

**AGENDA ITEM:**

<b>REPORT TO:</b>	<b>MERSEYSIDE FIRE &amp; RESCUE AUTHORITY BUDGET MEETING</b>
<b>DATE:</b>	<b>17<sup>TH</sup> FEBRUARY 2011</b>
<b>REPORT NO.</b>	<b>CFO/019/11</b>
<b>REPORTING OFFICER:</b>	<b>DEPUTY CHIEF EXECUTIVE &amp; DEPUTY CHIEF FIRE OFFICER</b>
<b>CONTACT OFFICER:</b>	<b>NICK MERNOCK, DIRECTOR OF PEOPLE AND ORGANISATIONAL DEVELOPMENT, EXTN. 4320</b>
<b>OFFICERS CONSULTED:</b>	<b>JANET HENSHAW, DIRECTOR OF LAW, EXTN. 4301</b>
<b>SUBJECT:</b>	<b>VOLUNTARY SEVERANCE</b>

**THERE ARE NO APPENDICES TO THIS REPORT**

Purpose of Report

1. For Members to agree to seek expressions of interest from Green and Red Book employees as well as MACC Employees for voluntary redundancy and/or early retirement.

Recommendation

2. That Members:
  - (a) note and endorse the proposed time limited voluntary severance package; and
  - (b) endorse the previously agreed process of the Chief Executive & Chief Fire Officer reporting the outcome of this invitation, including full financial implications back to the Authority.

Introduction & Background

3. The report explains the procedure that will be followed, how the Authority will address employee and representative body consultation, and seeks delegated authority for the Chief Executive & Chief Fire Officer to process applications through to an acceptable outcome and report the savings attained to the Authority.

- 3.1. As part of the organisational exploration of financial economies following the announcement of the Government's Comprehensive Spending Review, inevitably, focus must be placed on the staffing budget lines. Members will be aware that the Authority has a stated position of wishing to avoid compulsory redundancies were at all possible.
- 3.2. As a consequence the Chief Executive & Chief Fire Officer intends to seek expressions of interest from Green and Red Book staff and MACC employees to ascertain whether any of those employees wish to be considered for voluntary severance from the Authority.
- 3.3. This approach will allow employees to leave the organisation of their own choosing with a generous severance package, whilst allowing the Authority the opportunity to delete the post, where required realign the working practices within the relevant departments, and ultimately provide a saving to the Service.
- 3.4 Procedure

Following receipt of an expression of interest by the employee, it will be made clear that this is purely an expression of interest at the initial stage and represents no commitment on either side until a full exploration of the financial implications has taken place and it has been established that a clear financial saving could be achieved.
- 3.5 This also reassures the employees that if they only want to make an enquiry at the initial stage they can do this without any commitment to continuing with their application.
- 3.6 Only when the Authority is content that the business efficiencies have been established, and the employee has confirmed in writing their acceptance of the proposed severance package will the application be concluded and the due notice given to the employee.
- 3.7 The appropriate representative bodies have been informed of the intention to follow this course of action.

#### Equality & Diversity Implications

4. The Authority at their meeting on 16<sup>th</sup> December 2010 ratified consultation on the Authority Redundancy and Redeployment Policy and supporting Service Instructions, both of which had full Equality Impact Assessments completed prior to consultation.

## Financial Implications & Value for Money

5. The Authority voluntary severance approach directs that each case is considered on its own merits in relation to the financial packages available to each applicant to deal with redundancy and early retirement. Therefore the scope of remuneration packages are not usually contained within any document seeking expressions of interest from employees. However due to the level of cuts imposed on this Authority by the Government's Comprehensive Spending Review, it is proposed that to obtain the maximum number of expressions of interest at this time, and reduce the risk of compulsory redundancies at a later stage, a time limited guaranteed remuneration package is offered to employees. This does not mean that any future voluntary or compulsory redundancy packages will be at this proposed level of remuneration.

### Voluntary Severance Only

- 5.1 It is proposed to pay those employees opting to take Voluntary Redundancy only, the weekly maximum of the statutory redundancy rate of £400 and for those employees whose weekly salary is more than £400 they will receive their actual weekly payment,

For the time limited period until 31<sup>st</sup> March 2011 this figure will be enhanced by a factor of 2. Consequently an employee who is Statutorily entitled to 15 weeks remuneration (on the basis of age and the number of years they have worked in local government) could be offered 30 weeks pay as a severance package subject to ratification that the savings targets is met.

### Voluntary Severance and Early Retirement

- 5.2 For those employees who are over age 55 and seek redundancy and early retirement as well, the costs to the Authority of the early release of the pension will be calculated first and consequently the redundancy payment may not be enhanced to the same level to enable the total package costs to be contained within the financial affordability of each case. The early release of a pension may incur financial penalties within an employee's pension entitlement, the costs of which will need to be met from the individual employees' settlement figure; consequently the package will be fully explained to those employees who apply prior to reaching any agreement.

### 5.3 Trade Union Consultation

Consultation has already opened with all the representative bodies in relation to the Redundancy and Redeployment Policy and Service Instruction and is set to be concluded on 11<sup>th</sup> February 2011.

- 5.4 Further discussions will be held with the representative bodies following receipt of expressions of interest, and identification of acceptable cases in relation to the deletion of posts, and to explore all options to realign the work undertaken by each of the employees leaving the Service.
- 5.5 There will be access to advice and support from the People and Organisational Development department.
- 5.6 The full financial implications of this exercise will only be known when interest in the severance package is known.
- 5.7 A report will be brought back to the Authority clearly identifying the posts deleted, and the financial savings to the Authority. The Authority budget report elsewhere on the agenda recommends maintaining a Severance reserve of £3m to manage such costs.

#### Health & Safety and Environmental Implications

6. None arising from this report.

#### Contribution to Achieving Our Purpose:

“To Make Merseyside a Safer, Stronger, Healthier Community”

7. The Service faces some extreme financial challenges that will involve a reduction in employee numbers. The Authority wishes where ever possible to avoid compulsory redundancies, and this severance package offers a generous package to allow employees to leave the Service voluntarily with an agreed financial settlement.