

TO: EMPLOYMENT COMMITTEE
5 JULY 2017

EXIT AND SEVERANCE PAYMENTS
(Director of Corporate Services)

1 INTRODUCTION

- 1.1 To provide an update to Committee on the situation regarding exit payments and notify Committee that a full report on severance policy has been deferred to October, due to further deferral of the Government regulations.

2 SUPPORTING INFORMATION

- 2.1 An information item was seen by members in October 2015 regarding the £95,000 exit payment cap proposed by Government in May 2015, which was due to be implemented in 2016. An update was due to Members once an implementation date had been finalised by the Government. However the Government implementation has not yet been progressed and, due to the General Election on 8 June 2017, further delays have been encountered. A full report will follow once regulations are finalised and there is a date for implementation.
- 2.2 Following Employment Committee in December 2016, a separate report was planned, to outline the impact of reducing the current redundancy multiplier. As the regulation referred to in 2.1 would also have an impact on severance payments, it was felt the two issues should not be considered separately.
- 2.3 The reason to consider the 2 reports together is that until there is more information on the capping regulations, any estimates of the savings to be generated by changing the redundancy pay policy would be potentially misleading. Once the capping regulations are introduced, some of the higher payments would in any case be reduced meaning the Council would make savings. It would be difficult to obtain a true picture of savings if the policy was reviewed prior to the capping regulations. As a result, the Council could have gone through a difficult Employee Relations consultation which would not generate as much saving as anticipated, and any later changes due to capping could be perceived as a second review of the policy within a matter of a few months.
- 2.4 Despite the continued uncertainty surrounding the Exit Cap, the Chief Officer: Human Resources has undertaken some initial investigations with the local Berkshire Authorities which shows that Bracknell Forest is not the most, nor the least generous in terms of redundancy pay. But the investigation has shown that all Authorities are looking at what is affordable in light of a high number of redundancies. It is therefore appropriate for a report to come to the Employment Committee for consideration and the Chief Officer:HR will ensure that such a report comes to Committee in October even if there have been further delays on national legislation, to ensure discussion of the matter is not significantly delayed.

- 2.5 As information in the meantime, the following information may be useful on the current practice in Bracknell Forest:

The current position
All redundancy payments are based on actual weekly pay rather than the statutory minimum of £489 (2017/18). Service is capped at 20 years for calculation purposes.
However payments are different depending whether the person has access to their pension
Staff who would have access to their pension <ul style="list-style-type: none">• Receive the statutory redundancy weeks with a maximum of 30 weeks (dependent on age & length of service)• Automatically has access to their pension - the Council pays a capitalised cost to release pension Under the pension regulations the pension is automatically released – the employee is not able to refuse and keep it as a deferred pension.
Staff who have no access to pension or who are not in the pension scheme <ul style="list-style-type: none">• Receive the statutory number of weeks enhanced by 1.75 with a maximum number of 52.5 weeks, dependent on age & length of service.

- 2.6 A report on the current local severance policy will go to the October Employment Committee. It is hoped that the regulations on capping and repayments will be finalised by then but if not, a separate report on these issues will follow as soon as possible after implementation dates have been fixed.

3 EQUALITIES IMPACT ASSESSMENT

- 3.1 To be identified in any future report if there is a change to the Council policy.

4 STRATEGIC RISK MANAGEMENT ISSUES

- 4.1 To be identified in any future report if there is a change to the legislation and Council policy.

Background Papers

None

Contact for further information

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