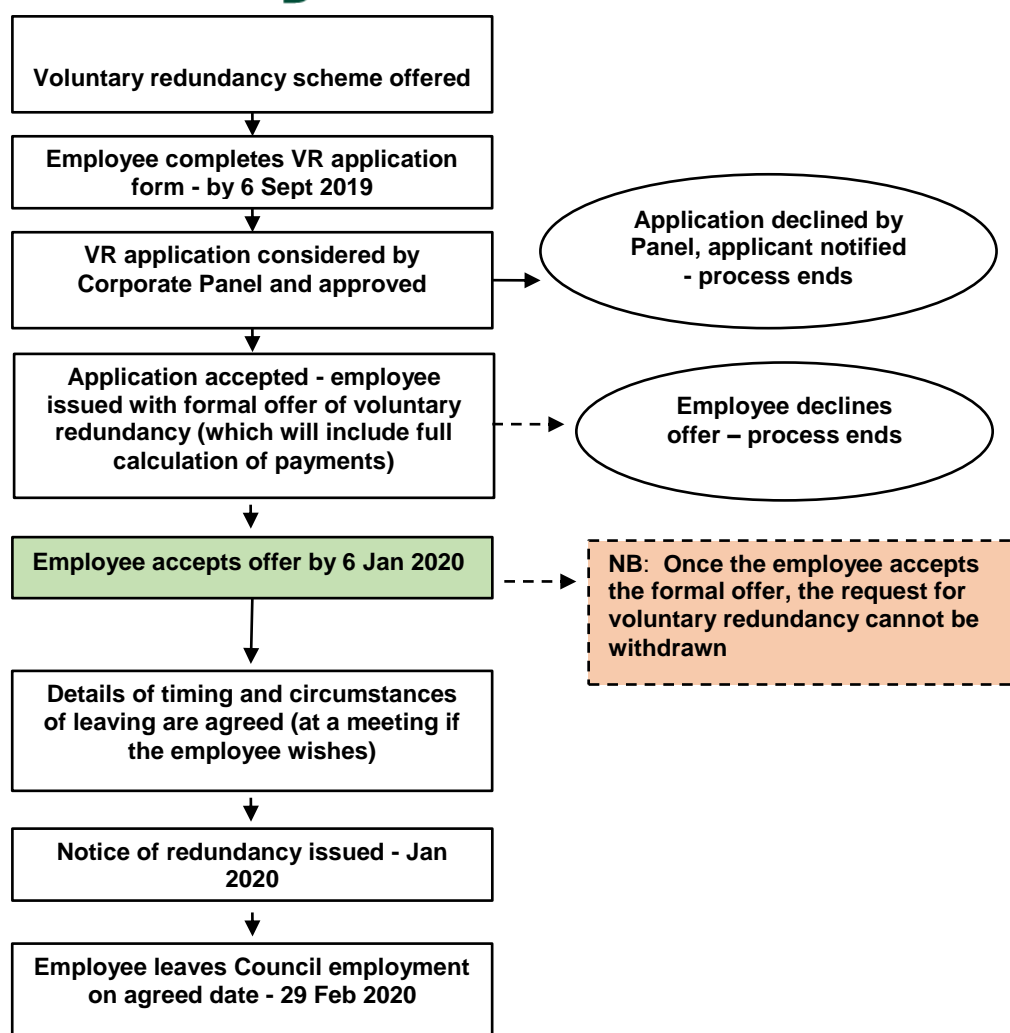


Diagram 1: The VR process

4 Calculation of payments for voluntary redundancy

4.1 Employees accepted for voluntary redundancy under this scheme will receive redundancy terms in line with the current compulsory terms based on continuous local government service and complete years of employment:-

- A redundancy (inclusive of severance) payment based on actual weekly pay, age and length of service up to a maximum of 51 weeks;
- Employees aged 55 and over and are contributing members of the Local Government Pension Scheme, will have their pension benefits released early as part of the redundancy process. The benefits are based on the pension built up to the date of leaving, (i.e. 29 February 2020 – unless a different leaving date is agreed by the Panel), not to normal pension age. Employees whose pension is released early under the scheme may be subject to an offset of the discretionary severance payment where the Council has to meet the cost of releasing the pension early; and
- A lump sum payment in lieu of notice to the value of 6 weeks' actual pay.

- 4.2 Indicative estimates for redundancy payments can be obtained using the ready reckoner on the intranet, with different estimators for employees under the age of 55 and for those employees aged 55 and over. A full **estimate** will be included in the formal offer made to employees whose application has been approved by the Corporate Panels.
- 4.3 Employees who are eligible for pension release are able to see an estimate of their pension benefits from their last annual benefit statement (ABS) showing pension benefits built up to 31 March 2018. This will only provide a guide to your benefits and a full estimate of your pension benefits will be included in any formal offer made to you should your application be approved by the Corporate Panels.
- 4.4 Please note, the government has said that it intends to introduce a cap, or limit, on the level of exit payments that an individual can receive as part of an exit package for all public sector employees and this will include those in local government. At this stage it is unclear when this will be introduced. The exit cap is expected to be in the order of £95,000 and will cover **all** forms of exit payments including redundancy, severance, pay-in-lieu of notice and any pension strain cost that your employer may have to pay to release your pension early. This could therefore impact on staff aged 55 and over, who have long service in the local government pension scheme if they are released on redundancy grounds and their pension automatically put into payment. We are unable to provide any more details at this stage, but further updates on the exit cap will be provided as and when they are released from central government.

5 Terms of the scheme

- 5.1 The decision to accept or decline an application for voluntary redundancy is made at the absolute discretion of the Council and is final. There is **no right of appeal** and **no grievances** against the decision of the Panel will be considered or accepted. There can be no formal challenge on the basis of the decision taken in respect of voluntary redundancy. All applications are made on this understanding.
- 5.2 Employees are entitled to withdraw their application at any time, up until they accept the Council's formal offer.
- 5.3 Employees thinking of participating in the VR Scheme will have the opportunity to attend a briefing session to hear the scheme explained in detail and to ask any questions.
- 5.4 If an employee is made redundant by the Council and then takes up a post with a Local Government Employer within 4 weeks and 1 day of their termination date, they will not be entitled to a redundancy payment because the previous service is carried forward to the new employment.
- 5.5 An employee leaving under this scheme will not be allowed to re-join the Council's service in any capacity, including engagement via employment agencies or as a consultant for at least 1 year, except in exceptional circumstances and with the express agreement of the Group Director, Finance & Corporate Resources.

- 5.6 Employees leaving on voluntary redundancy will be required to take outstanding pro-rata annual leave, TOIL or flexi before their termination date as you will not be compensated if it is not taken. Any monies owed to the Council will be deducted from the final salary payment.
- 5.7 Employees who volunteer for redundancy must make their own enquiries about the impact this would have on any insurance they might have – including mortgage insurance or income protection insurance – and/or unemployment benefit.
- 5.8 For further information on the voluntary redundancy programme, please see our Frequently Asked Questions and for further information on redundancy help and guidance, please see the Council's redundancy guide.