

PERSONNEL SERVICES

University Offices, Wellington Square, Oxford OX1 2JD
 Director of Human Resources



To: Heads of division, heads of department and institutions, heads of UAS sections

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 EMS/6/11

cc: Divisional secretaries, Dr Gambles, Mr Shaw, departmental administrators, divisional finance controllers, Head of Pensions, Head of Payroll, HR Business Partners

24 October 2016

Introduction of a Voluntary Redundancy Scheme (VRS)

In view of the financial position of the University, Council, on the recommendation of the Personnel Committee and PRAC, has agreed that for a fixed period a Voluntary Redundancy Scheme should be run to help departments and divisions to achieve financial savings and meet their budget targets. Central funding has been made available to departments to cover the cost of voluntary severance payments for departures that are agreed by 31 July 2017.

This circular sets out the outline arrangements for the VRS. Full details are available at www.admin.ox.ac.uk/personnel/vrs/

Staff of the University will receive an email from the University's Director of Human Resources about the scheme on Wednesday 26 October.

1. Action required of departments, divisions, and UAS sections

Departments and divisions, and UAS sections are asked:

- (i) to consider whether any University-funded support or academic-related posts in their department are non-essential to the future operational and/or strategic function of the department, such that a potential reduction or reorganisation in the staffing of their department is possible. Where this is the case, the VRS guidance set out at www.admin.ox.ac.uk/personnel/vrs/vrsdepts/ should be followed; and
- (ii) to be aware of the arrangement for 'bump severance' so that they are prepared to respond to any staff who come forward to volunteer through this scheme.

2. Background and rationale

The University's strategic plan commits it to achieving an operational surplus of at least 5% to ensure that it has sufficient funds to invest in its future. In the last couple of years the University has not been able to achieve the required level of surplus. Given the uncertain financial conditions facing the University, departments are asked to explore a variety of measures to control costs, including any opportunities for reducing staff costs.



Further to the recently introduced headcount control measures, the Personnel Committee and PRAC with the approval of Council, have agreed that a voluntary redundancy scheme should be introduced and run for a fixed period to 31 July 2017. Departments are asked to consider whether any activities which are currently carried out by University-funded support or academic-related staff in their department could 'cease or diminish' (the measure used to identify when a post is eligible for consideration for redundancy) leading to a reduction in staffing. Where the potential to close posts is identified, staff in such posts will be offered the option to voluntarily resign in exchange for an enhanced voluntary severance package.

Staff who do not wish to resign from the University but who would be willing to consider moving to a new post, will also be offered the option of 'bump severance' through which they could move to an alternative post within the University in order to release someone who does wish to take voluntary severance, thereby allowing a post to be closed.

Central funding has been made available to assist departments with offering voluntary severance packages where the departure is agreed by 31 July 2017.

Departments are also encouraged to consider any other measures which might help respond to the difficult and uncertain financial situation.

3. Features of the scheme

In all cases the resignation of a member of staff through the Voluntary Redundancy Scheme must be entirely voluntary but also in the management interest of the University. That is to say, the resignation must result in a post being made redundant and closed permanently (or for a minimum of five years), thereby contributing to a net saving on ongoing staff costs. There is a continuing requirement placed by the HM Revenue and Customs that a redundancy must be clearly demonstrable 'broadly speaking, because the requirements of the department have altered in such a way that the kind of work carried out by the employee is no longer needed'.

Departments and divisions are asked, in particular, to note the following points:

- This is a **voluntary** scheme: there is no compulsion on individuals offered the option to leave through VRS to accept such an offer.
- Should **compulsory** redundancies be contemplated, departments should speak to their HRBP without delay, and this scheme should not be used.
- **Central funding** is available to cover the immediate cost of VRS payments, and the costs of the scheme should normally be matched by savings made on the closure of the post within two years from the date of the departure.
- The availability of central funding is dependent on the **approval of the Individual Severance Agreement Panel (ISAP)** and binding offers of voluntary severance benefits may not be made to any person without prior approval from the division and ISAP.
- **Posts** that are closed under the scheme must remain **closed permanently** (or for a minimum period of five years).



- For staff whose posts are not identified by departments as non-essential, but who nevertheless would be interested in a voluntary resignation through the VRS in exchange for VRS benefits, there is the option to volunteer for '**bump severance**', with departmental approval. Bump severance allows a member of staff who has been offered VRS benefits but does not wish to resign to move (with agreement) into the post of another employee who does wish to resign but whose post is not in scope of the VRS.
- It is planned that the VRS will be run until the end of the 2016/2017 academic year, in the first instance. Any departures under the scheme must be agreed by **31 July 2017**. The scheme will be reviewed at the end of its first year of operation.
- In order for the post to qualify for **redundancy** it must be clear that the work previously undertaken is no longer required, or can be covered in a different way through a restructuring exercise.
- There is no bar on employees who leave under VRS seeking **re-engagement** to another post within the University but such employment may not be taken up within three months of leaving the University.
- **No additional pension benefits** are available under this scheme: staff who agree to resign under VRS, and who are eligible to retire, should ask the Pensions Office about arrangements for early retirement under the terms of their pension scheme.
- This is **not a contractual scheme** and the University reserves the right to withdraw the scheme at any time should circumstances change.

4. **Guidance and support available from the Personnel and Pensions Sections**

A website is available at www.admin.ox.ac.uk/personnel/vrs/vrsdepts/ setting out:

- the scheme details, including some supplementary guidance for heads of departments;
- the procedure to be followed where departments wish to use the VRS;
- FAQs for staff;
- a calculator tool to facilitate the calculation of VRS benefits; and
- pro-forma documentation including a business case pro-forma and application form where departments wish to put cases forward for VRS benefits.

Individual employees may obtain information on their pension benefits on a confidential basis from the Pensions Office.

Personnel Services will be arranging briefing session for heads of department and departmental administrators through Divisional Offices.

Mr J Duxfield
Director of Human Resources

Replaces existing circular: No
Copy for notice boards: No