

Trust Board Paper I

To:	Trust Board
From:	Kate Bradley, Director of Human Resources
Date:	5th April 2012
CQC regulation:	N/A

Title:	Voluntary Severance Scheme (VSS) Overview Document		
Author/Responsible Director: Director of Human Resources			
Purpose of the Report:			
The purpose of this report is to request Trust Board approval to proceed with the Voluntary Severance Scheme (VSS) aimed at all staff with the exception of Band 5 and 6 Qualified Nurses, Midwives, Health Care Assistants and patient facing medical Doctors together with approval for the terms outlined.			
The Report is provided to the Board for:			
	Decision	<input checked="" type="checkbox"/>	
	Discussion	<input type="checkbox"/>	
	Assurance	<input type="checkbox"/>	
	Endorsement	<input checked="" type="checkbox"/>	
Summary / Key Points:			
<p>The Trust and other NHS organisations are facing an unprecedented challenge in the light of increasing financial pressures and the need to maintain a high quality service to patients. Voluntary Severance Schemes (VSS) have therefore been implemented across a range of NHS Organisations including UHL in 2011/12. Voluntary Severance is different to redundancy in that with VSS the departure is instigated by the employee rather than the employer.</p> <p>About 60% of the Trust's expenditure is spent on the pay bill for staff and whilst we are confident that we will continue to reduce our non-pay costs and increase efficiency, it is important that we seek other methods of reducing our wage bill. The Trust is proposing a VSS to give staff the option to leave the Trust should they wish to do so. The VSS is on a time limited basis and aimed at all staff with the exception of Band 5 and 6 Qualified Nurses, Midwives, Health Care Assistants and patient facing medical Doctors who may want to leave the Trust for personal reasons. Whether the individual is released will be dependant on whether the Trust can make savings, not compromise care to patients and ensure the service can work differently to achieve at least the same ends, with fewer staff.</p> <p>The Trust previously ran a VSS aimed at Administrative, Clerical and Managerial Staff in 2011/12 financial year.</p> <p>The attached VSS is therefore proposed and if approved by the Trust will proceed forward to request Strategic Health Authority approval.</p> <p>The provisional time table is as follows:-</p>			
1.	Scheme agreed and ratified by the Trust Board at the April meeting		5th April 2012
2.	Strategic Health Authority ratification and as appropriate Treasury approval		April / May 2012
3.	Communication through Trust via Team		May / June 2012 and ongoing

Brief and Staff Forums	
4.	Letters to go to all eligible individuals May 2012
5.	Expressions of interest received 4 weeks after scheme launch
6.	Decision to release individuals commence July 2012
The attached document is an overview of the VSS terms and supporting this will be a more in-depth question and answer sheet which will be available to staff making applications as part of communications.	
Recommendations:	
The Trust Board is asked to approve the implementation of a VSS anticipated to commence in May 2012 subject to SHA ratification before proceeding.	
Previously considered at another corporate UHL Committee?	
No	
Strategic Risk Register	Performance KPIs year to date
Not applicable	Not applicable
Resource Implications (eg Financial, HR)	
HR – a VSS Lead/Administrator is required as an additional dedicated resource for this project from the end of April through to September 2012.	
Finance – costings for severance packages will be required	
Financial:-	
<ul style="list-style-type: none"> • An allowance estimated at £2,000 will be required for printing / stationery and generation of personal letters. • External legal advice for reviewing the scheme and compromise agreements • £250 (<i>inc VAT</i>) external legal costs per successful VSS applicant 	
Assurance Implications	
None	
Patient and Public Involvement (PPI) Implications	
None	
Equality Impact	
The scheme is offered on a voluntary basis to staff who are eligible and applications will be considered separately by Divisions / Directorates and then a VSS Trust wide panel. All applicants will be informed that the Trust may not be able to release the individual depending on service needs.	
Information Exempt from Disclosure	
None	
Requirement for Further Review?	
The VSS will be reviewed through a VSS Trust Wide Panel with updates through to the Director of Human Resources, Chief Operating Officer/Chief Nurse and Director of Finance. Further reviews will be provided as agreed through the Trust's Committee structure.	

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

MEETING: TRUST BOARD REPORT

DATE: 5th April 2012

REPORT BY: DIRECTOR OF HUMAN RESOURCES

SUBJECT: VOLUNTARY SEVERANCE SCHEME OVERVIEW DOCUMENT

1. PURPOSE

- 1.1 The Trust and other NHS organisations are facing an unprecedented challenge in the light of increasing financial pressures and the need to maintain a high quality service to patients. About 60% of the Trust's expenditure is spent on the pay bill for staff and whilst we continue to reduce our non-pay costs and increase efficiency, it is important that we seek other methods of reducing our wage bill. We will do everything we can to reduce our non-pay costs, but it is inevitable that we must reduce the numbers of people we employ. Wherever possible we will continue to do this through not filling vacancies and by asking staff to work in differing ways. We continue to redesign our services to ensure that we are not doing unnecessary work and that what we do has a positive impact on patients.
- 1.2 The Voluntary Severance Scheme (VSS) is aimed at all staff with the exception of Band 5 and 6 Qualified Nurses, Midwives, Health Care Assistants and patient facing medical Doctors who may want to leave the organisation for personal reasons. Providing the Trust can make savings by not replacing the role, not incur additional costs / impacts ensuring care to patients is not compromised and confirm the service can work differently to achieve at least the same ends, with fewer staff, it could be that the Trust will agree an individual can leave the Organisation. In all cases where it is agreed an individual can leave a legally binding compromise agreement would be signed by both parties.

2.0 ELIGIBILITY

- 2.1 Applications for VSS will be open to all Trust staff with the exception of Band 5 and 6 Qualified Nurses, Midwives, Health Care Assistants and patient facing medical Doctors.
- 2.2 There are some staff, however, who will **not** be considered for VSS:
- Employees who have already given formal notice of their intention to resign prior to the date when VSS applications are being sought
 - Employees who have already given formal notice of their intention to retire prior to the date when applications are being sought
 - Employees who have already secured employment with another employer

- Employees who have been notified of the date of termination of their contract of employment for any other reason e.g. staff on fixed term contracts which stipulates an end date.
- Employees who have had their final review meeting under the Trust's Absence Policy
- Any employees who are Band 5 or 6 Qualified Nurses, Midwives, Health Care Assistants or patient facing medical Doctors
- Bank Workers

3.0 VOLUNTARY SEVERANCE SCHEME PAYMENT

3.1 The Trust's VSS offers the following severance payments:-

Reckonable NHS Service * (<i>complete years</i>)	VSS Severance Payment
1 - 2 years' service (<i>organisation / NHS</i>)	2 months' basic salary
3 – 7 years' service (<i>organisation / NHS</i>)	3 months' basic salary
8 – 9 years' service (<i>organisation / NHS</i>)	4 months' basic salary
10 – 11 years' service (<i>organisation / NHS</i>)	5 months' basic salary
12 – 13 years' service (<i>organisation / NHS</i>)	6 months' basic salary
14 or more years' service (<i>organisation / NHS</i>)	7 months' basic salary

* for the purposes of 'VSS', '**Reckonable NHS Service**' means continuous full-time or part-time employment with the Trust or any previous NHS employer

- 3.2 Where there has been a break of service of 12 months or more, the period of employment prior to the break will not count as '**Reckonable NHS Service**'.
- 3.3 Where there has been a break of service of less than 12 months, the period of employment prior to the break will count as 'Reckonable NHS Service' reckonable service. The break period itself does not count in calculating the total 'Reckonable NHS Service'.
- 3.4 Employment that has been taken into account for the purposes of pension benefits or a previous redundancy / loss of office payment including MARS (Mutually Agreed Resignation Scheme) by an NHS employer will **not** count as '**Reckonable NHS Service**'.
- 3.5 The amount of the severance payment will be calculated using the table above based on basic gross annual salary, excluding any allowances or payments in addition to basic pay. The date that an individual leaves the Trust will be agreed with them but no payment in lieu of notice will be made.

4.0 TAX AND NATIONAL INSURANCE

- 4.1 Current legislation allows voluntary severance payments to be paid without deduction of PAYE tax and National Insurance up to £30,000. Any payment above £30,000 will have tax deducted. Members of staff who leave the Trust under VSS will **not** be eligible for a Statutory or Occupational Redundancy payment as the reason for leaving will be voluntary e.g. **not** redundancy.
- 4.2 Successful applicants for VSS will be required to sign a formal legally binding Compromise Agreement. The employee must take independent legal advice

to complete this. The Trust will make a financial contribution of £250 (*inc VAT*) towards the legal costs associated with such Agreements which represents an average cost of such agreements.

5.0 FUTURE EMPLOYMENT

- 5.1 As the purpose of the voluntary severance payment is to compensate the individual for loss of employment, they must leave the Trust for a minimum period of 12 months if their application is successful.
- 5.2 Employees who leave the Trust under VSS **will not** be re-employed under normal circumstances by the NHS in England, in the same or a different post, before a period of one month has elapsed. If an individual does return to the NHS within one month they would be required to repay any VSS Severance Payment in full.
- 5.3 With regard to work on the Staff Bank, registration with the Staff Bank is not classed as employment with the Trust, as there is no obligation to offer or to accept work. If the individual is registered on the Trust Bank and their application to leave under VSS is successful, they may, if they wish, continue to be a member of the bank and accept work if this is offered.

6.0 THE PROCESS

- 6.1 The Scheme will be managed centrally, with interested members of staff submitting applications electronically. In considering applications for VSS, the interests of the Trust will be paramount. In this regard, the departure of an employee on voluntary terms must be in the financial and operational interests of the Trust. To ensure that the quality of patient care and service delivery is not compromised, therefore, the risks associated with all applications submitted will be assessed by the applicant's Divisional / Directorate Management Team. The Divisional / Directorate Management Team will then recommend support or rejection of an application to the VSS Trust wide panel.
- 6.2 Applications recommended to be supported at Divisional / Directorate Team level will proceed to the independent VSS Trust Wide Panel. This VSS Trust Wide Panel will be responsible for determining whether an individual will be authorised to leave the Trust under VSS.
- 6.3 Details of applications not supported at Divisional / Directorate Team level will be available for information by the independent VSS Trust Wide Panel and final ratification that these will not proceed will be given.
- 6.4 Decisions will be taken at the sole discretion of the Panel. The Panel's decision will be final. The VSS Administrator will communicate the outcome from the process to applicants; there will be no right of appeal for staff whose applications are unsuccessful.

PROCESS SUMMARY

