

AGENDA ITEM 6**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL****CABINET****16th DECEMBER 2014****REPORT OF THE DIRECTOR OF HUMAN RESOURCES****Author: Richard Evans, Human Resources Manager****REVIEW OF THE COUNCIL'S VOLUNTARY EARLY RETIREMENT AND VOLUNTARY REDUNDANCY SCHEME****1. PURPOSE OF THE REPORT**

The purpose of the paper is to seek Cabinet's view on whether to amend the Council's current Voluntary Early Retirement (VER) and Voluntary Redundancy (VR) Scheme in light of the current financial issues facing the Council.

2. RECOMMENDATIONS

It is recommended that Members:-

- 2.1 Determine whether to reduce the current Council VER/VR Scheme from 50 weeks to 30 weeks discretionary enhancement.
- 2.2 If so determined to authorise the Director of Human Resources to publish a statement of the amended Policy.
- 2.3 Note that the implementation of the Policy change cannot take effect until one month after the date of publication of the statement.

3. BACKGROUND

- 3.1 The ability to utilise VER/VR schemes is an integral part of any Change Management initiative such as restructures, downsizing exercises or service reviews. If there are resultant job losses then individuals can apply under specific criteria for each scheme and effectively 'volunteer' for redundancy. This helps to 'soften the blow' associated with redundancy and also avoids any legal challenge that a compulsory redundancy situation may bring.
- 3.2 The Council's VER/ VR schemes has been available since 1996 with a major review in 2007 as a result of changes in respect of age legislation and pension regulations. The whole basis of any VER/VR scheme is that there must be a redundancy situation and the post must be deleted from the departmental structure with resultant savings to the departmental budget.

- 3.3 With the continued austerity measures and service cuts programme having to be adopted, the Council agreed on the 27th November 2013, to reduce the Scheme introduced in 2007, moving from a discretionary maximum of 74 weeks to 50 weeks. This reduced costs associated with the Scheme by 32%.
- 3.4 Even though the Scheme was amended by Council in 2013, the Scheme as it currently stands, still represents an attractive scheme in comparison with other Welsh Authorities.

4 REVIEW OF SCHEME

- 4.1 In light of the ongoing budgetary gap being faced by the Council, all avenues for cost reduction are being explored and the VER/ VR Schemes cannot be excluded from consideration.
- 4.2 The maximum statutory redundancy entitlement is 30 weeks and this is factored into any discretionary scheme operated by local authorities. The current Scheme is based on a maximum of 80 weeks payment, with the discretionary element accounting for 50 weeks of the total payment.
- 4.3 If Members were of a view to amend the current scheme, then in terms of an impact savings wise, one option would be to reduce the discretionary element from 50 weeks to 30 weeks to give a maximum overall payment to an employee facing redundancy within the Council of 60 weeks pay. It is estimated that if this option was introduced, costs to the Council would be reduced by a further 40 %.
- 4.4 For comparison purposes details of schemes within other Welsh Authorities are attached for Members consideration at Appendix 1 which include for ease of reference the current Rhondda Cynon Taf scheme.

APPENDIX 1

DISCRETIONARY COMPENSATION COMPARISON				
AS AT 31/10/13		AS AT 29/10/14		
Category	Authorities	Category	Authorities	
Up to 75 Weeks (Pembroke)	1	Up to 75 Weeks (Pembroke)	1	Pembroke
Up to 74 Weeks (RCT)	1			
Up to 66 Weeks	2	Up to 66 Weeks	2	Cardiff Gwynedd
Up to 60 Weeks	4	Up to 60 Weeks	2	Newport Torfaen
Up to 52 Weeks	1			
		Up to 51 Weeks	1	Monmouth
		Up to 50 Weeks (RCT)	1	RCT
Up to 49.5 Weeks	1	Up to 49.5 Weeks	1	Vale of Glamorgan
Up to 45 Weeks	8	Up to 45 Weeks (Multiplier of 1.5 wks)	10	Anglesey Carmarthen Ceredigion Denbighshire Flintshire NPT Powys Swansea Conwy Wrexham
		Up to 45 Weeks (but 60 wks if no access to pension)	1	Blaenau Gwent
Up to 30 Weeks	1			
Statutory Only (Merthyr)	1	Statutory Only (Merthyr)	1	Merthyr
Others		Others		
Under 55 = 55 wks Over 55 = 36 wks	1	Under 55 = 55 wks Over 55 = 36 wks	1	Bridgend
Under 55 = 60 wks Over 55 = 30 wks	1	Under 55 = 60 wks Over 55 = 30 wks	1	Caerphilly
Total	22	Total	22	

