

ISLE OF MAN PUBLIC SERVICES COMMISSION MUTUALLY AGREED RESIGNATION SCHEME 2023

1. Introduction

- 1.1. The Mutually Agreed Resignation Scheme (MARS) has been designed to support periods of change and the drive for workforce efficiencies for employment groups inside the Public Services Commission (PSC)
- 1.2. The primary purpose of MARS is to facilitate a reduction in Public Services Commission staff numbers overall by creating job vacancies which can be filled by redeployment of staff from other jobs or as suitable alternatives for those staff facing redundancy.
- 1.3. The scheme provides for MARS payments to be up to 12 months pay, based on 1 month's pay for each completed year of service.

However, applicants should note that MARS payments may be restricted to a lesser amount if the value of the annual savings achieved through progressing the application are of a lesser amount.

2. Definition

- 2.1. MARS is a scheme under which a PSC employee, in agreement with their Department/Board or Office and the Public Service Commission, chooses to leave employment in return for a severance payment. A Mutually Agreed Resignation (MAR) is not a compulsory redundancy or a voluntary redundancy, which is currently covered by Section B of the PSC Civil Service Regulations for civil servants. There are currently no specific provisions, other than statutory for PSC Manual and Craft Workers

3. Business case

- 3.1. Any business case supporting an application under MARS must demonstrate that the departure of a PSC employee on voluntary terms would be in the financial and operational interests of the Department/Board or Office.
- 3.2. The business case to leave under MARS will need to demonstrate that it has taken the following into account
 - a) The short and long-term workforce needs, including development/ redesign of services.
 - b) The application will create possibilities for suitable alternative employment for displaced staff.
 - c) That there will be sufficient knowledge, capacity and skill base left within the Department, Board or Office should the application be approved.
 - d) Consideration has been given to the extent to which approval will facilitate service or post redesign.

- e) The extent to which any organisational re-design will achieve cost savings.
- f) Whether the costs will be contained within a 12 month payback period.

4. Eligibility

Mutually agreed resignation (MAR) can be offered in the interests of workforce efficiency where Government wishes to reduce overall staff numbers and to support organisational changes. There is no compulsion on individuals to apply for MARS or to accept any offer made under this Scheme.

This scheme may be made available for all PSC employees except where a PSC employee:-

- a) Has already formally given notice of their intention to resign/retire, prior to the date on which an application for MAR is submitted;
- b) Has already secured alternative employment outside the Public Service Commission;
or
- c) Has been notified of the date of the termination of their appointment for any other reason.
- d) Each application made in accordance with MARS will be considered on its own merits. The Public Services Commission 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.
- e) MARS is entirely voluntary from both parties' perspective and there is no legal obligation on the part of the Public Services Commission to accept any individual application.
- f) The scheme may be advertised only for a specified period of time or to specified grades/areas within the Public Services Commission.
- g) Where an application is submitted in which a proposed MARS payment is equivalent to the savings that will be delivered by the post being replaced at the same grade, but subject to New Terms for New Starters and Promotions, these savings cannot be guaranteed, as the individual who is the replacement may be an existing employee on old terms. Such a proposal on its own is therefore not a sufficient rationale for a payment and such applications will normally be declined.

5. Terms

MARS payments will be calculated on either of the following basis usually whichever is lower:-

- a) A lump sum payment based on one month's **basic pay*** per year of continuous service up to a maximum of 12 months.
- b) The payment based on the value of the savings that can be achieved up to a maximum value equal to 12 months pay for the individual.

Any part months will be rounded to nearest full month.

* **Basic pay** will be confirmed to individuals if their application is accepted. The payment will be based on the basic pay which they are entitled to on their last day of service.

6. Selection Process & Criteria

All applications will be considered against the following fixed set of criteria:-

- a) Consistency with short and long-term workforce needs, including development/ redesign of services.
- b) Whether the application will create possibilities for suitable alternative employment for displaced staff.
- c) Whether there will be sufficient knowledge, capacity and skill base left within the Department, Board or Office should the application be approved.
- d) The extent to which approval will facilitate service or post redesign.
- e) The extent to which any organisational re-design will achieve cost savings.
- f) Whether the costs will be contained within a 12 month payback period.

7. Annual Leave

PSC employees should be asked to use any outstanding leave during their notice period. If this is not possible due to operational requirements they should be paid in lieu for any outstanding annual leave due at the last day of service, provided this has been agreed with their line manager prior to their resignation date being finalised.

Those who have exceeded their annual leave allowance will be required to refund from their salary an amount equivalent to the number of days overtaken in accordance with Regulation 21 of the PSC Civil Service Regulations 2015, and Article 17 of the PSC Manual and Craft Memorandum of Agreement.

[PSC Civil Service Annual Leave Provisions](#) _

[PSC Manual & Craft Annual Leave Provisions](#)

8. Discretionary Terms

The Public Service Commission may offer more or less than the standard lump sum payment, subject to the conditions detailed below:

- a) The maximum payment available is twice the **standard** payment, up to the overall MAR early departure maximum limit of 12 months.

Example (a) – Applying discretionary terms based on length of applicant’s service

An employee with 4 years' service who would qualify for 4 months pay could be given up to a maximum of 8 months pay.

An employee with 10 years' service who would qualify for 10 months pay could only be awarded under discretion a further 2 months pay to the maximum of 12 months.

Example (b) – Applying discretionary terms based on savings available through applicant's departure.

An employee who receives a salary of £30,000 p.a. applies for MARS. The business cases states that the post can be replaced at a salary cost of £25,000 p.a.

The employee would qualify for a MARS payment of £5,000, but could be awarded up to maximum of £10,000 at the discretion of the MARS panel.

- b) The Commission may apply the protection for lower paid staff explained in paragraph 10 below.

9. Notice Periods

Mutually agreed resignations will be subject to notice periods set out in PSC Civil Service Regulations and PSC Manual and Craft Regulations 2015. Notice will commence from the date the employee signs the agreement to depart. The employee may choose to leave earlier but this will be subject to negotiation and mutual agreement between the employee and the Commission. Pay in lieu of notice (PILON) will be paid for any part of the notice that is not worked, by mutual agreement. Departments/Boards or Offices will pay PILON via the payroll and it will be subject to income tax and National Insurance. Pay in lieu of notice (PILON) will be paid for any part of the notice that is not worked.

10. Protection for the Lower Paid

Employees earning less than £21,000 per annum fte who leave via MARS will be deemed to be earning that amount for the purposes of calculating their compensation payment.

Example (b) - Protection for the lower paid

An employee who works full-time earns £15,000 per annum and has 10 years' service. If the employee opts for resignation under this scheme their MARS payment will be based on the deemed minimum of £21,000 and they will receive a MARS payment of £17,500.

Worked out as $10 \times £21,000/12 = £17,500$.

For part-time posts, the severance payment will be calculated on a pro rata basis.

11. Re-employment

Employees leaving under this scheme will not be eligible for re-appointment to the PSC for 24 months following resignation, except in exceptional circumstances with the approval of the Public Services Commission. In such circumstances, the employee

will be required to repay their lump sum payment proportionate to the remaining notional period of their compensation payment.

Example (d) – repayment of lump sum

An employee leaves after 20 years service and receives a payment equivalent to 12 months salary. The employee returns to work within the PSC after 18 months, with the approval of the Commission. A condition of appointment will be a requirement to repay one quarter of their lump sum payment.

12. Compromise Agreement

Employees who decide to proceed with a MAR will be issued with a confidential Compromise Agreement to sign, which will set out the financial and other terms under which the employment relationship will end.

13. Payments Made Under MARS

Payments made under MARS, will be treated as an ex-gratia payment on termination of employment where there is no contractual right to that payment in compensation for loss of office.

A termination payment should only be treated as remuneration if it exceeds £30,000 and then income tax should only be deducted from the amount by which the payment exceeds £30,000 (e.g. if the total payment was £35,000, only £5,000 would be subject to income tax)*.

*For further details see Treasury Practice note [203/18](#) of 24 May 2018.
Payments made under MARS will not be Superannuable.

14. Application Procedure

- Employees who wish to apply for MARS should discuss their case with their line manager in the first instance. Informal discussions will be confidential and not make a binding commitment on either party. The relevant HR Advisor and Business Relationship Manager will also be available to provide advice on the scheme.
- Employees should then complete their application for MARS, using the application form in Annex A. Please note an individual's line manager will be asked to indicate their support or otherwise for the application by completing the attached form (see Annex B), outlining the potential financial savings and payback time along with reassurance as to how the business needs of the Department/Board or Office will continue to be met.
- Concurrently, the Department/Board or Office should be drafting a Business Case to support the application.
- Once the line manager has completed the relevant section the application should be considered and agreed by the relevant Divisional Head, the application finally being considered and approved or declined by the relevant Chief Executive Officer.
- It is the responsibility of the Department to submit the application along with the business case to the Secretary of the Public Service Commission who will arrange for the application to be acknowledged within 5 working days of receipt, the information

submitted will then be verified and the potential MARS payment calculated.

- Incomplete applications will not be accepted.
- Once an application is submitted, it will be dealt with in strict confidence by all those involved with the process.
- Applications will be submitted to a MARS Panel comprising;-
 - the Secretary of the Commission,
 - A Department/Board or Office Chief Executive, and;
 - a representative of Treasury, appointed by the Chief Financial Officer

The Panel will make the final decision on whether to accept or decline an application or may ask the Department, Board or Office concerned for additional information. The Authority to make the decision will be formally delegated to the Panel by the Public Service Commission.

- Where the MARS Panel approves an application, the Secretary of the Commission will write to the employee confirming that their application has been approved, proposing a MARS payment offer, based on a leaving date to be mutually agreed between the applicant and the Department, Board or Office.
- The applicant will be requested to provide their acceptance or rejection of the offer within a prescribed timescale. Failure to respond within the time scale may result in the application being withdrawn in its entirety.
- Where the MARS Panel does not approve an application, the Secretary of the Commission will write to the employee advising that their application has not been successful and why it has not been possible to approve the application at this time.
- The MARS Panel 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.

PSC Mutually Agreed Resignation Scheme (MARS) Application Form

For Completion by the employee.

Department / Board /Office & Division			
Full Name:		Date of Birth:	
Job Title:		Skill Zone / Grade:	
Payroll Number:			
NI Number:		Gross Basic Annual Salary	
PSC Civil Service / PSC Manual and Craft Start Date:		Department Start Date:	
Preferred Contact Details:	Email:		
	Phone:		
	Address		
I wish to apply for Mutually Agreed Resignation. I understand that the information above will be validated and the outcome of my application will be communicated to me in writing.			
Date:	Signed:		

For completion by the Line Manager / Divisional Head

Details required of how recurrent cost savings can be made through skill mix / redeployment:
1. Should the employee be considered for mutually agreed resignation? If so, on what basis?
2. Savings to be delivered as a result of agreeing a MARS payment? (recurrent and non-recurrent)
3. Mutually Agreed Resignations Costs
4. Does the application create an opportunity for another displaced member of staff?

I do / do not* support this application (*Delete as appropriate)	Reason:
Signed: Print Name:	Line Manager
Signed: Print Name:	Divisional Head
Date:	

Authorisation from Chief Executive Officer (or Delegate)

This application is / is not supported.

Signed:

Date:

For completion by HR / Payroll Team

Basic Annual Salary:		Organisation Start Date:	
Mars Payment Calculation:	Leaving Date:		Completed Years:
Completed by: _____			
Date: _____			

MARS Panel Decision:

The application has / has not been approved

Reasons for Decision

Signed (on behalf of MARS Panel):

Date: