

**DCLG VOLUNTARY REDUNDANCY  
SCHEME**

**FOR GRADES SEO-AA**

**REF: VRS DCLG3**

## 1. INTRODUCTION

- 1.1. Following the launch of the Restructuring Programme, the Department has sought to achieve the required level of staff reduction through voluntary means as far as possible whilst maintaining sufficient capacity and capability to enable the Department to deliver.
- 1.2. The AER/Ex-Gratia Scheme of October 2010 and Tranches One to Three of the Voluntary Exit scheme this year resulted in 341 staff at Grades SEO-AA agreeing to depart which reduced the size of the selection pool accordingly.

## 2. PURPOSE

- 2.1. Following the launch of the SEO-AA selection exercise, this scheme provides an opportunity for staff to leave on Voluntary Redundancy terms, because they either:
  - 2.1.1. expressed a first preference for Voluntary Redundancy during selection and that preference was approved (in nearly every case with a deferred exit date); or
  - 2.1.2. expressed a preference for a deferred exit and that preference was approved; or
  - 2.1.3. were unsuccessful in an application for a permanent post (nearly everyone in this situation has been offered a time-limited role) and prefer to leave on Voluntary Redundancy terms. There is no compulsion to choose Voluntary Redundancy. However those not selected for a permanent role who do not volunteer are ultimately at risk of being served with notice of Compulsory Redundancy.

## 3. TERMS

- 3.1. Voluntary Redundancy terms are summarised below. Full details are available from the booklet “Voluntary Redundancy – guidance for staff” on the intranet <https://intranet.communities.gov.uk/our-department/businesschange/restructuring/voluntaryexit/> .
  - 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” for those nearing pension age)
    - 6 months for those over scheme pension age.
    - Both maximums may be adjusted downwards where there is part-time service in the last three years.
  - 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 must “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 three month notice period will be worked.

#### **4. ELIGIBILITY**

4.1. SEO-AA staff are eligible for this Voluntary Redundancy scheme as set out in paragraph 2.

4.2. There is no separate application process or criteria. Those in scope by virtue of paragraph 2 will be automatically accepted.

#### **5. LEAVING DATES**

5.1. The leaving date will be that offered in the final postings letter to be issued later in October. These dates are designed to fit with business need for time limited roles. The Department will not therefore negotiate other leaving dates as a condition of accepting the offer. Anyone not wishing to accept the leaving date offered will be deemed to be rejecting the offer of Voluntary Redundancy. You may submit a case via HR Shared Services to set out how any exceptional personal circumstances may apply to your leaving date and this will be considered although business need remains paramount. If a request to bring forward a departure date is agreed, compensation in lieu of notice (CILON) will not be paid where the department provided the opportunity for it to be worked in full. Where a change of date request cannot be agreed, rejecting the offer of Voluntary Redundancy carries the risk of being served with notice of Compulsory Redundancy.

5.2. We have agreed with My Civil Service Pensions that departure dates under this scheme will be either:

30 November 2011, or  
30 April 2012, or  
31 July 2012, or  
31 October 2012

Most staff will be offered 30 April 2012 unless a different departure date is more suitable for the business area they will be posted to.

5.3. Notice under Voluntary Redundancy is at least three months. This will commence with the deadline for returning acceptance letters (see timetable below).

5.4. Notice on Compulsory Redundancy terms is also three months unless contractual terms are better. For DCLG staff this means the notice

periods provided for in the staff handbook are likely to be more favourable:

*“13.1.1.f. if your appointment is terminated compulsorily on grounds other than those set out in sub-paragraphs (a) to (e) above, the minimum period of written notice is six months (or a period of notice equal to the un-expired part of a fixed period of employment specified in your contract, if this is less) except:*

- where you are over 60, and you are made compulsorily redundant, you will be given 12 months notice if you have less than 10 years service or nine months notice if you have between 10 and 25 years service, provided that this notice does not extend beyond your 65th birthday.”*

5.5. For staff at SEO-AA leaving on compulsory redundancy terms, their notice period may extend beyond the date shown on their final postings letter. In these circumstances staff may opt to work longer (hence maximising their redeployment time) or take the balance of the notice period as compensation in lieu of notice (CILON). Where the leaving date in the postings letter means the full compulsory notice period will be worked, the Department will not approve requests to bring forward the departure date so CILON can be acquired.

5.6. April leavers unsuccessful at selection (ie they did not express a preference for voluntary redundancy or deferred exit) who subsequently volunteer, will have the option of extending their departure until 31 July 2012. This is to ensure they have a similar job search period as Grade 6 and 7 staff had in the same situation. This dispensation is not available for staff who preferred voluntary redundancy or deferred exit and got their choice.

5.7. The Department recognises people who are leaving DCLG may need or wish to look for alternative work and where this is secured their proposed start date may not coincide with their departure date from the Department. However, DCLG also needs to resource time-limited roles. In order to balance these competing interests the Department will consider requests to bring forward the Voluntary Redundancy departure date (with payment of compensation) on a case-by-case basis:

- It would require your Director's agreement that when you leave a role can be closed (unless internal backfill is available); and
- expect that you work whichever is the less of your remaining voluntary redundancy notice or your contractual resignation notice (one month for AA-SEO).

## 6. TIMETABLE

Activity	Date
Outcome of SEO-AA Selection, as per paragraph 2, issued	27 September 2011
Confirmed postings and departure dates are expected in conjunction with publication of the Voluntary Redundancy scheme document on the intranet.	27 October 2011
Voluntary Redundancy information and surgeries available.	Until 16 December 2011
Compensation option form, CSCS1 form (attached) and completed calculators to be returned.	No later than 16 December 2011
Voluntary Redundancy acceptance letters to be issued to individuals	By 13 January 2012
Acceptance Letters to be returned	No later than 27 January 2012
Intended date for issuing notices of Compulsory Redundancy	1 February 2012
Compensation/Pension quotes should arrive	End February for April leavers End May for July leavers End August for October leavers
Compensation/Pension payment should be made	Within a month of leaving

## 7. ESTIMATE OF BENEFITS

7.1. If you are considering this scheme, you will wish to calculate the benefits you would receive.

7.2. Benefits can be determined using the calculators provided on the intranet. You should use the best data you have including, if possible, your latest Civil Service Pension Statement as that contains some of the data you will need to enter into the relevant calculators.

### 7.3. Calculating Compensation

7.3.1. You will need details of your current **pay**. This is the full-time rate of your basic pay on your last day of service plus any permanent pensionable allowances. The full definition is available in the Voluntary Redundancy guidance document (see para 3.1 for link).

7.3.2. 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 the Voluntary Redundancy guidance for more detail on service. (NB if the part-time adjustment is triggered, it will be based on all part-time service – not just in the last three years. This may apply to people with multiple period of part-time service and those who have partially retired.)

7.3.3. Use the CSCS calculator “Voluntary or compulsory redundancy calculator (revised)” on the intranet to calculate your compensation payment. See para 3.1 for link.

#### **7.4. Calculating Pension Benefits**

7.4.1. 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.

7.4.2. You can use the old “Approved early retirement 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 7.3.2 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).

7.4.3. Once you have an up-to-date pension figure (and automatic pension lump sum figure for Classic members) based on your current continuous service you can use the “Actuarial reduction buy-out calculator” to work out how much your pension would be after it is reduced for early payment, and how much it will cost to take it early without reduction. If you compare this cost with your compensation payment (see para 7.2) 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 Voluntary Redundancy terms, Departments must top-up the shortfall if your compensation payment is insufficient.

7.5. Where you opt to buy out the pension reduction relating to your current service, and you have “other service”:

7.5.1. 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.

7.5.2. 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.

**7.6. 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.**

7.7. 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 on Voluntary Redundancy terms. In that event we would envisage issuing you with notice of compulsory redundancy at the appropriate time. The 5% “safety net” 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. (Permanent redeployment with the civil service will of course cancel your voluntary redundancy.)

## **8. FURTHER QUESTIONS**

8.1. In the first instance please contact HR Shared Services on 0303 444 8000. Surgeries will run until 16 December 2011 (the deadline for returning voluntary redundancy application paperwork) for more complex issues. Please contact Berkman Osman if you would like a 1:1 surgery appointment.