



General Purposes Committee
17 November 2022

Report from Head of Paid Service

Voluntary Redundancy Scheme Approvals

Wards Affected:	All
Key or Non-Key Decision:	No
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	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 Appendix 1 is Not for Publication as it relates to the following category of exempt information as specified under paragraph 1 Schedule 12A of the Local Government Act 1972 namely 'information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'.
No. of Appendices:	One Appendix 1 Voluntary Redundancy Figures
Background Papers:	None
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1.0 Purpose of the Report

1.1 This report provides an update to the committee in respect of the council's 2022 Voluntary Redundancy Scheme and seeks approval to make seven 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 none of the payments in respect of individuals pursuant to the

voluntary redundancy scheme include any element in addition to sums calculated in accordance with the council's Managing Change Policy and the strain payments that will arise under the Local Government Pension Scheme as unreduced pensions are required to be paid.

- 2.3 To note the overall outcome of the Voluntary Redundancy Scheme run during September 2022.

3.0 Detail

- 3.1 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 empowered to agree that the scheme also be run in future years. The 2018 scheme was successful in achieving savings and remodeling of the workforce and also facilitated succession planning and career progression, which was an issue highlighted in a recent staff survey.

- 3.2 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 July 2022.

4.0 The recent programme to seek volunteers for redundancy

- 4.1 Staff were invited to apply for voluntary redundancy as a means of avoiding the need for a programme of compulsory redundancy. The call for volunteers opened in June and closed on the 31 August 2022. 101 staff have applied for voluntary redundancy. It is 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 2023) unless, exceptionally, another date is agreed by the Chief Executive. The Council's Trade Unions also supported this approach.

- 4.2 All applications were assessed on the basis of the efficiency of the service and longer term financial considerations. A benchmark period of not more than two years for the cost of the redundancy 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 Council Management Team considered all the proposals from DMTs.

- 4.3 As a result of this process 45 applications for voluntary redundancy have been agreed. However in 7 cases the cost of severance for the individual is in excess of £100,000 taking into account pension strain costs as an unreduced

pension is required to be paid.

4.4 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.

4.5 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. The calculation is as follows:

- 0.5 week's pay for each full year of service aged under 22
- 1 week's pay for each full year of service between the ages of 22 and 41
- 1.5 week's pay for each full year of service worked from the age of 41 and over.

4.6 This is subject to a maximum 20 years of service (30 x a week's pay is therefore the maximum available). In addition, an additional severance payment, equal to 50% of the redundancy payment so calculated, is currently made to those made redundant in accordance with the council's the council's Managing Change Policy.

4.7 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.

4.8 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.

4.9 Under the council's own policies, exit payments in excess of £100k (including strain cost) are required to be approved by the Council or by the General Purposes Committee.

5.0 Financial Implications

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, in the Council's Medium Term Financial Strategy.

6.0 Legal Implications

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

7.0 Diversity Implications

- 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 assessment has been undertaken in respect of this report.

Report sign off:

Debra Norman

Corporate Director Governance