Agenda item: 6

HAMPSHIRE COUNTY COUNCIL

Decision Report

Committee/Panel:	Employment in Hampshire County Council
Date:	10 November 2016
Title:	Enhanced Voluntary Redundancy (EVR2) update
Decision Reference:	7876
Report From:	Director of Corporate Resources

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1. Executive Summary

1.1 The purpose of this report is to seek an extension of the current enhanced voluntary redundancy offer (EVR2) until 31 March 2020.

2. EVR 2 to Date

2.1 As agreed at EHCC on 11 November 2015, a revised Voluntary Redundancy (EVR2) Policy was introduced in order to continue to facilitate the County Council’s need to further reduce its workforce through voluntary means and contribute towards achieving the significant financial savings targets that need to be met. It was agreed that the EVR2 policy would be reviewed no later than December 2016.

2.2 The previous paper referenced that there would be a need over the next 5 years to continue to reduce and transform the workforce through voluntary means. EVR2 provided the organisation with a mechanism to be more agile, flexible and to move at pace, as well as reducing the negative impact of compulsory redundancy and enabling managers to make informed decisions based on organisational needs, whilst taking account of the commercial environment in which the Council is operating. The decision on whether to deploy EVR2 is made through a business case process.

2.3 Since the EVR2 scheme was made available, following EHCCs agreement in November 2015, it is clear from the data that this is enabling the Council to facilitate voluntary exits.

Whilst the table below shows a relatively small reduction in the workforce, a headcount of 123 since the introduction of EVR2 (November 2015 to date), the key aspect to note is that without this facility being in place, the organisation would be in a position of making staff redundant through compulsory measures which would likely incur additional disruption and uncertainty for both staff and services.

Age Range	**Staff Accepted Head Count**	**EVR2**			**Voluntary on CR Terms**		
		Service in Years			**Service in Years**		
		< 10	**10 to 19**	**20 +**	**< 10**	**10 to 19**	**20 +**
20 - 29	3	3	0	0	0	0	0
30 - 39	30	25	3	0	1	1	0
40 - 49	40	34	5	1	0	0	0
50 - 59	33	20	6	1	0	5	1
60+	17	7	3	4	0	2	1
TOTAL	**123**	**89**	**17**	**6**	**1**	**8**	**2**

% of Leavers	**72%**	**14%**	**5%**	**1%**	**6%**	**2%**

(Note - 135 staff applied, which is 35% of those who were eligible, and 123 were accepted)

This data demonstrates the success of the EVR2 scheme as 72% of those leaving under voluntary arrangements have less than 10 years service and it is likely that they would not have applied for voluntary release if they were only eligible to receive terms equivalent to compulsory redundancy.

This success is further supported by comparison to the previous EVR scheme, where of those leaving in March 2015 (headcount of 612 in the approved business case) only 18% had less than 10 years service, as shown below:

Scheme	**Service in Years**		
	<10	**10 to 19**	**20 +**
EVR March 2015	17%	37%	46%

2.4 Costs

When EHCC agreed to the proposal for EVR2 it was anticipated that the payback period for the proposal (excluding pension strain for those aged 55+) would be in the region of 4 to 5 months. The average pay back period since the introduction of EVR2 (November 2015 to date) for those who have left under the scheme and been paid a lump sum based on 20 weeks salary is 4.4 months.

3 EVR2 Ongoing and Future Use

3.1 EVR2 continues to be a valuable and necessary tool to facilitate transformational activity, including restructures, changes to roles and ways of working in order to contribute to the delivery of the Transformation to 2019 (Tt2019) savings.

The use of a voluntary mechanism is advantageous in reducing the need for compulsory redundancies thereby minimising the risk of destabilising critical functions and avoiding the potential impact on the delivery of core services and outcomes for service users.

3.2 There are existing plans as part of Tt2017 to make further workforce reductions in the remainder of 2016 and 2017. In addition to this, plans are being developed across all departments for financial savings to be achieved as part of Tt2019 that will necessitate additional workforce reductions in subsequent years.

3.3 Looking ahead, analysis of those functions that will undergo significant transformation shows that there is a significant proportion of staff that are under the age of 55 with short continuity of service. It is this cohort of staff that the EVR2 scheme will be most attractive too. It is proposed that the current EVR2 offer continues to be made available in a targeted way. This will avoid putting staff at risk unnecessarily and will continue to be an effective means to reduce the workforce.

3.4 The government has proposed further reforms to public sector exit payments that are likely to affect the design of the EVR2 scheme.
These include:

- Setting the maximum for calculating exit payments at three weeks' pay per year of service.
- Capping the maximum number of months salary that can be used when calculating redundancy payments to 15 months.

Depending on the outcome of the government's consultation exercise the EVR2 scheme may need to be amended. Not withstanding this, the EVR2 scheme would continue to be an effective mechanism and an essential component of achieving efficiency savings, and subject to EHCC agreeing to the continued use of the EVR2 scheme, Officers will amend the scheme in line with legislative changes.

3.5 To enable the Council to facilitate exits through voluntary means at the earliest date and achieve early savings, it is recommended that we to continue to be able to access EVR2 for workforce reductions in HCC departments (excluding schools) where appropriate to do so. The deadline for agreeing redundancy terminations under the EVR2 scheme to be 31 March 2020, recognising that some exits may be after this date, however to be no later than 30 June 2021 unless in exceptional circumstances which would need approval by the Chief Executive, Director of Corporate Resources and Head of HR and Workforce Development. This would then allow time for Tt2019 programmes to run through to full delivery.

4 Re-employment Terms

4.1 Under HCC's Redundancy Policy, employees whose employment is terminated under the terms of redundancy can not be re-employed for a period of 12 months from the termination date unless under exceptional circumstances and with approval from the relevant Chief Officer, Director of Corporate Resources as Section 151 Officer and the Head of Human Resources and Workforce Development. In addition, if the ex-employee was previously employed at grade H and above and / or is seeking re-employment at grade H and above, Chief Executive approval is also required.

4.2 There may be situations and circumstances where the re-engagement of a person who has left on redundancy terms would be advantageous to the organisation. These situations are typically where a vacancy subsequently arises, over time and through natural turnover and where the ex-employee can demonstrate that they have the requisite skill set and or knowledge to fulfil that vacancy.

4.3 It is proposed that where the necessary approval is obtained to reemploy a member of staff who has been made redundant within the period of 12 months from the termination date that this is permitted on the basis that they repay all or an appropriate proportion (on a sliding scale) of the amount of their EVR2 redundancy payment that exceeds their statutory redundancy payment.

It is proposed that the repayment is tapered, mirroring the provision in the draft public sector exit payments recovery regulations. The amount to be repaid is based 1/365 of the total net exit payment, multiplied by the number of days before 12 months has elapsed since leaving.

4.4 It is recommended that these repayment arrangements should apply in all cases, including those where the exit is from HCC departments and the re-employment is within an HCC school (and vice versa). If this change is agreed then the policy, how to guides, process and practice will be updated and communicated accordingly.

5 Recommendations

5.1 EHCC are asked to:

a) Approve the continued operational deployment of the EVR2 scheme. As referenced above, officers will incorporate any legislative changes into the EVR2 scheme.
b) Agree the addition of a re-payment facility should the Council agree to re-engagement following redundancy.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

These government proposals do not link to the Corporate Strategy but potentially impact the County Council's workforce strategy.

Other Significant Links

Links to previous Member decisions:

Title	Reference	Date
Enhanced Voluntary Redundancy 2 (EVR 2) – new proposal	6987	11 November 2015
Update on proposed Government policy changes	6988	11 November 2015
Update on Government proposed policy changes	7325	9 March 2016
Update on National Pay Award (NPA) and Government proposed policy changes	7643	6 July 2016

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document	Location
None.	

IMPACT ASSESSMENTS

1. Equality

1.1 The County Council has a duty under Section 149 of the Equality Act 2010 (‘the Act’) to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;

b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;

c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionally low.

1.2 Equalities Impact Assessment:

It is too early to determine whether there is any equalities impact, as the government have not published the full details of these proposed policy changes.

2. Impact on Crime and Disorder:

2.1 Not applicable.

3. Climate Change:

(a) How does what is being proposed impact on our carbon footprint / energy consumption?

Not applicable.

(b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

Not applicable.