



MUTUALLY AGREED RESIGNATION SCHEME

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Introduction

A Mutually Agreed Resignation Scheme (MARS) has been designed to address periods of change and service redesign in order to make budgetary savings, enable development opportunities and to avoid compulsory redundancies.

This scheme enables the Council to offer employees to voluntarily resign from the Council in return for a severance payment.

The scheme will be used to target service areas and / or specific jobs whereby organisational change is envisaged. This will be for a time-limited period only.

Principles

The Council should be clear about the reasons for offering the MARS application, ensuring transparency and providing evidence that this is not a 'disguised redundancy'. Any MARS should be time-limited for the deadline for applications outlining the latest date for resignations to be effective.

MARS will be used by the Council to meet the financial challenges including management costs, workforce reductions and other efficiency needs to help increase our flexibility and to address periods of rapid change.

MARS enables individual employees, in agreement with the Council, to choose to leave their employment voluntarily on a mutually agreed date in return for a discretionary severance payment in accordance with the approved payment table. **MARS is not a redundancy payment.**

MARS enables job vacancies to be created that may be filled by the redeployment of staff, for those seeking career developments or by recruiting to the position in line with the Recruitment and Selection policy.

The MARS scheme should:

- Create sufficient turnover to avoid future compulsory redundancies
- Enable the redeployment of resources to higher priority areas of work
- Reduce costs in lower priority service areas

This scheme **does not form part of an employee's terms and conditions of employment** and establishes a fair, transparent and effective process for dealing with such situations.

Scope

This scheme applies to all employees of Newcastle Under Lyme Borough Council with at least one year's continuous service employed under the conditions of service of the following bodies:

- National Joint Council for Local Government Services;
- Joint Negotiating Committee for Chief Officers of Local Authorities;

This policy does not apply to agency staff or where individuals are employed on a self-employed basis.

The policy is not applicable for:

- Posts that are under review as part of the Council's organisational change process
- Employees who are in a consultation process which may result in their role being at risk of redundancy
- Employees who have indicated their intention to resign and / or retire prior to the scheme going live
- Where an employee has already secured employment with another employer
- Where an employee has been notified of the date of the termination of their contract of employment
- Temporary staff
- Casual workers
- Apprentices

Data Protection

The Council processes personal data for employees in accordance with the General Data Protection Regulations (GDPR) definition of 'sensitive personal data'.

When communicating electronically regarding any organisational change matter, the Council's Security Classification scheme must be observed. Appropriate technical measures to protect information being sent outside of the authority must also be employed.

Roles and Responsibilities

The roles and responsibilities of key stakeholders are outlined below:

Managers

Managers are responsible for leading on any organisational change. They should ensure that they engage with the HR department and the trade unions as early as possible and throughout the organisational change process, including involving them in informal discussions.

HR Department

The role of HR is to support and advise managers throughout the organisational change process in order to ensure a smooth a transition as possible.

Trade Unions

The Council is committed to working with its recognised trade unions to minimise the need for, and impact of, organisational change wherever possible. Consultation will be undertaken with a view to reaching agreement and any representations or proposals will be fully considered by the manager, with the support of HR.

Head of HR and Executive Director

The relevant Executive Director and Head of HR can decide to offer the scheme whenever it is considered appropriate.

They are also both responsible for authorising the MARS application to ensure that the business case demonstrates that the costs of the severance payment will be recovered through salary savings within a specified period of the termination date. The saving could be achieved by simply not replacing posts or replacing them in a different way.

Applications

It is entirely a decision for each employee to decide whether to apply for MARS or not as this scheme is voluntary and not contractual.

An application under MARS must demonstrate that the departure of an employee on voluntary terms would be in the financial and operational interests of the Council.

Acceptance of any application for MARS will be entirely at the Council's discretion. Criteria that may be taken into consideration may include:

- Why the severance payment represents value for money
- This will not have an adverse effect on service delivery
- It will not affect the Council's financial targets
- Whether the service area is under consultation for reorganisation, at risk of redundancy etc.
- Retention of relevant skills / experience that cannot be replaced at a lower cost
- Whether there is anyone else who can undertake the work
- Compassionate grounds or other special circumstances
- The employee's ability to adapt to future changes and requirements
- Creation of internal job / promotion opportunities which provide for succession planning
- Potential impact on other staff

Stage 1 – The Process

Invitations to apply, together with the process and any time limits for doing so, will be communicated to staff by a range of communication methods.

If an employee is interested in leaving the Council under MARS then they must:

1. Consider all the details fully and if required speak to the line manager or HR in confidence
2. Complete the application form (**Appendix A**)
3. Applications will be reviewed by the Council. Approval or rejection of any application will be provided within the set timescale of the specified scheme
4. If the application is approved, the date of termination will be mutually agreed i.e. not imposed by the Council but should not be later than the latest date for resignations agreed when the scheme was launched

Each application made in accordance with MARS will be considered on its own merits. The employer reserves the right to determine whether or not an application will be approved and there will be no right of appeal on the part of those employees whose applications are not successful.

Payment Table

MARS payments can be calculated using the Payment Table attached at **Appendix B**.

In line with the HMRC rules, current legislation can allow for voluntary severance payments to be paid tax and national insurance free up to a maximum of £30,000. Any payment above this amount will be subject to tax and national insurance contributions.

No provision will be made for payment of any notice period. Successful applicants will be expected to terminate their employment at a mutually agreed date but in line with the stipulated time period of the specified scheme.

Notice not worked will not attract payment in lieu of notice.

Pensions

Employees whose applications under MARS is accepted, and who have reached their normal pensionable retirement age, will also be eligible to claim their pension benefits should they wish. Please note this will not involve the Council incurring additional costs related to the payment of pension benefits.

For further information about your pension scheme please contact HR.

Stage 2 - Settlement Agreement

If a MARS application is approved by all parties then the employee will be issued with a settlement agreement to sign, which will set out the financial and other terms under which the employment relationship will end.

Independent legal advice will need to be obtained by the employee before signing a settlement agreement. The cost of this will be reimbursed by the Council up to a maximum of £400. For further information please contact HR or your Trade Union representative.

Employees accepting a severance payment will be required to sign a settlement agreement.

Employers will either reimburse the employee or pay the legal costs that are required to agreeing a settlement agreement. This will be up to a maximum of £400 and will be on receipt of an invoice being produced.

Re-Employment

Employees who leave under MARS would not be re-employed in the same or a similar position within 12 months of leaving the Council. If an individual does return within this period then they will be liable to repay the MARS payment in full.

Equality

The Council will ensure that, when implementing this procedure, no employee will be disadvantaged on the basis of their gender or transgender, marital status or civil partnership, racial group, religion or belief, sexual orientation, age, disability, pregnancy or maternity.

Monitoring

Data relating to MARS terminations will be collated after each period the scheme is used to ensure that it is operating fairly, consistently and effectively. Any issues that are identified from this data will be dealt with accordingly.

Support for Employees

When considering applying for voluntary severance under MARS, employees will need to understand the consequences of their decision.

MARS is viewed as being a voluntary resignation on the part of the individual employee in return for a severance payment. As there may be significant financial and life-style implications for the employee, the Council should support the decision making process by assisting individuals with understanding these implications.

Some of the implications for employees to consider when resigning would include for example:

- The possible loss of entitlement to welfare benefits
- Mortgage protection insurance policies not covering resignations
- Any impact on pensions
- Lease car penalties
- Multiple-post contracts
- Salary sacrifice schemes i.e. cycle to work

The Council is not legally authorised under the Financial Services Act to give pensions or other financial advice to individuals. Therefore, employees are encouraged to seek further independent financial advice.

MARS – Application Form

SECTION 1

This section must be completed by the employee

PERSONAL INFORMATION

Full Name:	
Date of Birth:	
NI Number:	
Continuous Service Date:	
Telephone Number:	
E-Mail Address:	

POST INFORMATION

Department:	
Job Title:	
Grade / SCP:	
Salary:	
Proposed Leaving Date:	

I wish to apply for the Mutually Agreed Resignation Scheme. I understand that the information above will be validated and the outcome of my application will be communicated to me in writing.

Signed	
Date:	

Once completed by the employee, this form should be passed to the Head of HR who will review the application with the appropriate Executive Director / Chief Executive and complete the following section:

SECTION 2

This section must be completed by the Head of HR / Executive Director / Chief Executive

BUSINESS CASE

1.	Why is the employee being considered for voluntary severance?
2.	Savings to be delivered as a result of agreeing a MARS payment?
3.	Voluntary severance costs?
4.	Does this application create an opportunity for other employees?
I do / do not support this application and the reason for this is: (Delete as appropriate)	

Signed	
Full Name:	
Post Title:	
Date:	

Payment Table

MARS payments are calculated using the following model:

Continuous Service	Scale of Payment
2 – 10 Years	16 Week's Basic Pay
11 Years	17 Week's Basic Pay
12 Years	18 Week's Basic Pay
13 Years	19 Week's Basic Pay
14 Years	20 Week's Basic Pay
15 Years	21 Week's Basic Pay
16 Years	22 Week's Basic Pay
17 Years	23 Week's Basic Pay
18 Years	24 Week's Basic Pay
19 Years	25 Week's Basic Pay
20 Years	26 Week's Basic Pay
21 Years	27 Week's Basic Pay
22 Years	28 Week's Basic Pay
23 Years	29 Week's Basic Pay
24 Years	30 Week's Basic Pay
25 Years	31 Week's Basic Pay
26 Years	32 Week's Basic Pay
27 Years	33 Week's Basic Pay
28 Years	34 Week's Basic Pay
29 Years	35 Week's Basic Pay
30 Years	36 Week's Basic Pay