

REPORT FOR DECISION



DECISION OF:	Council
DATE:	11th September 2019
SUBJECT:	Approval of Applications for Voluntary Early Retirement with Severance
REPORT FROM:	Councillor Jane Black
CONTACT OFFICER:	Chief Executive
TYPE OF DECISION:	COUNCIL
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain
SUMMARY:	Pay policy approval for severance packages
OPTIONS & RECOMMENDED OPTION	Recommendation It is recommended that severance payments are approved to two chief officers, following a recommendation from the Council's Human Resources and Appeals Panel, in order to make future savings for the Council.
IMPLICATIONS:	
Corporate Aims/Policy Framework:	Do the proposals accord with the Policy Framework? Yes
Statement by the S151 Officer: Financial Implications and Risk Considerations:	These proposals support the Council's recurrent savings targets and the one-off costs associate with them can be covered within the annual pension fund allowance.
Equality/Diversity implications:	None
Considered by Monitoring Officer:	Yes Section 38 of the Localism Act 2011 requires Councils to publish a pay policy statement annually. Terms and Conditions of Employment are specifically identified as non-executive matters within the Functions

	<p>Regulations. The Council's pay policy requires that any severance package in excess of £100,000 be considered by Full Council. The Transparency code issued under the Local Government (Transparency Requirements) (England)</p> <p>Regulations 2015 requires that the authority publish the details of remuneration and job titles of senior employees whose remuneration is at least £50,000.</p> <p>Consequently as a matter of policy approval of Council is required to approve the proposed exit packages.</p>
Wards Affected:	
Scrutiny Interest:	

TRACKING/PROCESS

DIRECTOR:

Joint Executive Team/CCMT	Cabinet Member/Chair Briefed	Ward Members (if necessary)	Partners
Scrutiny Committee	Other Committee	Council	Comms
		11.09.2019	

1.0 BACKGROUND

- 1.1 As part of medium term budget planning the Council ran a corporate voluntary exit campaign in May 2019. The campaign was launched to reduce workforce costs on a voluntary basis by accepting exit applications where the post may be deleted or reconfigured to reduce costs, on an individual business case basis.
- 1.2 The terms of the Council's severance scheme are broadly comparable to redundancy, comprising:
 - a one-off lump sum "severance" payment, calculated via an agreed matrix
 - access to unabated pension for staff aged 55 or over with the employer required to meet associated capital costs
- 1.3 In total, following HRA approval, the Council has agreed 67 exit applications to date, of which 25 included access to pension. Once exit costs have been recovered the reductions represent a saving of over £1,900,000. This reduction will make an important contribution to overall savings delivery and provide some in-year financial flexibility.
- 1.4 The associated exit costs to deliver the contractual package as described in section 1.4 involves a one-off spend against the pension capital budget of £914,516.04, with applicable severance costs met by the salary budgets within services.

2.0 ISSUES

2.1 In accordance with the Localism Act 2011 and statutory guidance issued by DCLG on 20th February 2013, Local Authorities are required to present details of any severance package paid to an officer where the value of the package exceeds £100,000. Approval of the package is subject to a vote by full Council. Within the Guidance the definition of the elements which make up the £100,000 and above severance package includes:

- i. Salary paid in lieu of notice;
- ii. Lump sum redundancy payment; and
- iii. Cost to the Council of any pension enhancement or strain on the pension fund

This is built into the Council's Pay Policy Statement.

2.2 The Council has received two termination applications where the post may be declared redundant but associated costs are above the £100,000 threshold because of the pension strain. The pension strain is paid to enhance the pension of the officer and is a pension scheme rule and not one the Council or the individual controls. The HRA Panel recommended the acceptance of the two exit applications set out in this report but consequently these require full Council approval. The applications are presented as an alternative to compulsory redundancy due to current restructuring proposals and it should be noted that compulsory redundancy situations for employees aged 55 and over would result in the same costs.

2.4 To not approve these payments means that officers above the age of 55 and who are in higher paid jobs would be denied access to the early termination scheme and this could effectively mean that the Council is unable to make senior officers who have considerable length of service redundant, whether voluntarily or compulsorily. This could impact on employees in lesser paid roles who are of a younger age and would be more susceptible to redundancy.

2.5 The costs of release for the two recommended applications are set out below. Council is advised that the pensions capital cost will be covered by annual provision from the Greater Manchester Pension Fund and does not present any revenue pressure to the Council. The risk of pressure on pension capital allocation this year is mitigated by the exit dates proposed which are towards the end of the calendar year. The severance cost will be met by salary budget.

Employee	Service	Date of Exit	Reason	Capital Cost - £	Severance Cost - £
Chief Officer 1	Finance	311219	Voluntary Early Retirement with Severance	167,820.17	31,310.74
Chief Officer 2	HROD	300919 flexible retirement then exit 310320	Flexible Retirement then Voluntary Early Retirement with Severance	165,730.27	30,614.80

3.0 CONCLUSION

- 3.1 Council is asked to approve the above applications to enable contractual obligations to be met.
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List of Background Papers:-

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