

AGENDA ITEM 1

CENTRAL SCOTLAND JOINT POLICE BOARD

Subject: COMPREHENSIVE SPENDING REVIEW 2010 (SR2010) – REDUNDANCY POLICY
Meeting: CENTRAL SCOTLAND JOINT POLICE BOARD
Date: 22 OCTOBER 2010
Author: REPORT BY CHIEF CONSTABLE

1 INTRODUCTION

- 1.1 The purpose of this report is to present to Joint Police Board members proposals for handling police staff redundancies, whether voluntary or compulsory, which unavoidably result from the forthcoming budget reductions faced by the joint Police Board and the Force. Additionally, the paper recommends that, in the interests of efficient management – and to ensure decisions can be made and implemented within the very limited timeframe available to reduce Force expenditure by the end of the current financial year – authority to approve and administer any redundancies is delegated to the Chief Constable.

2 BACKGROUND

- 2.1 Central Scotland Joint Police board is the legal employer of all police staff within Central Scotland Police. Many of the routine employment responsibilities held by the Board have been delegated to the Chief Constable (appointment, promotion, grading, discipline, etc.) for the purpose of efficient management and operation of the Force. However, the authority to dismiss staff remains with the Board. The authority to dismiss includes the authority to determine and enact redundancies. Therefore, where it becomes necessary and unavoidable, reductions in the police staff workforce may only be determined by the Board.
- 2.2 Since its inception in 1996, Central Scotland Joint Police Board has never had cause to make any member of police staff redundant. Consequently, and given historic Trade Union reticence to discuss redundancy issues at times when no redundancies are contemplated, the Board has never developed or introduced a policy to handle redundancy situations: nor has the Board ever needed to put in place the structures and resources necessary to effect redundancies. This is a common position across Scottish Police Authorities; each of which now faces a position of having to effect considerable change to staffing levels and structures in order to meet future budget restrictions.
- 2.3 Having considered the Strategic Spending Review position paper at the meeting in August, the Board tasked the Chief Constable to develop a

redundancy policy for board approval, in consultation with the recognised Force Trade Union.

- 2.4 Work has continued in Force since the last Board meeting to identify savings of the level outlined in the Scottish Government's stated planning assumption. Projections of the required scale of reductions in police staffing remain as previously reported, with the Force's senior managers developing proposals around the loss of up to 80 police staff posts in addition to £1 million of non-staff savings and the reduction of the police officer establishment of up to 48 posts. Based on the scenario planning paper previously presented to the Board, the police staff pay budget would have to reduce by £2 million (in addition to officer and non-staff savings of a further £2.2 million) to accommodate an overall budget cut of 9%.
- 2.5 No budgetary provision has been made in the current financial year for the costs of reducing the workforce. Previous public sector staff reduction exercises provide some indication of likely costs, which can only be accurately assessed once specific reduction options are identified. From discussions with partners in the public sector, the cost of staffing reduction in the first year can be in the region of half of the total salary savings made, which based on Scottish Government planning assumptions could equate to £1 million. A significant part of this cost is directly attributable to the enhancement of pension entitlement.
- 2.6 An invitation to staff to consider an offer of voluntary redundancy or early retirement has seen a positive response. However, the numbers who have expressed an interest in the offer are insufficient to meet the extent of projected budget reductions, making limited compulsory redundancies almost inevitable if the Board is to reduce expenditure by even the lowest percentage indicated by the Scottish Government.
- 2.7 In future financial years, significant savings may be accrued through collaborative working, service restructuring and national negotiations on pay, terms and conditions of police officers and police staff. However, the work being undertaken nationally on these areas will not provide substantial savings in the current financial year. Whilst some public sector bodies have chosen to withdraw from national pay and conditions negotiating bodies and impose their own local terms for employees, Central Scotland Police remains committed to national collective bargaining arrangements for both officers and staff.

3 DEVELOPMENT

- 3.1 The Policy has been modelled on the Unison 'model policy' for redundancy and meets all of the relevant specified requirements of the Trade Union.

- 3.2 Both local and national Unison officers have been fully consulted on the content of the policy and agreement has been reached on the content of the policy, following the incorporation of a number of amendments suggested by the Trade Union, which include the addition of an appeal process following redundancy scoring and amendment of the redundancy selection criteria.
- 3.3 Additionally, the policy has been drafted taking full cognisance of best practice issues defined by ACAS and complies with current employment legislation.

4 DETAIL

- 4.1 Whilst the policy has been drafted specifically to meet the nature and organisation of Central Scotland Police, it mirrors in all material elements the policies developed by other Scottish Police Authorities and the majority of public sector employers in Scotland.
- 4.2 The main elements of difference between the proposed policy and some public sector redundancy policies lies in the scale of payments applicable to those who volunteer for redundancy or early retirement.
- 4.3 Traditionally, local authority redundancy schemes include, for those eligible for immediate payment of pension benefits, the addition of 'added years' to pension benefits. Where such enhanced pension benefits are granted, the employer must make a significant lump sum payment to the local government pension scheme. Having assessed the likely scale of redundancy required in order to meet the Scottish Government's planning assumption of a 9% reduction in funding in 2011/12 and the limited level of reserves available to the Board to fund workforce reductions, providing the benefit of 'added years' to redundant or retiring employees would be unaffordable given current levels of Board reserves and revenue funding. This means that in order to fund enhanced pensions for redundant or retiring staff, the Force would have to make provision within its existing and future budgets for pension capital payments, which could only be achieved by making even greater reductions in the workforce than are currently anticipated. Consequently, the policy does not provide for any enhancement of pension for redundant or retiring staff.
- 4.4 As redundancy and pension payments vary considerably depending on age, length of service and pay, it is not possible to accurately determine individual or total 'severance' costs until actual posts are identified for redundancy. The Force has not yet reached this stage, but will have to do so in the coming weeks to ensure all legal requirements are met in respect of collective and individual consultation and provision of contractual notice to affected staff. Based on a representative sample of existing police staff, the Director of Finance is of the view that whilst redundancy payments could be accommodated this year within current reserves and revenue funding, enhancements to pensions could not.

Consultation with the Pensions Manager at Falkirk Council on the costs of enhancing pension entitlements has confirmed that the application of even 'average' pension enhancements for redundant staff would be unaffordable given the current level of available reserves. Due to the size of the lump sum payment which is required to be paid by the employer to the Local Government Pension Scheme for extra pension entitlement, the cost of enhancing police staff pensions often leads to a situation where no saving is actually made from the redundancy for a period of some years.

- 4.5 Historically, public sector redundancy schemes have included payments which are greater than those required by legislation. As with enhanced pensions, the more that is disbursed in enhanced redundancy terms, the greater the burden on Board reserves.
- 4.6 However, it is widely accepted across the public sector that that statutory redundancy terms are not generous and the statutory cap on a weeks pay (currently £380) which is used to calculate redundancy payments disadvantages the vast majority of public sector workers. Accordingly, and in common with almost all other public sector employers, it is recommended that any compulsory redundancy payments payable by the force are calculated on the basis of a worker's actual weekly pay, rather than the statutory maximum. Whilst such a measure would increase severance costs, it would be seen as being fair, consistent with other public sector employers and is significantly more affordable than providing a pension enhancement to a limited group of older employees.
- 4.7 The policy details the measures the Board will put in place to ensure that the aim of minimising compulsory redundancies is pursued to its fullest extent. Additionally, the policy sets out the legal obligations to consult on any redundancies; how redundant posts will be identified and employees selected; the appeal mechanisms available to affected staff; the compensation payable to those leaving the Force and the support measures which will be put in place to help employees facing redundancy.

5 RECOMMENDATIONS

5.1 It is recommended that the Board agrees to:

- (i) Approve the Draft Redundancy Policy for use in managing the workforce implications of the forthcoming budget reductions and any future redundancy situations which may arise.
- (ii) Approve the enhancement of redundancy payments by using employees' actual weekly pay.
- (iii) Delegate to the Chief Constable the authority to apply the policy where appropriate and to amend the policy to reflect this delegated authority.
- (iv) Amend the Board's Scheme of Delegation to reflect the additional delegated authority to the Chief Constable; and
- (v) Request that the Chief Constable report on the use of such delegated authority as part of the Joint Board's governance and scrutiny arrangements.

Deputy Chief Constable

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Background Papers

Nil