

	<b>Full Council</b> 18 November 2024
	<b>Report from the Chief Executive</b>
	<b>Lead Member – Deputy Leader and          Cabinet member for Finance &amp;          Resources          (Councillor Mili Patel)</b>
<b>Voluntary Redundancy Scheme 2024</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Council
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part Exempt - Appendix 1 is exempt from publication as it contains exempt information as specified under Paragraph 1, Part 1 Schedule 12A of the Local Government Act 1972 namely "information relating to an individual".
<b>List of Appendices:</b>	One Appendix 1: (exempt) Voluntary Redundancy scheme figures
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Musrat Zaman, Director of HR and OD Tel: 020 8937 4081 <a href="mailto:musrat.zaman@brent.gov.uk">musrat.zaman@brent.gov.uk</a>

## 1.0 Executive Summary

1.1. This report provides an update in respect of the council's 2024 Voluntary Redundancy Scheme (the "Scheme") and seeks approval to make 10 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 in each case, Full Council is asked to approve the payments.

## 2.0 Recommendation(s)

2.1 To approve the severance payments set out in the Appendix to this report.

2.2 To note that all payments contained within this report have been calculated in line with the council's Managing Change Policy and the pension strain payments that will arise under the Local Government Pension Scheme which are required to be paid.

2.3 To note the overall outcome of the Voluntary Redundancy Scheme run during 2024.

### **3.0 Detail**

#### **3.1 Contribution to Borough Plan Priorities & Strategic Context**

3.1.1 The council has a significant savings requirement to meet and the voluntary redundancy scheme has been implemented to support the achievement of those savings. 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 are 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. A voluntary redundancy scheme is advantageous for both management and employees. Implementing compulsory redundancies is a significant drain on management time and is very disruptive for the wider workforce. Use of voluntary redundancy also reduces the risk of legal claims against the council.

#### **3.2 Background**

3.2.1 On 2 August 2018, the General Purposes Committee agreed that the council 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 following period. The Chief Executive was delegated authority to agree that the scheme also be run in future years. Subsequent schemes in 2020 and 2022 have been successful in achieving savings and remodeling of the workforce and also facilitated succession planning and career progression.

3.2.2 This year the council again finds itself needing to undertake significant workforce reform and restructuring in order to achieve savings while continuing to deliver services on which the local community rely. The Chief Executive therefore authorised the running of a further voluntary redundancy Scheme in 2024.

#### **3.3 The recent programme to seek volunteers for redundancy**

3.3.1 Staff were invited to apply for voluntary redundancy as a means of avoiding the need for a programme of compulsory redundancy. The request for volunteers opened in June and closed on 18 August 2024. It was proposed that employees who it is agreed may take voluntary redundancy under the scheme continue to work until the end of the financial year (31 March 2025) unless another date is

agreed (either earlier or later based on service efficiency). The Council's Trade Unions also supported this scheme.

- 3.3.2 A total of 132 applications for voluntary redundancy were received council wide, of which 59 were recommended for acceptance. 73 of the applications were not recommended because the directorate concerned consider that the post continues to be required by the council and cannot be deleted.
- 3.3.3 To make further savings prior to March 2025 a total of 12 requests (of the 59 recommended for acceptance) have currently been approved for early release.
- 3.3.4 A total of 10 applications that have been recommended for acceptance are required to be approved by full council due to their individual cost, including pension strain, being over £100,000.
- 3.3.5 All applications were assessed on the basis of the efficiency of the service and longer-term financial considerations. A payback period of not more than two years for the cost of the redundancies to be offset by the consequent savings to the council (net of any saving reinvested as part of a restructure) was part of this assessment. A business case was prepared in respect of each application received and these were considered by Departmental Management Teams (DMT). Each business case has considered the cost of the individual redundancy and the savings associated with a deletion of the post, taking into account any associated restructure to ensure that the council can continue to deliver its services after the redundancy is implemented. The Corporate Management Team considered all the proposals from DMTs and has applied the benchmark payback period to the outcome of the scheme as a whole.
- 3.3.6 For the avoidance of doubt, no exit payments in excess of normal contractual terms and in accordance with the council's Managing Change Policy, as described below, are proposed as a result of the voluntary redundancy scheme by way of this report. The severance payments made to those who volunteer for redundancy are calculated in exactly the same way as payments to those made compulsorily redundant.
- 3.3.7 The council's redundancy payments scheme applies to employees with two or more years' continuous service with a body listed in the Redundancy Payments (Continuity of Employment in Local Government) Modification Order. Calculation of payments under the council's scheme is based on the statutory scheme but actual salary rather than the statutory weekly maximum is used for this calculation.
- 3.3.8 Employees who are made redundant who are aged 55 or over and have at least two years of pension scheme membership are normally entitled under the LGPS Regulations to immediate payment of pension benefits without reduction. Where this occurs, the council can be required to make an actuarial "strain" payment to the pension fund to reflect the extra cost of paying an unreduced pension for the period up to the scheme member's normal retirement date under the LGPS.

3.3.9 This pension strain can be quite significant so that, for example, someone earning £40,000 p.a. with 30 years' service might attract a total exit payment (including pension strain) in excess of £100,000.

3.3.10 Under the council's Pay Policy Statement, exit payments in excess of £100k (including strain cost) are required to be approved by Full Council.

#### **3.4 Alternatives considered**

3.4.1 No alternatives were considered but managers were asked to consider if successful applicants could leave earlier than 31 March 2025 to realise greater savings.

#### **4.0 Stakeholder and ward member consultation and engagement**

4.1 Not applicable

#### **5.0 Financial Considerations**

5.1 The applications that have been accepted for voluntary redundancy result in an aggregate payback period of less than two years, net of any savings reinvested as part of a restructure, which is within the agreed benchmark for long term financial considerations.

5.2 The net cashable savings from the budgeted establishment arising out of the accepted applications have been incorporated into the Council's Medium Term Financial Strategy.

#### **6.0 Legal Considerations**

6.1 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 Managing Change procedure sets out how the council will exercise these powers.

6.2 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.

6.3 The Council's Pay Policy Statements provides that where practicable, and unless the Chief Executive agrees otherwise, termination payments that exceed £100k will normally be agreed by full council or a committee of the council.

6.4 Under statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England issued 12 May 2022, where an

employee is to receive a special severance payment (defined as a payment which includes elements that are not statutory or contractual or otherwise required) the payment should be referred to Full Council for approval. It is not intended that any such special severance element be included in payments to be made under the voluntary redundancy scheme in this instance.

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

## **7.0 Equity, Diversity & Inclusion (EDI) Considerations**

7.1 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.

7.2 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.

7.3 An equality impact assessment has been undertaken in respect of the proposed decisions under the scheme and this does not identify any concerns.

## **8.0 Climate Change and Environmental Considerations**

8.1 Not applicable

## **9.0 Human Resources/Property Considerations (if appropriate)**

9.1 The Human Resource implications are contained within the body of this report. There are no property implications.

## **10.0 Communication Considerations**

10.1 Not applicable

### **Report sign off:**

**Kim Wright**  
Chief Executive