

**DCLG  
VOLUNTARY EXIT SCHEME  
JANUARY 2011**

**Ref: VES DCLG1**

## 1. INTRODUCTION AND ORGANISATIONAL CONTEXT

- 1.1. Following the Approved Early Retirement/Ex-Gratia scheme late last year, DCLG is now able to offer staff the opportunity to apply for a voluntary departure under the new Civil Service Compensation Scheme terms.
- 1.2. Our Department is changing to become smaller and stronger. Our role will alter significantly. We will be doing more enabling and less intervening. We will stop doing some things and we will prioritise others. We will need to play a more strategic role, punching our weight among partners in Whitehall. This voluntary exit scheme supports the on-going restructuring of DCLG and is part of a package of measures to help avoid or minimise the need for compulsory redundancies.
- 1.3. DCLG is offering two schemes: a Voluntary Redundancy Scheme for SCS staff and a Voluntary Exit Scheme for non-SCS grades. **It is not necessary for SCS staff to complete an application form for Voluntary Redundancy at this stage; requests will be managed through the Deputy Director selection exercise launched on 19 January 2011** (see the intranet for more details).
- 1.4. A brief explanation of the difference between Voluntary Redundancy and Voluntary Exit can be found below:
  - 1.4.1. A Voluntary **Redundancy** scheme for SCS staff – reference number **VRS DCLG1 (SCS)**. Voluntary Redundancy (VR) terms apply for SCS staff because DCLG has begun formal consultation with the FDA about possible redundancies. There is no compulsion on staff to apply for Voluntary Redundancy at this stage but they must be aware they could be made compulsorily redundant at a later stage of the same scheme. If an employee applies for VR but does not initially meet the criteria for release, they cannot be subject to compulsory redundancy terms at a later stage of that redundancy exercise. Staff in this position will be entitled to the voluntary redundancy terms where these are more favourable for them. Please see the “Voluntary Redundancy – guidance for staff” document for full details of VR terms.
  - 1.4.2. A Voluntary **Exit** scheme for staff at AA to Grade 6 – reference number **VES DCLG1**. Voluntary Exit (VE) terms can be offered prior to the voluntary redundancy stage (which may or may not be reached). Departments have greater discretion to vary the terms on offer at VE (either up or down) subject to certain limits. There will be further opportunities for voluntary departures – either on voluntary exit or voluntary redundancy terms, though it should be noted DCLG cannot rule out the possibility of eventually reaching the compulsory redundancy stage. Please

see the “Voluntary Exit – guidance for staff” document for full details of VE terms.

- 1.4.3. For completeness, the guidance for staff on Compulsory Redundancy is also being made available.

## 2. TERMS

2.1. The terms for both the VE (below SCS) and VR (SCS) schemes are identical for most staff (apart from those with reserved rights. See Q&A). They are:

- Compensation will accrue at the “standard tariff” of one month’s pay for every year of service up to a maximum of:
  - 21 months for those under scheme pension age (subject to “tapering”)
  - 6 months for those over scheme pension age.
- The two year qualifying period for compensation will be waived (staff with less than two years service will be eligible for a compensation payment under this scheme).
- DCLG will “top-up” the cost of accessing an unreduced pension for those over minimum pension age (based on current continuous service) where eligible staff wish to exercise this option in exchange for sacrificing (some or all) of their compensation payment.
- The protection for the lower paid will be applied.
- The three month notice period will generally be worked.

2.2. In considering whether to apply for these terms staff will need to take into account a number of factors and make a judgement about which set of terms may be the most advantageous. This largely depends on personal circumstances, your age and length of service. Whilst there is no guarantee of release at any stage, if you know you want to leave the chances of being accepted are generally better during the earlier stages of restructuring. Some staff may consider their overall package may be better at the compulsory stage but there is no guarantee that stage will be reached, nor that specific individuals will be released.

2.3. The Department thinks that the terms of this scheme:

- provide a fair offer for staff which balances affordability and maximises the potential number of voluntary departures;
- ensures fairness and consistency across both schemes (VR and VE);
- is in line with the schemes of other Departments; and
- ensure those who are undecided at the VE stage are not disadvantaged by waiting for VR (subject to the necessary reductions not being achieved solely through VE).

2.4. Further details are available in the scheme Q&A document.

## 3. TIMETABLE

3.1. There will be two closing dates and three departure dates according to the following timetable. There is no difference to the terms – the first timetable will suit people who know they want to leave and want an

early decision and/or the earliest of the three possible departure dates. The later closing date will suit people who want more time to consider the offer and are happy to leave later this year. The departure date will be mutually agreed and will take into account business need as well as personal preference.

Activity	Key Dates in 2011	
	Tranche One	Tranche Two
Scheme Launch	20 January	20 January
Attend workshops	20 and 27 January	Dates of further workshops to be confirmed
Application form to Deputy Director	4 February	18 March
Directors to moderate applications and send them to HR	11 February	25 March
Offers made	28 February	11 April
Deadline for return of acceptances (start of notice period)	14 March	13 May
Formal quotations received	28 April (for May leavers) 24 June (for July leavers) 23 Sept (for Oct leavers)	24 June (for July leavers) 23 Sept (for Oct leavers)
Last Day of Service	31 May*; or 31 July; or 31 October	31 July*; or 31 October
Payment expected	Up to 8 weeks after leaving. Straightforward cases (eg undisputed service) should be paid within 5-6 weeks after leaving.	Up to 8 weeks after leaving. Straightforward cases (eg undisputed service) should be paid within 5-6 weeks after leaving.

\* The balance of the notice period remaining will be paid as compensation in lieu of notice (CILON). This is because, in this case only, there is less than three months between the start of the notice period and last day of service.

#### 4. ELIGIBILITY

4.1. You are eligible to apply for VES DCLG1 if you are:

- A permanent member of DCLG at substantive Payband 1-7 (AA-G6).
- A permanent DCLG member of staff on secondment or loan to another organisation.
- A permanent DCLG member of staff on a career break or special leave without pay whose agreed return date is on or before 31 October 2011.
- A permanent DCLG member of staff on paid or unpaid maternity, paternity or adoptive leave.
- A permanent DCLG member of staff and absent from the Department on sick leave.
- On a Fixed Term Appointment (FTA) contract that extends beyond 31 October 2011 and you were appointed through fair and open competition.

4.2. You are not eligible to apply for VES DCLG1 if you are:

- A member of staff of one of DCLG's Executive Agencies or NDPBs (unless you are on loan or secondment as above).
- On inward loan or secondment to DCLG.
- In the Government Office Network (unless formally on loan as above) who can apply for the GON scheme which was launched on 17 January 2011.

## **5. CRITERIA**

5.1. Deputy Directors are asked to make an assessment of both the fit of the applicant for the future Department, and the impact of their departure on the work (bearing in mind this may be mitigated by a later departure date). Please see the application form for the assessment definitions.

5.2. In addition, the panel will consider the affordability of the total number of applications for each Tranche. If a particular Tranche has more releasable applicants than is affordable, applications will be prioritised according to their assessment, leaving date and total cost to ensure overall value for money is achieved.

## **6. ESTIMATE OF BENEFITS**

6.1. You will need to calculate your benefits using the calculators provided and enter the amounts on your application form. If possible, have to hand your latest Civil Service Pension Statement as it contains some of the data you will need to enter into the relevant calculators.

### **6.2. Calculating Compensation**

6.2.1. You will need details of your current pay. This is the full rate of your basic pay on your last day of service plus any permanent pensionable allowances. The full definition is available in the Voluntary Exit guidance document.

6.2.2. You will need details of your current continuous service converted to decimal years to four decimal places (guidance is supplied with the calculator). "Other" service must be excluded (added years or pension, transferred in service, earlier periods of pensionable service whether aggregated or not). "Other" service will need to be deducted from the service figure in your pension statement. Part-time service will be based on actual hours worked. If you have worked part-time in the last three years a limit is applied to ensure that part-time workers do not receive disproportionately more than full time workers. See worked examples of part-time service in Q&A.

- 6.2.3. Use the CSCS calculator for Voluntary Exits to calculate your compensation payment.

### **6.3. Calculating Pension Benefits**

- 6.3.1. Those over minimum pension age (50 if you were a member of the PCSPS before 6 April 2006, 55 if you joined after) with at least 2 years qualifying service may sacrifice some or all of their compensation payment for an unreduced pension.
- 6.3.2. You can use the old AER calculator to update your unreduced pension figure which is shown in the “your pension now” section of your latest pension statement. Note AER terms are no longer available but we do not have another pension calculator. If applicable, you will need to exclude “other” service from your reckonable service as in para 6.2.2 above (you will need to work out the benefits from “other” service separately). The pay figure will be your pensionable pay which may be different from your current pay (used to calculate compensation).
- 6.3.3. Once you have an up-to-date pension figure (and automatic pension lump sum figure for Classic and Classic Plus members) based on your current continuous service you can use the actuarial buy-out calculator to work out how much your actuarially reduced pension would be, and how much it will cost to take your unreduced pension early. If you compare this cost with your compensation payment (see para 6.2) you will be able to tell whether you will need to sacrifice all or some of your compensation payment to get an unreduced pension. Under VES DCLG1, DCLG will top-up the shortfall if your compensation payment is insufficient.
- 6.3.4. Where you opt to buy out the pension reduction relating to your current service, and you have “other service”:
- if you are between the age of 50 and 55 years of age current tax rules mean that your pension benefits based on ‘other service’ must be paid at the same time. You will have the choice of taking these benefits actuarially reduced or you can opt to buy out the reduction yourself by using any remaining compensation payment or by sending in a cheque to the Pension Service Centre or both.
  - If you are between age 55 and scheme pension age your pension benefits based on the ‘other service’ can be preserved until scheme pension age, taken on reduced terms or you can opt to buy out the reduction yourself as above.

### **6.4. Calculating Compensation in Lieu of Notice**

6.4.1. Notice will commence with the deadline for returning acceptances (see timetable). In most cases notice will be worked. Where the balance of the notice period is paid as compensation in lieu of notice (CILON) this can be estimated by using the CILON calculator. Note that CILON is paid by DCLG with your final salary. The compensation payment will be paid by Capital Hartshead once the Pension Service Centre have confirmed your award (around 8 weeks after leaving).

**6.5. Use of the calculators will give you an estimate of your benefits. Please read the guidance notes on the first tab where provided. The calculators rely on the data input and cannot override entitlements under scheme rules. You should not enter into financial commitments on the basis of their results.**

6.6. As your final quotation will not be available until approximately 6 weeks before your last day of service, this scheme requires you to sign the legally-binding agreement to leave based on the estimate of benefits you have determined by using the calculators provided. Should the benefits (either compensation amount or annual pension amount) on your final quotation be at least 5% worse than you were expecting, you will be able to withdraw your agreement to leave under this scheme. This is to protect you from errors in your calculations. Requests to withdraw for other reasons (once the agreement has been signed) will not be accepted.

## **7. APPLICATION PROCESS (INC APPEALS)**

7.1. Completed application forms should be e-mailed to [hrsharedservices@communities.gsi.gov.uk](mailto:hrsharedservices@communities.gsi.gov.uk) by the closing date in the timetable above. As indicated on the application form, you must state the amount of your compensation payment, and the cost of buying out the actuarial reduction to your pension if applicable.

7.2. We strongly suggest applications are then moderated at Directorate level and the Director sends the applications on to HR together with a ranked list of applicants (most releasable first). Directors and deputy directors should assume backfill is not available unless they are able to identify it from within their Group.

7.3. Final decisions on release will be taken by a panel comprising Deputy Directors from PC&C, Finance and the business.

7.4. The aims are to effect the necessary staff reductions and cost savings without undermining the delivery of DCLG ministers' objectives and to minimise the need for any compulsory redundancies as far as possible. Throughout any selection process the panel will take full account of the DCLG Workforce Equalities policies and monitor the impact of voluntary exits on the profile of our staff.

7.5. There will be an appeals window for applicants who do not receive an offer of voluntary exit under this scheme.

In addition to the scheme documentation and Q&A, there will be workshops on the new compensation terms and this scheme. Any unresolved questions can be sent to [hrsharedservices@communities.gsi.gov.uk](mailto:hrsharedservices@communities.gsi.gov.uk)