

**Joint Report of the Chief Constable and the Chief Executive to the
Chair and Members of the Policy and Resources Panel
23rd November 2011**

Executive & Presenting Officer: Mrs Jacqui Cheer, Temporary Chief Constable

Status: For approval

Early Retirement/Redundancy Payment Policy – Police Staff

1. Purpose

- 1.1 To seek Members approval of a revised Early Retirement/Redundancy Payment Policy for Police Staff.

2. Recommendations

- 2.1 That Members consider the data contained within the report to support the implementation of a revised Early Retirement/Redundancy Payment Policy for Police Staff within both the Police Authority and Cleveland Police. This would apply to redundancy payments which arise as a result of either compulsory, voluntary or end of a fix term contracts.
- 2.2 That the current Early Retirement/Redundancy Payment Policy provision for an enhanced discretionary payment up to 104 weeks in exceptional circumstances is reduced, and falls in line with the maximum weeks paid based on the redundancy calculator chosen.
- 2.3 That Members support the inclusion of new governance arrangements within the existing Early Retirement/Redundancy policy.
- 2.4 That Members approve adopting Option 5 – 1.25 multiplier at actual weekly pay up to 37.5 weeks. (Appendix 3 refers).
- 2.5 That Members also approve a suggested commencement date of 1st December 2011.

3. Reasons

- 3.1 A revised redundancy payment policy was agreed by the Police Authority Executive at its meeting on 23rd February 2007. This policy applied to Police Authority staff and Cleveland Police staff, who are eligible to be a member of the Local Government Pension Scheme (LGPS), whether or not they are a member.
- 3.2 The policy was revised at that time following receipt of regulations which provided a degree of flexibility to employers when trying to manage termination of employee contracts by reason of redundancy and/or in the interests of the efficiency of the service.
- 3.3 The current policy is based around an enhancement to the statutory redundancy calculator of a multiplier of 2.2, based on actual week's salary as well as the provision for an enhanced discretionary payment up to 104 weeks in exceptional circumstances.
- 3.4 In formulating a policy the LGPS regulations state that the Authority must:
- Have regard to the extent to which the exercise of their discretionary powers (in accordance with the policy) unless properly limited, could lead to a serious loss of confidence in the public service; and
 - Be satisfied that the policy is workable, affordable, and reasonable having regard to the foreseeable costs.
- 3.5 Redundancy Payments
Following formal approval by the Policy & Resources Panel in September 2011 to commence formal consultation with Unison, the Force, as part of its consultation exercise, carried out a benchmarking exercise to ascertain what redundancy payments local authority employers and local police forces were currently undertaking. A breakdown of the redundancy payments as disclosed as part of the benchmarking exercise to the Force by local partners is attached as Appendix 1. This data was disclosed to Unison.
- 3.6 From the benchmarking data contained within Appendix 1 the majority of local government authorities have revised their redundancy payments calculator over the last 12 months. These calculators accommodate a multiplier variance from 1.25 to 2.2 times greater than the statutory redundancy calculator. Compulsory redundancies are paid in line with the statutory calculator.
- 3.7 The benchmarking data collected from the local police forces contained within Appendix 1 shows the variance of payments on the redundancy payments calculator to be within the region of a multiplier of one to 2.45 times greater than the statutory redundancy calculator. Compulsory redundancies are paid in line with the statutory calculator. The findings raised in points 3.6 and 3.7 exclude the current position in Cleveland.

- 3.8 Based upon the benchmarking data contained within Appendix 1, the Force commenced its consultation with Unison and asked for their opinion on amending the current redundancy multiplier of 2.2. Unison advised that they would not support the current Force multiplier of 2.2 being amended. Their rationale for this determination was as follows:
- Unlike local government authorities Cleveland Police is not in the same financial predicament due to its work around Project I and other workforce modernisation initiatives, therefore why change the calculator?;
 - The redundancy payments made by the Force since 2010 as a result of the end of fixed term posts linked to government funding were a small figure by comparison to other local public sector organisations over the same period;
 - Announcing a change to the redundancy calculator in the current climate would be damaging to staff morale, given other potential changes outside of the Authority's control e.g. The Winsor Review.
- 3.9 Where Unison would be prepared to negotiate with the Authority would be a limit upon the level of remuneration awarded as an enhanced discretionary payment up to 104 weeks in exceptional circumstances. They have indicated that they would be in support of removing the discretionary payment but do not support a change to the overall calculator. See Appendix 4 for a more detailed response to the consultation from Unison.
- 3.10 Provision of Payments in Exceptional Circumstances
The current LGPS Regulations allow an employing body the opportunity to enhance payments when trying to manage termination of employee contracts by reason of redundancy and/or in the interests of the efficiency of the service (early retirement) by up to 104 weeks actual pay.
- 3.11 Based upon the benchmarking data provided in Appendix 1 it appears that the majority of local government authorities and police forces have restricted their use of the discretionary payments policy in exceptional circumstances and limited any discretionary payments in line with the top level of their redundancy payments calculator.
- 3.12 In the light of the current financial and economic constraints upon Local Authorities and other public sector bodies across the UK, the Force commenced consultation with Unison, gauging their opinion on the use of discretionary payments in exceptional circumstances.
- 3.13 As mentioned in section 3.9 Unison would support the Authority in restricting the level of remuneration paid to individual(s) where a discretionary payment would be paid out in exceptional circumstances.
- 3.14 Governance Arrangements
In respect of any future decisions relating to Exceptional Payments being approved the following governance arrangements must be followed:

- Police Staff
Any redundancies which can be met within the existing budget are to be approved by the Chief Constable following advice from the Head of People and Diversity and the Head of Finance. Where the cost can not be met within the existing budget approval must also be gained from the Police Authority.
- All cases where an exceptional payment is made must be supported by a business case setting out the rationale for the additional expenditure. This will be signed off by both the Chief Constable and the Head of People & Diversity before being passed to the Police Authority for sign off by the Chief Executive/Monitoring Officer and the Treasurer.
- Police Authority Staff
Any redundancies which can be met within the existing budget are to be approved the Chief Executive/Monitoring Officer following consultation with the Treasurer and the Chair of the Police Authority supported by advice from HR. Where the cost can not be met within the existing budget approval must also be gained from the Leadership Panel.
- All cases where an exceptional payment is made must be supported by a business case setting out the rationale for the additional expenditure. This will be signed off by Chief Executive/Monitoring Officer and the Treasurer before gaining approval from the Leadership Panel.

3.15 Options for consideration on the redundancy multiplier

Based on the information obtained for the other local authorities and Police Forces within the region it is proposed that consideration is given to the following options:

Option 1	do nothing and retain the 2.2 weeks multiplier at actual weekly salary with discretionary pay up to 104 weeks
Option 2	retain the 2.2 weeks multiplier at actual weekly salary with a cap at 66 weeks which is Unison's suggestion
Option 3	Statutory multiplier of 1 week at statutory weekly pay maximum of £400 up to 20 weeks
Option 4	Statutory multiplier of 1 week at actual weekly pay up to 20 weeks
Option 5	1.25 multiplier at actual weekly pay up to 37.5 weeks
Option 6	1.5 multiplier at actual weekly pay up to 45 weeks

3.16 All of the above options with the exception of option 2 are demonstrated in Appendix 2, if they had been applied to the redundancy costs incurred during 2011.

4. Implications

4.1 Financial

The information provided within Appendix 2 provides a number of cost based scenarios based upon variations to the current 2.2 multiplier costs for consideration. During 2011 to date, 7 individuals have received a redundancy payment within the Force as a result of their fixed term contracts (5) / government funding (2) supporting their posts coming to an end. The cost associated with making these individuals redundant is also included within Appendix 2.

4.2 Diversity and Equal Opportunities

There are no significant diversity and equal opportunities issues arising from this report.

4.3 Human Rights Act

There are no significant Human Rights Act issues arising from this report.

4.4 Sustainability

Any financial savings which support the Force Long Term Financial Plans should be considered.

4.5 Risk

There is a risk to the Force's reputation if Cleveland Police does not revisit its Early Retirement / Redundancy Payments Policy for Police Staff in the current economic and financial climate. Failure to undertake such a revision could lead to a loss of confidence in the public service for not ensuring value for money is considered and delivered when reviewing policy and procedures.

5. Conclusions

5.1 The current Early Retirement / Redundancy Payment Policy should be revised in line with the recommendations of this report and aligned with other Police Authority and Local Government employers, within the context of the current economic climate that we are now operating in.

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