

Report to: Governance Committee

Date of meeting: 8 December 2020

By: Chief Operating Officer

Title: Voluntary Severance Scheme

Purpose: To seek the Committee's agreement to the proposed updates to the Voluntary Severance Scheme

RECOMMENDATIONS:

The Committee is recommended to agree the delegations and proposed updates to the Voluntary Severance Scheme as set out in paragraphs 2.4, 2.5, 2.6 and Appendix 1 of this report.

1 Background

1.1 The Council has operated a Voluntary Severance Scheme for a number of years. The Scheme is open at all times and enables the Council to agree mutually acceptable terms for an employee to voluntarily leave the service of the Council.

1.2 In operating the Scheme, the Council has regard to the operational effectiveness of the service and any application for voluntary severance must be approved by a Panel comprising the Chief Executive, in consultation with the Chief Operating Officer, Chief Finance Officer and Head of HR&OD.

2 Supporting Information

2.1 The Scheme has run successfully since its introduction and has become a valuable component of the range of policies the Council has in place to support workforce planning arrangements and future needs of the service, and the Council keeps the scheme under review.

2.2 The Committee will be aware that the 'Restriction of Public Sector Exit Payments Regulations 2020' (commonly known as the £95k cap) came into force on 4 November 2020. These provisions are currently subject to a number of legal challenges and we are therefore now operating in a somewhat uncertain environment in relation to severance payments. Clarity on the position is not expected until Spring next year at the earliest.

2.3 At present, the terms of severance set out in the Scheme are relatively generous and there is little provision for flexibility to agree a different amount where the business case does not support those terms set out in Section 3 of the Policy. This is particularly relevant in the face of the current uncertainty around the £95k cap regulations and their interaction with those of the Local Government Pension Scheme. It is therefore proposed to amend the Scheme to allow for flexibility to be exercised by the Panel for mutually agreed terms that are of a lesser amount than currently set out in the Scheme

2.4 It is therefore proposed to amend paragraph 1.5 of the Policy as set out in Appendix 1 to provide that:

'Whilst these are the factors to which the Panel must have regard, the Panel may, in exceptional circumstances, exercise their discretion and approve applications where these criteria are not met, providing it is in the best interests of the service. In addition, where the Panel agrees to voluntary severance in principle, the Panel may also, at their discretion, determine that the severance terms

set out in Section 3 of this policy are not appropriate and may instead agree to pay a compensatory payment of a lower or higher amount, up to the statutory limit set out in the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 or such other regulations which enact or amend them.'

2.5 In addition to the above, the officer scheme of delegation delegates to the Chief Operating Officer authority 'To agree, in consultation with the relevant Director, individual compensation settlements arising from references to the ACAS Conciliation Officer in Employment Tribunal cases.'. In recognising that it is in all parties' interests to resolve workplace issues at the earliest possible stage, as noted in the ACAS guidance, it is proposed that this delegation is also broadened to provide for severance terms to be agreed in broader circumstances, without the requirement for ACAS involvement or an ET claim having been lodged. It is therefore proposed that this delegation is reworded to: 'To agree, in consultation with the relevant Director as appropriate, individual compensation settlements and their terms, and to enter into agreements accordingly.'; and for the delegation to be broadened to include the Chief Executive and Assistant Chief Executive to reflect and be consistent with other parts of the Scheme of Delegation.

2.6 In addition to the above amendments, whilst it is current practice for the Panel to include the Chief Finance Officer, this is not actually set out in paragraph 5.1 of the Scheme and it is therefore proposed to also amend this paragraph to include the addition of the CFO as part of the Panel

2.7 The above changes will support the Council in achieving best value; for ease, the proposed updates to the policy are shown as tracked changes in the attached Appendix.

3. Conclusion and Recommendations

3.1 The Voluntary Severance Scheme has served the Council well in enabling it to support applications from employees to leave the Council in circumstances that are beneficial to both. Agreeing to the proposed amendments set out in paragraphs 2.4, 2.5 and 2.6 above will provide the Council with greater flexibility and enable it to continue to agree voluntary severances of employment, and the terms applicable, with confidence and therefore provide a bridge until the outcome of the current legal challenges to the £95k cap regulations are known.

3.2 The Committee is therefore recommended to agree the proposed updates to the Voluntary Severance Scheme as set out in paragraphs 2.4, 2.5, 2.6 and Appendix 1 of this report.

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