

REPORT TO SOUTH YORKSHIRE POLICE AND CRIME PANEL

1.	Meeting:	SOUTH YORKSHIRE POLICE AND CRIME PANEL
2.	Date:	19 OCTOBER 2015
3.	Title:	POLICE STAFF VOLUNTARY ENHANCED REDUNDANCY (VER) SCHEME
4.	Organisation:	POLICE & CRIME COMMISSIONER

Purpose of the Report

5. The purpose of this report is to explain the rationale behind the need for a Voluntary Enhanced Redundancy (VER) scheme and provide details of the redundancy rates, as requested at the Panel meeting on 11 September 2015.

Recommendation

6. It is recommended that the Panel note the contents of this report.

Background

7. South Yorkshire Police introduced a Voluntary Enhanced Redundancy (VER) Scheme in response to the changing economic climate, unprecedented budget cuts and the need to reshape the organisation in order to meet future funding settlements. The VER scheme has been used selectively to target those areas of the force where reductions in staff will need to be made.
8. Savings and/or additional income of up to £17m were required in order to balance the budget for 2015/16. It is forecast that a similar amount will be needed in 2016/17. With the majority of Force costs being employee costs, it is estimated that up to 300 staff posts will be lost over this period. Neither the Commissioner nor the force currently has a budget for redundancy costs. Therefore in order to make the redundancy costs self-financing (i.e. redundancy costs met from savings in salary costs) it was estimated that the majority of the staff posts to be lost needed to be removed by July 2015. This was only possible by using the VER scheme.
9. The overall approach to achieving post reductions has involved a combination of the following:
 - Effective Workforce planning & Vacancy Management & Deletion, including natural wastage
 - Redeployment and retraining of staff
 - VER & Compulsory redundancy
10. The efforts of the Force will be to maximise the redeployment and retraining opportunities to minimise exit costs. However the scale of the reductions necessary in 2015/16 has involved the use of VER in view of the need for staff posts to be lost by July 2015.

The Current Scheme

11. A voluntary enhanced redundancy scheme was developed in consultation with UNISON, Unite & GMB and had the approval of the Police Authority in October 2010. Since then South Yorkshire Police and the Police and Crime Commissioner (PCC) have agreed voluntary redundancy provisions with some minor alterations. The current provisions take into account advice from ACAS and existing redundancy schemes applied throughout local government in our area.
12. In line with statutory redundancy conditions, the Enhanced Voluntary Redundancy Scheme is only open to employees of the Chief Constable or Police and Crime Commissioner with 2 years' service or over (including those on Fixed Term contracts). The granting of any voluntary enhanced redundancy remains purely at the discretion of the organisation. Therefore, there is no right to severance or early retirement under this scheme.
13. The Chief Constable and Police and Crime Commissioner have power, in law, to enhance the statutory redundancy payments of any employee who has 2 or

more year's relevant service. Under this scheme, for a limited time, enhanced benefits are available over and above the statutory entitlements, as described in column (c):

Discretion (a)	Statutory Entitlement (b)	Enhanced Benefits (Discretionary Entitlement) (c)
Basis for calculation of a week's pay	Employees' actual salary to be used up to a current maximum of £475 per week.	Employee's actual weekly salary to be used in all cases, without reference to statutory maximum.
Number of week's service to be used in calculating redundancy payment.	Use of Statutory redundancy pay table	Number of weeks service enhanced by a factor of x 2 – subject to a maximum of 60 weeks' pay

14. Over the last two years the Force has released staff on VER: 25 in 2014 and 151 in 2015. This has cost a total of £3.4m at an average cost per individual post of £19,359. Had those same individuals been made compulsorily redundant, the overall cost would have been slightly less at £3.1m: an average cost per individual post of £17,813. However, additional costs would then have been incurred because of the length of time compulsory redundancies would have taken to implement: there needs to be consultation, the creation of a selection process and then a 12 week notice and redeployment process. Based on the 176 individuals made redundant, had these involves compulsory redundancy the additional time involved would have cost the Force a further £0.9m in salary costs: i.e. VER involved an overall saving of £0.6m compared to the costs of compulsory redundancy.
15. By adopting a VER scheme, it has allowed the Force to achieve the required reductions in staffing levels relatively quickly. Furthermore, there have been no legal challenges which almost inevitably arise with compulsory redundancies. It is frequently significantly cheaper to offer VER with a short leaving date than to incur the salary costs through the process of consultation, selection and redundancy notice period combined with the required payment for compulsory redundancy
16. In terms of Pensions strain costs - under the Local Government Pension Scheme (LGPS) if a person, age 55 years or over, is **made redundant either voluntarily or compulsorily**, they are automatically entitled to access their pension without the reduction that normally applies when a pension is accessed early. Dependent upon the individual's age, and length of service, the strain costs can be significant. Under a Voluntary Redundancy scheme, the level of strain costs is always a major consideration in making the final approval process. Thus VER can help the Force refuse applications on this basis, it is not the case for compulsory redundancy.

Key points

17. An enhanced scheme encourages more people to apply for voluntary redundancy. It allows the individual to leave the organisation quickly, through choice and maintains their dignity. This also has an impact upon the rest of the Force and can maintain levels of engagement with those staff that remain. It can also avoid the trauma and cost associated with going through unnecessary de-selection processes that would otherwise affect a large number of individuals.
18. Nationally there appears to be a greater willingness by Trade Unions to challenge enforced reductions in the overall workforce profile. This has the potential to put additional pressures on Force performance and reputation.
19. The scheme is discretionary with the decision to approve solely with the Force – there is no right of appeal.
20. The decision to approve VER is based upon a number of factors to ensure there is no loss of skills/experience and that business continuity and performance is not compromised. Factors include:
 - Overall Public Value for Money
 - Costs and benefits to South Yorkshire Police and the public it serves
 - Impact of deletion of the post.
 - Skills gaps, retention need and the cost of re-training / re-skilling.
 - Ability to redeploy into another role
 - Exceptionally – personal circumstances.
21. In order to gain maximum savings from staff leaving on VER the scheme is targeted earlier in the change implementation process. This negates the need to engage those staff who have made the decision to leave through VER in the implementation/consultation/selection for roles.
22. The process was developed in consultation with the Trade Unions and they have supported the use of a VER scheme to help manage the reduction in the Police Staff headcount. To date the scheme has operated successfully without any legal challenges.