



General Purposes Committee
21 January 2019

Report from the Chief Executive

Severance Approval

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Debra Norman Director of Legal and HR Email: debra.norman@brent.gov.uk Tel: 0208 937 1578

1.0 Purpose of the Report

- 1.1 The Committee received a report at its meeting on 5 December 2018 which sought approval to make severance payments to officers as a result of the Council's Voluntary Redundancy Scheme where the redundancy and severance payment, when added to the pension strain costs that the Council must bear as part of the Pension scheme rules, came to over £100,000. This report seeks approval for one further severance payment the details of which are set out in the report.

2.0 Recommendations

- 2.1 To approve the severance payment set out in the report.
- 2.2 To note that this payment does not include any element 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 On 2 August 2018 the General Purposes Committee agreed that the Council would implement a Voluntary Redundancy Scheme in advance of planning and implementing restructures as part of re-modelling the Council to achieve the savings required in the Council budget over the coming period. It was agreed that employees taking voluntary redundancy under the scheme would continue to work until the end of the financial year (31 March 2019) unless exceptionally another date was agreed by the Chief Executive. The scheme was implemented from 3 August 2018 and closed for applications on 28 September 2018. 149 applications were received.
- 3.2 All applications were assessed on the basis of the efficiency of the service and longer term financial considerations. As a result, 82 applications were approved, of which 12 were agreed by this Committee as the termination payments exceed the £100,000 threshold requiring a Member decision. These payments were considered and approved at the meeting of the Committee on 5 December 2019.
- 3.3 Unfortunately there was a delay in receiving the pension capital costs for one of the applicants and having now received the information the capital costs when added to the redundancy payment cause the overall severance payment to exceed the £100,000 threshold.

	Redundancy	Pension Capital Cost	Total
Employee 13	£32,009.73	£87,309.61	£119,319.34

4.0 Financial Implications

- 4.1 As set out in the report, the benefits of the scheme were not only financial. Nonetheless, it is important to consider the financial implications.
- 4.2. The total termination payments will be £5.3m and savings of £3.3m will be achieved. This equates to an overall payback period of approximately 1.6 years, which is well within the two year benchmark.
- 4.3. Most of the savings will form part of the delivery of the proposals set out in the draft budget of 15 October 2018, if agreed. However, approximately £0.6m of additional savings have been identified through this exercise, of which nearly half relate to the HRA and DSG budgets. Redundancy costs will also be properly apportioned between different ring-fenced elements of the 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 The Government has put forward various proposals to reduce and standardise severance payments in the public sector. The proposals, none of which are operative at the moment, are:

- (a) requiring repayment of public sector exit payments by those with annual earnings above £80,000 should they return to work in the public sector within one year (Small Business, Enterprise and Employment Act 2015). Implementation of regulations to effect these changes (the Repayment of Public Sector Exit Pay Regulations 2016) is still awaited;
- (b) placing a cap on exit payments of £95,000 (Small Business, Enterprise and Employment Act 2015) subject to further consultation on the draft Public Sector Exit Pay Regulations;
- (c) making public sector exit compensation terms fairer, more modern and more consistent, including through the following means:
 - A maximum salary of £80,000 for the calculation of exit payments.
 - A taper on the amount of lump sum compensation an individual is entitled to receive as they get close to the normal pension age or target retirement age of the pension scheme.
 - Action to reduce the cost of employer-funded early access to a pension as an exit term.The government has published its response to the consultation but has not yet brought forward draft legislation.

5.4 Firm implementation dates for these provisions have not yet been announced and so whether any of them will be implemented at a time and in a way that impacts on the payment General Purposes Committee is being asked to agree is unknown.

5.5 Other legal implications are contained in the body of the report.

6.0 Diversity Implications

6.1 These were considered in the report considered by the Committee at its meeting of 5 December 2018. The individual included in this report was included in the Equality Impact Assessment appended to that report and there are no changed consideration to note.

7.0 Consultation with Ward Members and Stakeholders

7.1 None.

8. Human Resources/Property Implications (if appropriate)

8.1 None pursuant to this individual case.

Report sign off:

CAROLYN DOWNS
Chief Executive