



General Purposes Committee
20 May 2019

Report from the Head of Paid Service

Severance Payment

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)	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 Appendix 1 is Not for Publication as it relates to the following category of exempt information as specified under Paragraph 1, Schedule 12A of the Local Government Act 1972, namely: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'.
No. of Appendices:	Appendix 1 – Severance Payment (contains exempt information)
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Martin Williams, Head of Human Resources Tel: 020 8937 3290 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 pursuant to a restructure where their redundancy and severance payment, when added to the pension strain costs that the Council must bear as part of the Pension scheme rules exceeds £100,000.

2.0 Recommendation(s)

- 2.1 To approve the severance payment set out in Appendix 1.
- 2.2 To note that the 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 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. Where this applies, the council needs to make a payment into the pension fund in order to ensure the fund does not suffer any detriment (pension strain) because of this requirement. Termination payments to long serving employees may exceed £100k due to the inclusion of pension strain even where their salary is, for example, in the region of £40k

- 3.2 The council's Pay Policy Statement provides that where practicable, and unless the Chief Executive agrees otherwise, termination payments which (including pension strain) exceed £100k will normally be agreed by Full Council or a committee of the Council.

4.0 Financial Implications

- 4.1 The proposal generates some direct financial savings to offset costs, as set out in the report. Coupled with the unquantified but nonetheless potentially significant other benefits as also set out in the report this then makes the proposal consistent with the council's general approach to facilitating voluntary redundancy where financially reasonable to do so.

5.0 Legal Implications

- 5.1 The Council has the power to enhance the statutory redundancy scheme and to make severance payments to staff not eligible for that scheme under Regulation 6 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) where dismissal is for redundancy or efficiency reasons.
- 5.2 Statutory guidance under the Localism Act 2011 provides that termination payments which exceed £100k should be approved by Full Council. The Council must have regard to this guidance. The Council's Pay Policy Statement adopted annually having regard to the guidance 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.

6.0 Equality Implications

- 6.1 An Equality Impact Assessment has not been undertaken as this report only impacts a single member of staff.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 None

8.0 Human Resources Implications (if appropriate)

- 8.1 The council has made a commitment in its Change Management policy to seek to avoid compulsory redundancies by using voluntary redundancy where appropriate. This commitment and its implementation is likely to have a

positive effect on employee engagement and reduce any negative impact on service performance which can result from the distress and demotivation sometimes experienced by continuing staff whose colleagues have been made compulsorily redundant.

Report sign off:

CAROLYN DOWNS

Chief Executive and Head of Paid
Service