

## Redundancy and Early Retirement Procedure

1 The consideration of a redundancy or early retirement case, except cases submitted on the grounds of compassion, must be business driven and done, for example:

- on the basis of service improvement, or
- where a service is being given up, or
- the place where the work is carried out is being relocated, or
- to achieve target savings.

The driver must be the business need and not the employee. It is necessary to focus on the job not the individual.

2 Particular care needs to be taken where an employee who it is proposed be made redundant is at the same time being criticised for capability or conduct. Furthermore, managers need to be aware that an employee who is dismissed for a reason other than redundancy does not then become redundant merely because subsequently it is decided not to replace him/her.

3 The manager must consider the possibility of redeployment as the first alternative to redundancy or early retirement. If suitable alternative employment is identified and offered to the employee, and unreasonably refused by the employee, then the employee will not be entitled to a redundancy payment and/or early payment of pension benefits.

4 It is essential that when first speaking to the employee and union representative, that it is made clear that no final decision has been taken. To present the employee with a decision that he/she "will" rather than "may" be redundant will probably mean a successful unfair dismissal claim or an additional payout to the employee which may then be challenged by the District Auditor.

5 All redundancies must be able to stand the legal test of meeting the definition of a redundancy. If there is any doubt as to whether a redundancy situation occurs, or particular problems are foreseen, then the case must be referred to the council's Employment Lawyer for advice. In particular managers need to be aware that a reorganisation or a relocation of work does not automatically mean that there is a redundancy situation with redundancy pay payable.

- 6 All redundancies and payments made to employees must be able to stand possible scrutiny by the District Auditor and an Employment Tribunal. This means that it is important to have a “paper trail” to prove that all the right steps have been taken.
- 7 Estimates of redundancy payments and early retirement benefits must only be provided where the manager has made the request via the relevant HR Adviser.
- 8 All early retirement pension estimates must be sent to HR, so that a full assessment of the total cost of the decision can be made, before talking to the employee.
- 9 The manager must discuss the financial implications of the proposal with their relevant Accountant.
- 10 If the manager wishes to pursue the application then they must discuss the estimated benefits, procedure for approval and any other relevant information, including the possibility of redeployment, with the employee. It is particularly important not to raise the employee's expectations during any discussions with them and to be very clear that no commitment or guarantee can be given.
- 11 It must be made clear at all times when discussing with the employee, and any other parties, that the proposal must be placed before decision-makers. There must be no indication, either in writing or verbally, that a deal has been done prior to the formal consideration of the proposal.
- 12 If the manager decides to seek approval for the redundancy or early retirement then further consultation must take place with the employee and any other staff that may be affected by the decision.
- 13 If the proposal includes a reduction in the establishment then the manager must detail what will happen to the work of the postholder (i.e. will the work no longer be undertaken or will the work fall on others) and if there are any additional costs. This information will be included in the standardised report mentioned below.
- 14 A report in a standardised format must be prepared for decision-makers to consider the proposal. The report must be signed by the Head of Delivery Unit, Head of Resource Unit or School, (to confirm the business need), the Head of Human Resources & Development (to confirm the application of policy), the Head of Legal & Democratic Services (to confirm the legal implications have been addressed) and the Director of Finance (to confirm the effective use of financial

resources) indicating their decision. All four must agree in order for the proposal to proceed. Where the decision is in relation to a director then the Chief Executive will replace the Head of Delivery Unit or Resource Unit in the decision-making process. Where the decision is in relation to the Chief Executive then the Governance Committee will consider a report prepared by the Monitoring Officer.

- 15 It is recommended that a proposal should aim to achieve a target level of annualised savings of 33.3% under the Audit Commission guidelines for assessing business cases. The budget holder may borrow the cost (comprising the early payment of pension benefits, the redundancy payment and any discretionary compensation) from a central fund and repay this sum over a five-year period.
- 16 Cases submitted on the grounds of compassion will continue to be funded across the council rather than be recharged to the budget holder. Decision-makers will have regard to the financial implications of the proposal as well as the compassionate nature of the request and whether this may set any precedent.
- 17 The manager must always bear in mind that redundancy is only a termination for a particular reason and that if not dealt with correctly can place the council in as much difficulty as any other dismissal, which is not properly handled.