



## General Purposes Committee 18 July 2022

### Report from Head of Paid Service

## Approval to Make Severance Payments

<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 Appendix 1 is not for publication as it relates to the following category of exempt information as specified under paragraph 1 Schedule 12A of the Local Government Act 1972 namely 'information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 an individual'.
<b>No. of Appendices:</b>	One
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Debra Norman Director of Legal, HR, Audit and Investigations. 020 8937 1578 <a href="mailto:Debra.Norman@brent.gov.uk">Debra.Norman@brent.gov.uk</a>

### 1.0 Purpose of the Report

- 1.0 This report seeks approval to make two severance payments, consisting predominantly of actuarial strain costs relating to the release of a pension on the basis that the employees' posts are redundant. As the pension strain costs that the council must bear as part of the Pension scheme rules, amount to over £100,000 the General Purposes Committee is asked to approve the payments.

### 2.0 Recommendations

- 2.1 To approve the severance payments set out in the (exempt) Appendix to this report.
- 2.2 To note that neither of the payments includes 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 One of the outcomes of the recent Senior Management restructure approved by Cabinet on the 20<sup>th</sup> June 2022 was a reduction in the number of posts at Strategic Director level. One of the post holders impacted by these changes has volunteered for redundancy and this has been accepted.
- 3.2 A separate restructure is underway in the Oracle Cloud Support Service and there is potentially one post that is redundant. The consultation process ends on the 27<sup>th</sup> July so the impact on that post and postholder may change. However it is prudent to seek approval of the potential severance payment at this point in time to avoid the need for a further report to the committee should the payment need to be made.
- 3.3 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 severance payment, equal to 50% of the redundancy payment so calculated, is currently made to those made redundant.
- 3.4 In both cases, the cost of release of the employee's pension and redundancy will be met by compensatory savings from within the department.
- 3.5 More detail is contained in the exempt appendix.

### **4.0 Financial Implications**

- 4.1 The total cost of the redundancy results in a payback period of less than two years, which is within the agreed benchmark for long term financial considerations.
- 4.2 The one off cost of the redundancy, severance and pension strain will be funded from 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. The policy adopted by the council is contained in its Managing Change Policy.
- 5.2 The council is required under Regulation 30 of the Local Government Pension Scheme Regulations to release an individual's pension without the normal

actuarial reduction to reflect early payment in the event they are made redundant at or over the age of 55 years.

- 5.2 Statutory guidance under the Localism Act 2011 provides that termination payments (including pension strain) which exceed £100k should normally be approved by full Council. More recent guidance under the Local Government Act 1999 provides that Special Severance Payments, as defined in the guidance (this does not include pension strain or contractual elements), must be referred to full council if the overall payment exceeds £100k. The council must have regard to this guidance. There is no special severance element in either of these payments.
- 5.3 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.
- 5.4 Other legal implications are contained in the body of the report.

## **6.0 Diversity Implications**

- 6.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 6.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 6.3 There are no diversity implications in respect of this report.

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

- 7.1 None.

## **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1 None relating to these individual cases save as set out in the report.

**Report sign off:**

**Carolyn Downs**

Chief Executive and Head of Paid  
Service