



**General Purposes Committee**  
7<sup>th</sup> September 2020

**Report from Head of Paid Service**

**Severance Approval**

<b>Wards Affected:</b>	N/A
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	This report is partially exempt. Appendix 1 is Not for Publication as it relates to the following category of exempt information as specified under Paragraph 1, Schedule 12A of the Local Government Act 1972, namely: "Information relating to any individual"
<b>No. of Appendices:</b>	Appendix 1 – Severance Payment (contains exempt information)
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Martin Williams, Head of Human Resources Tel: 020 8937 3209 Email: Martin.Williams@brent.gov.uk

## 1.0 Purpose of the Report

- 1.1 This report seeks approval from the Committee to make a severance payment to an officer, in particular pursuant to the council's redundancy policy, where their redundancy payment, when added to the pension strain costs that the council must bear as part of the Pension scheme rules, comes to over £100,000.

## 2.0 Recommendations

- 2.1 To approve the severance payment set out in Appendix 1.
- 2.2 To note that the payment does not include any elements additional to sums calculated in accordance with the council's Managing Change Policy and the requirements of the Local Government Pension Scheme.

### **3.0 Detail**

- 3.1 In May 2019 the Council Tax service, which was being managed by CAPITA, transferred back to the Council and staff TUPE transferred back into the Council's direct employment. A number of those staff were long serving and had been delivering the Council's Council Tax service, albeit via contractors, for over thirty years. In September 2019 the Customer and Digital Services Department undertook a consultation with staff with a view to restructuring the Council Tax service to provide a more efficient approach to the delivery of the service and provide savings in the cost of delivering that service.
- 3.2 The majority of staff who were made redundant as part of this restructure left the Council on 31<sup>st</sup> March 2020. However, three were asked to stay until 31 August 2020 to ensure an orderly and well managed change to the new way of working and to ensure the minimum of disruption to the public.
- 3.3 As one of those members of staff has attained 55 years of age they are automatically required to receive their full pension. The consequence of this is that the Council has a 'pension strain' payment which has to be made to the pension fund.
- 3.4 Employees with two or more years' continuous service at the council or other bodies listed in the Redundancy Payments (Continuity of Employment in Local Government) Modification Order are entitled to a redundancy payment in accordance with the council's policies. The council's policy is based on the statutory scheme but actual salary rather than the statutory weekly maximum is used for the calculation. In addition, a discretionary severance payment, equal to 50% of the redundancy payment so calculated, is currently made to those made redundant. In addition, employees who are made redundant who are aged 55 or over and have at least two years of pension scheme membership are required to receive immediate payment of pension benefits without reduction for early payment.
- 3.6 In the case set out in Appendix 1 the officer was subject to a TUPE transfer and therefore their Redundancy payment is based on a calculation using the Governments statutory redundancy scheme which caps weekly wages at £538 rather than the Council's more generous redundancy and severance terms which are contained in the Managing Change Policy. .

### **4.0 Financial Implications**

- 4.1 The cost of the redundancy, severance and pension strain will be funded the Council's corporate redundancy budget.

### **5.0 Legal Implications**

- 5.1 The council has power to enhance the statutory redundancy scheme and to make severance payments to staff not eligible for that scheme under Regulations 5 and 6 of the Local Government (Early Termination of

Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 (as amended) where dismissal is for redundancy or efficiency reasons.

- 5.2 Under the Redundancy Payments (Continuity of Employment in Local Government) Modification Order continuous service with bodies listed in the Order is included in the calculation of an employee's continuous employment for redundancy purposes.
- 5.3 Statutory guidance in the Localism Act 2011 provides that termination payments (including pension strain) which exceed £100k should be approved by full Council. The council must have regard to this guidance. The council's Pay Policy Statement provides that where practicable, and unless the Chief Executive agrees otherwise, termination payments which exceed £100k will normally be agreed by full council or a committee of the council. For the avoidance of doubt, termination payments in excess of normal contractual terms are not proposed as a result of this report. As can be seen from the Appendix 1, the termination payment in excess of £100k is not being made to a high earner

## **6.0 Diversity Implications**

- 6.1 As this decision only affects one employee there are no diversity implications.

## **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 None.

## **8. Human Resources/Property Implications (if appropriate)**

- 8.1 Included in the main body of the report.

### **Background Papers**

None

#### **Report sign off:**

Carolyn Downs  
Chief Executive and Head of Paid Service