

NHSG Voluntary Severance (VS) Scheme **Questions & Answers**

Question 1

Why do we need a VS Scheme and how does it work?

Answer

By the end of 2010/11, NHSG needs to have reduced its cost base by £27.7 million on a recurring basis. Whilst the savings target for the current financial year is on course to be achieved, this continues to be delivered through non recurring savings ie there has been limited delivery of recurring financial savings. Unless savings can be secured on a recurring basis, NHSG's financial plans for 2007/08 and beyond are unlikely to be achievable.

The VS Scheme is a tool to enable the realisation of recurring savings, by facilitating more efficient and effective ways of working through the creation of flexibility within organisational structures. This flexibility is achieved through the approval of VS Applications where it is mutually beneficial (for the individual and the organisation) for this to occur.

Depending upon an individual's eligibility and preferences, an approved VS Application can take the form of either:

- Voluntary Redundancy) See Appendix 1 for eligibility
- Early Retirement With Employers Consent) and examples of payments

Question 2

What are my manager's/supervisor's responsibilities with regard to the Scheme?

Answer

Managers and Supervisors are expected to:

- hold and promote a corporate and consistent stance with regard to NHSG achieving overall clinical and financial stability
- ensure possession of a reasonable knowledge and understanding of the different strands of NHSG's Financial Recovery Plan and how the VS Scheme fits into this
- familiarise themselves with the VS Scheme and share it with colleagues within their sphere of responsibility
- actively seek opportunities for more cost effective organisational structures within own Department(s), usually through ongoing Service & Workforce Planning in Partnership

Question 3

If I am interested in VS, what should I do?

Answer

- a) If Management has identified an opportunity to afford individuals within your staff grouping the chance to apply and you have consequently been written to about this, at this stage, you simply need to complete and return the Expression of Interest Form enclosed with your letter.

b) If this is not the case and you have not been written to, you should consider how the responsibilities that you undertake could reasonably be redesigned to accommodate VS in a mutually beneficial way (i.e. the costs incurred by NHSG require to be justified by resulting recurring efficiency savings). Thereafter, arrange to discuss your interest and thoughts about how this might be achieved in confidence with your immediate line manager or Head of Department.

Question 4

What will my line manager/Head of Department do if I advise them that I may be interested in the VS Scheme?

Answer

They will listen to what you have to say. They are likely to need some time to consider your ideas – they may have other information/requests which they require to assimilate. They will also need to consider how your request fits with Service and Workforce Plans. It is likely therefore that they will not express a view at this stage but arrange to meet again in a couple of weeks time.

They may seek your permission to discuss the content of your meeting with others in order to develop a way forward.

They will ask that you put your request, including your ideas about service change, in writing at this or a later stage.

Question 5

Do you not have to be displaced by the Shared Support Services project before you can apply to this scheme?

Answer

No, the scheme is open to all members of staff without exception.

Question 6

Can anyone at all express an interest in VS or are there groups that are completely excluded?

Answer

Nobody is automatically precluded from expressing an interest in the Scheme, however, such expressions of interest require to be considered against certain agreed criteria:

- approval would not conflict with short- and long-term workforce needs, including development/redesign of Service
- there would be sufficient knowledge, capacity and skill base left within the Service/Department should the application be approved
- Extent to which approval would facilitate a Service/Post Redesign,
- Extent of VS Costs to NHSG
- Extent to which a Service/Post Redesign will achieve cost savings
- VS costs should normally be contained within a 2 year payback period
- VS may be used to create possibilities for suitable alternative employment for displaced staff.

The success of any expression of interest will therefore depend upon its fit with these criteria and it may, in some cases, be quickly quite clear that there is not a good fit.

Question 7

What is the 'payback period' and how is it calculated?

Answer

With regard to potential early retirements, in order to support decision-making, there is a need to calculate the future pension costs, expressed as a single amount, relating to any one individual. This single amount is called the capitalisation cost. The capitalisation cost is divided by the individual's employment costs to ascertain how long in years it would take for the organisation to recoup the costs associated with the early retirement.

With regard to potential voluntary redundancies, the payback period is the redundancy compensation payable divided by the employees employment costs.

Question 8

No individual should feel singled out or pressurised to go down the VS route – how will NHSG ensure that this does not happen?

Answer

Agreed, the Scheme is entirely voluntary. This very point it made explicit within the documentation and will be ensured through the various processes put in place (eg the range of support available to individuals) and full Staff Side involvement at every level and stage of the process.

Question 9

If someone is successful in getting VS, what will happen with their work – will those left behind be expected to pick this up?

Answer

One of the criteria within the Scheme that requires to be met before an application can be approved is that 'there will be sufficient knowledge, capacity and skill base left within the Service/Department'. The relevant General Manager/Director will consequently require to provide the NHSG Selection Panel with sufficient information as to what Service/post redesign will support the application. Such redesign may take a variety of forms eg skill mix, cessation of certain services, improved workforce utilisation.

Question 10

Regarding the payment examples in Appendix 1, are the amounts quoted what individuals would actually receive or will there be any reductions to take account of early payment?

Answer

Confirm the amounts quoted are estimates of what individual would actually receive. In agreed VS cases, where the individual is entitled to Early Retirement with Employers Consent, NHSG will meet the cost of early payment of pension.

Question 11

With regard to the provision of individual pension estimates from the HR Service Centre, what happens if estimates and actual entitlements end up being significantly different?

Answer

This would be highly unusual. Most superannuated staff will have received a Statement of Scheme Benefits from the Scottish Public Pensions Agency (SPPA) in the recent past and this should be used as a check. Beyond this it is the individuals responsibility to check entitlements with SPPA direct by writing to them at the following address: 7 Tweedside Park, Tweedbank, Galashiels, Selkirkshire, TD1 3TE.

Question 12

Do savings achieved as part of this Scheme contribute to local efficiency savings targets or are they separate/over-and-above?

Answer

Yes, savings achieved as part of this Scheme will contribute to local efficiency savings targets. The Workforce Management Programme, including the VS Scheme, is designed to assist budget holders achieve their efficiency targets and enable the development of plans that will also contribute to further recurring savings during 2007/08 and 2008/09. The key issue is that our dependency on non recurring savings is no longer sustainable.

Question 13

If there is limited uptake from staff, will NHSG consider enforced severance?

Answer

This Scheme is entirely voluntary and will remain so. Organisational change as a result of either national or local initiatives to improve the quality and cost effectiveness of patient care services is, however, a certainty. In planning for and implementing change NHSG will continue to make every effort to ensure the continued employment of staff, by maximising redeployment and retraining opportunities in keeping with existing policies.

Question 14

To apply for VS is a major, life-changing decision, what support mechanisms will be in place to help individuals ensure that they are doing the right thing?

Answer

At all stages throughout the process support is available from a range of sources: line management, TU/Partnership Representatives, local HR Teams and the Occupational Health Service.

In addition:

- for individuals seriously considering applying for VS, professional external one-to-one support will be made available to individuals to assist them reach the right decision
- for individuals for whom a VS Agreement is reached, external Career Transition Support will also be made available.

Question 15

What consultation has there been around this Scheme with non-TU members?

Answer

The consultation process included discussion and feedback through the Grampian Area Partnership Forum, local Partnership Fora and Senior Management Meetings with staff.

Question 16

What evidence will managers need to provide to justify a proposal/ensure that they have done all that is required?

Answer

Before any individual will be formally invited to apply for VS (ie step beyond simply highlighting interest), senior line management will be required to provide an existing Service & Workforce Plan or Completed Questionnaire containing a comprehensive Proposal including, for example:

- What Partnership involvement has there been in developing the proposal?
- What posts are identified for reduction/elimination?
- Whether new roles are required? Whether NHSG can recruit to such roles or whether development/re-skilling will be required?
- What would the remaining staff development needs be? How would these be met? What would the costs involved be?
- Fit with wider Service and Workforce Plans?
- What would be the difference in cost between the current service and the proposed new service?
- Outline Action Plan

Question 17

What support is available within the organisation for staff and managers who are keen to look at doing things differently eg longer-term workforce planning, workforce utilisation, service redesign, skill mix, etc?

Answer

There are a number of different avenues of support available within the organisation. Examples include:

- NHSG Workforce Planning Tool (facilitation available though local HR Teams)
- significant experience of skill mix review within the organisation, particularly amongst Nurse Management
- workforce utilisation training module for nursing staff
- creativity training as part of the Leadership Development Programme; some aspects also covered in ILM awards

We are, however, very keen to ensure that as many as possible are afforded the necessary help and support in this regard and therefore any comments/feedback on what would be particularly helpful are strongly encouraged. Such feedback should be routed through any of the following individuals in order that learning needs can be identified and addressed through local learning plans in the normal way: immediate line manager, aligned HR Manager or aligned Learning & Development Manager.

Question 18

Will the scheme conditions improve over time?

Answer

No. The conditions are based on national regulations and will not be enhanced by NHS Grampian.

Question 19

What are the implications of the revised national redundancy arrangements in relation to the Scheme for individuals?

Answer

General Implications - VS Payments will in most cases be significantly enhanced, making the Scheme more attractive to many. See Appendix 1 for up-to-date payment examples.

Voluntary Redundancy Route – Any individual made redundant after 1 October '06 will have an entitlement to one months pay per year of continuous service, regardless of age, with a maximum payment of 104 weeks pay. This represents a significant enhancement to previous entitlements and will result in VS Payments generally being much higher.

Early Retirement with Employers Consent Route –

- Because redundancy payments have been significantly enhanced, a greater number of individuals who would be eligible to apply for early retirement, may prefer to apply for a VS Agreement based on redundancy instead. Whilst the cost to NHSG would be the same regardless, the redundancy route will in some cases be financially better for the individual concerned.
- Should the cost to NHSG of an individual's early retirement be less than that of the alternative redundancy payment, the balance will be paid to the employee (ie in addition to their pension and lump sum and individual may now also be entitled to an element of redundancy payment).

Please note that, where individual costs would be significantly higher, applications may score less well against some of the agreed selection criteria (eg Extent of VS Costs and the Normal Payback Period of 2 Years) and potentially contribute to the inability of NHSG to agree to VS.

Question 20

How will my pension arrangements be affected if I am accepted?

Answer

Each staff member's pension position is individual due to age, length of service and other personal factors. Your pension arrangements will be explained to you as part of the process in calculating financial implications. Your pension rights as at the time of your leaving employment will certainly not be affected adversely.

Question 21

What happens if my line manager simply refuses to talk to me about my interest in the scheme or takes a less than helpful approach?

Answer

There are existing grievance procedures in place. They can be accessed through the HR intranet pages or through direct contact with the HR Department. However, to ensure that your personal case is not delayed, help-lines have been set up with direct contact to HR advisers and staff side representatives. The numbers are as follows:

HR Department Help-line: Ext 58408/58621

Staff Side Help-line: Ext 58599

Examples of Voluntary Severance Payments

VOLUNTARY EARLY RETIREMENT (ie Voluntary Early Retirement With Employers Consent) – With Effect From 1 December '06:

Where a member is aged 50 or over, has at least 2 years' service in the NHS Superannuation scheme and NHSG agrees to their voluntary early retirement, they are able to retire on pension and lump sum earned but there would be no compensatory pension enhancements. A redundancy element is often, however, also be payable. Examples:

<u>Pay £K</u>	<u>Service</u>	<u>Pension</u>	<u>Lump Sum</u>	<u>Pay Back Period</u>				
				<u>Age</u>				
				<u>50</u>	<u>53</u>	<u>55</u>	<u>57</u>	<u>59</u>
20	10	2,500	7,500	0.86	0.68 R	0.68 R	0.68 R	0.68 R
	20	5,000	15,000	1.72	1.36 R	1.36 R	1.36 R	1.36 R
	30	7,500	22,500	2.58	1.97	1.63 R	1.63 R	1.63 R
30	10	3,750	11,250	0.86	0.68 R	0.68 R	0.68 R	0.68 R
	20	7,500	22,500	1.72	1.36 R	1.36 R	1.36 R	1.36 R
	30	11,250	33,750	2.58	1.97	1.63 R	1.63 R	1.63 R
40	10	5,000	15,000	0.86	0.68 R	0.68 R	0.68 R	0.68 R
	20	10,000	30,000	1.72	1.36 R	1.36 R	1.36 R	1.36 R
	30	15,000	45,000	2.58	1.97	1.63 R	1.63 R	1.63 R
50	10	6,250	18,750	0.86	0.68 R	0.68 R	0.68 R	0.68 R
	20	12,500	37,500	1.72	1.36 R	1.36 R	1.36 R	1.36 R
	30	18,750	56,250	2.58	1.97	1.63 R	1.63 R	1.63 R

NOTES:

- 1) The 'Pay Back Period' is the number of years it will take the NHSG to recoup the costs. For a Voluntary Severance Application to be approved, the Pay Back Period is usually within 2 years.
- 2) 'R' means generally entitled to a redundancy element also.

VOLUNTARY REDUNDANCY – With Effect Form 1 October '06:

Where individuals are not of minimum retirement age or do not hold sufficient NHS Superannuation Scheme Service to be eligible to apply for Early Retirement, Voluntary Severance entitlement will be to a Redundancy Payment. Some individuals who are eligible to apply for Early Retirement may also prefer to apply for Voluntary Severance on the basis of redundancy and this is entirely acceptable as the cost to NHSG will be no different.

Regardless of age, any staff member made redundant shall receive one month's pay per year of continuous service, with a maximum of 24 months' pay ie:

<u>Years Service</u>	<u>No of Months Pay Entitlement</u>
2	2
12	12
24 & over	24

GENERAL NOTE: Please be aware that the above examples are intended to be indicative only. It is not possible for these to cover every eventuality eg a different calculation would require to apply to those with an entitlement to retire at age 55