

Notice of Meeting

Personnel Committee

Thursday 30th June 2016 at 10.00am
in Council Chamber Council Offices
Market Street Newbury

Date of despatch of Agenda: Thursday, 16 June 2016

For further information about this Agenda, or to inspect any background documents referred to in Part I reports, please contact Moira Fraser / Steve Mann on (01635) 519045 / 519465

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Further information and Minutes are also available on the Council's website at www.westberks.gov.uk



WestBerkshire
C O U N C I L

To: Councillors Pamela Bale (Chairman), Dennis Benneyworth, Richard Crumly (Vice-Chairman), Mollie Lock and Ian Morrin

Substitutes: Councillors Paul Bryant, Lee Dillon, Billy Drummond and Virginia von Celsing

Agenda

Part I

Page No.

1. **Apologies for Absence**
To receive apologies for inability to attend the meeting (if any).
2. **Minutes** 5 - 12
To approve as correct records the Minutes of the meetings of the Committee held on 05 October 2015 and 19 May 2016.
3. **Declarations of Interest**
To remind Members of the need to record the existence and nature of any Personal, Disclosable Pecuniary or other interests in items on the agenda, in accordance with the Members' [Code of Conduct](#).
4. **Review of Discretionary Compensation for Redundancy (PC3139)** 13 - 28
Purpose: To consider a change to the way in which the Council uses its discretion to enhance redundancy payments.

Andy Day
Head of Strategic Support

If you require this information in a different format or translation, please contact Moira Fraser on telephone (01635) 519045.

(a)
(b)



Agenda Item 2.

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PERSONNEL COMMITTEE

MINUTES OF THE MEETING HELD ON MONDAY, 5 OCTOBER 2015

Councillors Present: Peter Argyle, Adrian Edwards (Vice-Chairman), Tony Linden, Mollie Lock and Quentin Webb (Chairman)

Also Present: Jane Milone (Human Resources Manager and Moira Fraser (Democratic and Electoral Services Manager)

PART I

3. Minutes

The Minutes of the meetings held on the 09th February 2015 and the 19th May 2015 were approved as true and correct records and signed by the Chairman.

4. Declarations of Interest

There were no declarations of interest received.

5. Review of the Redundancy Multiplier (PC3040)

The Committee considered a report (Agenda Item 4) concerning a review of the current multiplier of 2.0 used in redundancy calculations at West Berkshire Council to ensure that it was set at an appropriate level when compared to other local authorities.

Jane Milone in introducing the item explained that Members were being asked to consider the level of enhancement the Council paid under the discretionary redundancy scheme. Redundancy payments were based on a combination of age and years of continuous service. The maximum number of weeks' pay for a redundancy payment was 30 weeks. The maximum lump sum compensation payment that could be made to employees that were made redundant was 104 weeks' pay which equated to a multiplier of 3.46.

Up until October 2011 West Berkshire Council used a multiplier of three times the statutory number of weeks' pay. The Personnel Committee at that time decided to reduce the multiplier to two. Following a comparison with other local authorities it was now being proposed to reduce the multiplier to 1.5 and that the multiplier be further reduced to 1.0 in December 2016. In response to a query from the Chairman the HR Manager explained that, when compared to other authorities, the Council was quite generous in this regard.

(Councillor Adrian Edwards arrived at 2.35pm. Councillor Edwards stated that as he was not present at the start of the discussion he would take part in the debate but would not vote on this item)

The Chairman explained that he had received a request from the Unions to address the Committee. In accordance with paragraphs 7.6.2 (Motions which may be moved without notice) and 7.12.4 (speaking) Members agreed to suspend standing orders and afforded the union representative and staff present the opportunity to address the Committee.

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David Pearson explained that he had been asked to put forward the joint views of both Unison and GMB. He explained that his comments would be broken down into three areas: a review of staff comments, consideration of facts and figures and then a summary of the views of both Unions.

He explained that given the importance of this item the unions felt that it was crucial to engage the views of all staff. An email had been sent to all members asking for their comments on the proposal. Responses had been received from both Union and GMB members and also from staff who were not members of the unions. Comments had been received from employees at all levels of the organisation. To date 54 responses had been received.

Mr Pearson stated that in general staff felt that the proposals were disgraceful and a betrayal and would impact badly on trust and goodwill. It was also felt that the proposal was hypocritical given that Members had recently awarded themselves a large increase in their own allowances. There was also a degree of cynicism about the timing of the decision in terms of the staff satisfaction survey and that some employees had recently been notified that they were at risk of redundancy.

Mr Pearson also stated that there was a view that the comparator data included in the report was selective and inadequate and that a more robust investigation of multipliers should be undertaken. It was felt that redundancy payments were meant to act as compensation for losing a job. Inadequate payments could result in employees having to go on benefits and they would risk losing their homes and could have a shattering impact on families. Comments also stated that the change in policy would be discriminatory in respect of older staff, female staff and disabled employees.

Mr Pearson reported that staff had commented that these were not the actions of a caring employer and would impact negatively on staff morale and motivation.

The Unions stated that in order to allow a proper comparison with packages offered at other local authorities the entire package needed to be considered. Many authorities that used a lower multiplier than West Berkshire Council (WBC) offered pension augmentation to staff thereby increasing the total value of the package.

Mr Pearson stated that a quick desktop exercise showed that neighbouring authorities used the following multipliers: Basingstoke and Deane (2), Vale of White Horse (1.5), South Somerset (2.5), Aylesbury (1.73) and Wiltshire (2).

Other factors that the unions felt needed to be taken into consideration were that staff had had five years of real terms cuts in their wages which amounted to a 20% cut in their value. The report did not make mention of the government's proposed cap of £95,000 for public sector redundancy payments which would in itself generate considerable savings. During the period 2012/13 to 2014/15 54 employees had been made redundant. The average age of staff made redundant was 53 years with an average length of continuous service of 14 years and average redundancy payments of £19,833. If a multiplier of one had been used this would have reduced the average payment by £6,382 and would have saved the Council £548k. If a multiplier of 1.5 had been applied the Council would have saved £274k. When compared to the level of saving the Council had to make the savings this proposal would yield would be small when compared to the severe impact it would have on the staff being made redundant.

Mr Pearson stated that when the multiplier had been discussed in 2011 the unions had criticised the equality impact assessment (EIA) attached to the report as being inadequate. They were therefore very concerned that no EIA was attached to this report which meant that the proposals could be challenged on equality grounds. The Unions therefore urged Members to ensure that an EIA was undertaken.

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The unions also felt that the comparator data was selective and inadequate especially in regard to pension augmentation. Redundancy was a traumatic experience for those involved and Members needed to consider whether the relatively modest savings that would be made was morally the right thing to do. Mr Pearson thanked Members for the opportunity to address them.

The Chairman then asked if there were any other members of the audience that wished to address the Committee. Steven Chandler felt that the proposal was hard to justify given that Members had recently awarded themselves a 16.5% increase in their basic allowance. He stated that cutting the multiplier in half could mean that those made redundant might lose their homes and that they could have difficulties feeding their children. He stated that Members needed to be aware of how an important an issue this was to staff.

The Chairman explained that an Independent Remuneration Panel had recommended the increase in the Members Allowances based on a number of factors including comparator data.

David Lowe commented that Members had still voted to accept the increase and it was inevitable that the comparisons would be made.

Mark Cole stated that the timing of the proposed changes was immoral. Some employees had recently been made aware that they were at risk of redundancy and they were now also being told that any redundancy payments made to them would be decreased. As an illustration he explained that he had been employed in local government for 40 years and had been employed by WBC for 15 years. If the proposed changes were implemented the level of payment he would receive would be decreased by 66%. This could mean that employees could lose their homes.

Melvyn May stated that historically staff relations at this Council were viewed as being open and honest. This proposal was not an intelligent solution and he was horrified that it had been brought forward.

Members thanked staff for their participation and felt that they had garnered a good understanding of the strength of feeling on this issue. They voted to resume standing orders.

The Chairman asked Officers to respond to the comments about consultation and the EIA. Councillor Peter Argyle also asked if staff were aware of the multiplier level when they were employed.

Jane Milone explained that the report had been sent to the unions at the same time as it had been sent to Operations Board. This was as early in the process as possible. The unions had also been made aware of the amendment that had been made to the report post Operations Board. The author of the report (the Head of HR) had determined that an EIA was not needed. It would be possible to undertake an EIA if Members deemed it necessary but it was not possible to predetermine what, if any, impact it would have. The Council already had a Discretionary Compensation Statement in place and this would not require a significant amendment. Mrs Milone noted that the multiplier was not included in contracts of employment so new employees would be unlikely to be aware of the level at which it was set.

Councillor Tony Linden asked the HR Manager to comment on pension augmentation. She explained that rules around augmentation had changed in 2006 as a consequence of changes made to age equality legislation. She was not aware of any authorities that made additional pension payments although it was possible that some might still do so.

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The Chairman asked Mrs Milone to respond to the comments about the lack of comparator data. She explained that responses had been received from 23 authorities within the comparator group. In her opinion it would be reasonable for this information to form the basis of a decision.

Councillor Peter Argyle commented that he could appreciate that a reduction in the multiplier level could be seen as a betrayal by existing employees but felt that a reduction could be implemented in respect of new employees. Councillor Mollie Lock concurred with this view.

Councillor Adrian Edwards questioned the ethics of changing the multiplier. He accepted that this payment was not included in terms and conditions of employment but that it was something that both the staff and unions would be aware of. Councillor Tony Linden concurred with the views expressed by his colleagues.

Councillor Quentin Webb therefore proposed deferring the decision until an EIA had been undertaken and also so that any additional information could be presented to Members. He also felt that it would be useful to have the author of the report present at the meeting. Jane Milone stated that if the decision was deferred HR would not be able to provide employees at risk of redundancy with the information they required and this would be construed as being unfair. Deferring the decision would therefore mean that the reduced multiplier could not be applied to those employees that had already been notified that they were at risk of being made redundant.

RESOLVED that the decision would be deferred for the reasons set out above and that it would be reconsidered by the Personnel Committee in four weeks time.

(Post meeting note: following discussions with the Chairman of the Committee, the relevant Portfolio Holder and the Leader it had been agreed that the proposed meeting would no longer take place.)

(The meeting was adjourned from 3.15pm to 3.16pm)

6. Succession Planning in West Berkshire Council (PC3041)

The Committee considered a report (Agenda Item 5) concerning a systematic approach to succession planning as part of service planning following discussion of this subject at the Corporate Management Team on the 06th May 2015. The Committee was also asked to consider if they supported a proposal that services be permitted to designate a 'deputy Head of Service' to help with succession planning.

Jane Milone in introducing the item explained that due to the requirement for all vacancies to be advertised succession planning was difficult to put into practice in local authorities. However the proposed approach would afford senior managers the opportunity to develop the necessary skills prior to applying for a Head of Service role. HR had produced a set of guidance notes on how to implement the scheme.

The scheme was being trialled in the Culture and Environmental Protection Team with the role of deputy to be rotated on an annual basis by the senior managers. Officers would be expected to attend training and would be afforded the opportunity to shadow the Head of Service. In addition, they would be expected to take on some responsibility when the Head of Service was not at work and could be paid a small honorarium to reflect the additional responsibility. All payments would have to come from within existing service budgets.

Members were supportive of the proposals.

RESOLVED that:

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1. Heads of Service include a systematic approach to succession planning based on the concept of risk management (likelihood and impact) and that this approach forms part of the overall approach to business continuity;
2. Services be permitted to designate a 'deputy Head of Service' to help with succession planning.

(The meeting commenced at 2.30 pm and closed at 3.22 pm)

CHAIRMAN

Date of Signature

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Note: These Minutes will remain DRAFT until approved at the next meeting of the Committee

PERSONNEL COMMITTEE

MINUTES OF THE MEETING HELD ON THURSDAY, 19 MAY 2016

Councillors Present: Pamela Bale, Paul Bryant (Substitute) (In place of Dennis Benneyworth), Richard Crumly, Mollie Lock, Ian Morrin and Virginia von Celsing

Apologies for inability to attend the meeting: Councillor Dennis Benneyworth

PART I

1. Election of Chairman

RESOLVED that Councillor Pamela Bale be elected Chairman of the Personnel Committee for the 2016/17 Municipal Year.

2. Apologies for Absence

An apology for inability to attend the meeting was received from Councillor Dennis Benneyworth. Councillor Paul Bryant substituted for Councillor Dennis Benneyworth.

3. Appointment of Vice-Chairman

RESOLVED that Councillor Richard Crumly be appointed as Vice-Chairman of the Personnel Committee for the 2016/17 Municipal Year.

(The meeting commenced at 8.12 pm and closed at 8.13 pm)

CHAIRMAN

Date of Signature

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Review of Discretionary Compensation for Redundancy - Summary Report

Committee considering report:	Personnel Committee
Date of Committee:	30 June 2016
Portfolio Member:	Councillor James Fredrickson
Date Portfolio Member agreed report:	02 June 2016
Report Author:	Robert O'Reilly
Forward Plan Ref:	PC3139

1. Purpose of the Report

- 1.1 To consider a change to the way in which the Council uses its discretion to enhance redundancy payments.

2. Recommendation

- 2.1 It is recommended that West Berkshire Council reduces the multiplier it uses to calculate redundancy compensation payments, from 2 to 1.5 times the statutory number of weeks' pay, with effect from 1st September 2016. The multiplier should continue to apply to all redundancies, whether or not the individual is a volunteer or is entitled to an immediate unreduced pension.

3. Implications

- 3.1 **Financial:** There will a reduction in the cost to the Council in redundancy payments. This will vary from year, depending on the number of redundancies and the salary and length of service of those made redundant. For example, in 2015/16 this change would have saved the Council £28,351.
- 3.2 **Policy:** If agreed, the Council will need to amend its policy on the use of discretions under the relevant regulations. It is a statutory requirement to have such a policy and any changes must be published at least one month before they come into effect.
- 3.3 **Personnel:** The reduction in the multiplier will mean that it may be harder to achieve voluntary redundancies, particularly among employees under the age of 55. Employees aged 55 and over who are members of the pension scheme will continue to have access to an immediate pension, and so the change in policy will have less impact on their total 'package'.
- 3.4 **Legal:** As above – the change must be published by end July to be able be put into effect from 1st September 2016.

3.5 **Risk Management:** n/a

3.6 **Property:** n/a

3.7 **Other:** n/a

4. **Other options considered**

4.1 The Council could continue with its current policy of paying twice the statutory number of weeks' pay to redundant employees. The survey data this year suggests that a minority of LAs pay enhanced redundancy at this rate. It is more common to pay the statutory number of weeks or, where more weeks are paid, less than twice the statutory number.

4.2 The Council could reduce its multiplier to one – i.e. pay only statutory weeks. This was contained in a proposal in 2015 and proved very unpopular with the unions and would be likely to have a detrimental effect on the generally positive employee relations environment in the Council.

5. Executive Summary - introduction

- 5.1 The cost of making local authority employees redundant is based on the redundancy payment (which may be enhanced beyond the statutory minimum) and any costs incurred by the pension fund for automatic early retirement of pension scheme members aged 55 or over.

6. Discretionary payments

- 6.1 Local authorities have discretion to enhance, beyond the statutory minimum, redundancy payments made to employees. The discretions available are contained in the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. Each local authority must publish its policy on how it will use these discretions.
- 6.2 The key discretions available are to calculate the payment using actual weekly pay rather than the statutory maximum (which is £479 per week in 2016), and to pay an amount up to 104 weeks' pay (the statutory maximum is 30). Statutory redundancy pay for each individual will depend upon age and length of continuous local government service.
- 6.3 West Berkshire Council initially used its discretion to use actual weekly pay and to multiply the statutory number of weeks by three (making the maximum payment 90 weeks' pay). In 2011, it reduced the multiplier to two, making the maximum payment 60 weeks' pay. WBC's current policy on discretionary compensation and redundancy is summarised in Appendix C.
- 6.4 In addition to these discretions, local authorities may also choose to award additional pension to employees who are members of the Local Government Pension Scheme and who are 55 or over when they are made redundant. WBC does not use this discretion under Reg. 31 of the LGPS Regulations 2013.

7. Survey of practice in other local authorities

- 7.1 In spring 2016, a survey of 33 neighbouring authorities was undertaken to establish their approach to discretionary compensation for redundancy. 20 authorities responded and the responses are summarised in Appendix D.
- 7.2 Practice varied in relation to using actual week's pay, applying any enhanced weeks to volunteers for redundancy, or those who were entitled to an immediate pension, and to whether a flat rate of weeks or a multiple of the statutory number of weeks was used. A mean average 'redundancy multiplier' was calculated using only the 13 local authorities which used actual weekly pay and a multiple of the statutory weeks. The average multiple of statutory weeks used was 1.42.
- 7.3 No local authorities actually awarded additional pension under Reg. 31 of the LGPS, although some had retained the discretion to do so in exceptional circumstances.

8. Points for consideration

- 8.1 The cost of the redundancy payment can sometimes be only a small percentage of the total cost of redundancy where employees aged 55 or over are concerned (because of the cost of the strain to the pension fund). This means that, on

average, the Council will not save 25% of the cost by making a reduction in the multiplier from 2 to 1.5. In 2015/16 the total cost of redundancies was £155,695 and included four early retirements. If the redundancy multiplier used had been 1.5 instead of 2, then the Council would have saved £28,351 (18% of the cost).

- 8.2 A relatively generous redundancy payment scheme makes it more likely that employees will volunteer for redundancy, and so the Council may see a reduction in volunteers in future when staff savings are sought. There will be less impact on those aged 55 and over who are in the pension scheme.
- 8.3 The Council may need to review its approach to redundancy compensation once the Government publishes new legislation (expected this year) on caps on severance payments and changes to the DCR and pension arrangements in the public sector. However, the timetable for this is not yet established and the Council needs to make a decision now under the current arrangements in order to be able to implement a fair and balanced approach to redundancy payments.

9. Conclusion

- 9.1 Reducing the redundancy multiplier from 2 to 1.5 times the statutory number of weeks will save the Council money on redundancy costs and bring its policy into line with the average paid by other councils with similar policies.

10. Appendices

- 10.1 Appendix A - Supporting Information
- 10.2 Appendix B – Equalities Impact Assessment
- 10.3 Appendix C – Summary of current arrangements for redundancy and severance payments
- 10.4 Appendix D – Summary of survey responses from other local authorities

Review of Discretionary Compensation for Redundancy – Supporting Information

1. Background – statutory payments on redundancy

- 1.1 The cost of making local authority employees redundant is based on the redundancy payment (which may be enhanced beyond the statutory minimum) and any costs incurred by the pension fund for early retirement of those aged 55 or over.
- 1.2 Employees who lose their employment because of redundancy are entitled to a redundancy payment. The minimum statutory payment is based on a multiple of weekly pay; the number of weeks' pay is calculated based on age and length of service.
 - 0.5 week's pay for each full year of service while they were under 22
 - 1 week's pay for each full year of service while they were 22 or older, but under 41
 - 1.5 week's pay for each full year of service while they were 41 or older.
- 1.3 Employees can only count a maximum of 20 years' service and the 'weekly pay' is subject to an upper limit (£479 as at April 2016). Thus the maximum number of weeks' pay for a redundancy payment under the statutory scheme is 30 weeks.
- 1.4 Employees who are members of the Local Government Pension Scheme, and are 55 or over when made redundant, are entitled to immediate unreduced pension benefits, based on their service in the scheme. The Council must pay the pension fund a sum to cover the cost of the 'strain' to the fund of this early retirement.

2. Discretionary payments on redundancy

- 2.1 The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 (DCR) provide for local authorities to:
 - (1) Use an amount up to actual weekly pay rather than the statutory maximum for the purpose of calculating a redundancy payment; and
 - (2) Make lump sum compensation payments of up to 104 weeks' pay to employees whose employment ends by reason of redundancy or efficiency.
- 2.2 Local authorities are required to develop and publish a policy that sets out how they will use the discretions available to them. Any changes to the policy must be published at least one month before they take effect.
- 2.3 Almost all local authorities¹ exercise their discretion to use actual week's pay in the redundancy payment calculation. Many use their discretion to pay up to 104 weeks' pay by multiplying the number of statutory weeks' pay that an employee is entitled

¹ Early Retirement and Redundancy Compensation Survey by LGA 2013

to (this avoids potential claims for age discrimination, because it is based on a statutory calculation).

- 2.4 West Berkshire Council uses actual weekly pay in its redundancy calculations. Until October 2011, it used a multiplier of three times the statutory number of weeks' pay. The Personnel Committee then made a decision to reduce the multiplier to twice the statutory payment. The multiplier has remained at two since October 2011. This means that the maximum payment is 60 weeks' pay.
- 2.5 In October 2015, Personnel Committee considered a report recommending a change in policy, to reduce the redundancy multiplier to 1.5 from 1st December 2015, and to remove the multiplier (i.e. pay only statutory weeks) from 1st December 2016. This was not approved, and Personnel Committee requested that further research should be carried out to look at practice in other local authorities so that we could compare WBC policy with that of others.
- 2.6 In addition to the DCR, there is provision under Regulation 31 of the Local Government Pension Scheme Regulations 2013 for the employer to award 'additional pension' of up to £6,500 to employees who are made redundant and are aged 55 or over. West Berkshire Council has chosen not to exercise this discretion.
- 2.7 This report brings information from a recent survey (spring 2016) of local authority policies and makes proposals in the light of these, and in the context of new legislation which will be introduced in 2016 to address exit payments to public sector employees. It proposes a change to the redundancy multiplier to 1.5, to take effect from 1st September 2016.

3. Legislative changes in 2016

- 3.1 During 2016 the Government intends to introduce legislation affecting payments made to public sector employees upon the termination of their employment. The Council needs to be mindful of these changes when making decisions about the 'redundancy multiplier':
 - (1) A cap of £95,000 on the aggregate value of exit payments made to most public sector workers. This includes pension scheme compensation for those over the age of 55, and changes to the Local Government Pension Scheme will need to be made to ensure that the £95k cap can be achieved. An implementation date of October 2016 is expected.
 - (2) Recovery of exit payments made to 'high earners' (earning over £80k per annum) in the public sector who are re-engaged in the public sector within a period of 12 months. Draft regulations were due to take effect from April 2016, but it appears that this has been delayed until July 2016.
 - (3) A wider review of how public sector exit payments (discretionary compensation) may be calculated. These proposals are open for consultation until 3rd May 2016.
- 3.2 It is possible that any changes to legislation introduced as a result of the consultation on reform of public sector exit payments will require a further review of our own policy, but as the consultation outcome has not yet been announced, this is

not a good reason for delaying a decision which the Council wants to introduce from 1st September 2016.

4. Current WBC policies related to redundancy

- 4.1 The Council has an Organisational Change policy under which employees who are risk of redundancy are supported to seek redeployment wherever possible rather than be made redundant.
- 4.2 The Council has an Employer Statement of Policy on how it will exercise its discretions to enhance redundancy payments.
- 4.3 Both of these documents are available on the Council's intranet. A summary is provided at Appendix C.

5. Comparative data

- 5.1 In spring 2016, HR conducted a survey of other local authorities to compare their policies on redundancy compensation. The authorities surveyed were chosen for either their geographical proximity and/or their similarity (e.g. unitary authorities) to WBC, to ensure that we were comparing ourselves against authorities facing similar issues with staffing.
- 5.2 As well as discretionary redundancy compensation, the authorities were also asked if they used their discretion under the Local Government Pension Scheme regulations to award additional pension for those being made redundant. WBC does not award additional pension.
- 5.3 33 local authorities were invited to respond to our survey; 20 local authorities responded. The full table of responses is shown at appendix D.
- 5.4 Most LAs used actual week's pay in the calculation of the redundancy payment; only two capped it, and then at a much higher rate than the statutory maximum. Two used their discretion to enhance the number of weeks used in the calculation only for volunteers; one used it only where the individual had no right to an immediate unreduced pension. Two LAs used a flat rate of 1.5 weeks per year of service, rather than a multiple of statutory weeks. One LA used a multiplier of 2 but capped payment at 52 week's pay. These responses were excluded from the calculation of the mean average multiplier as they are not directly comparable to the WBC policy.
- 5.5 Of the 13 authorities that use actual weekly pay and a multiplier of the statutory number of weeks, 7 use a multiplier of 1, 1 uses a multiplier of 1.5, and 5 use a multiplier of 2. The mean average multiplier for this survey is 1.42 times the statutory number of weeks' pay.
- 5.6 Most responding authorities had a policy not to award additional pension. Those that had retained the discretion to award additional pension under the LGPS regulations did not do so in practice.

6. Points for consideration

- 6.1 The cost to the Council of the compensation paid to the pension scheme for the early release of the pension can be high, especially for those closer to 55 who have

long pension service (as it is based on actuarial calculations). It follows that if the Council decides to reduce the multiplier to 1.5 there will still be some redundancies which are high cost, albeit they will be less expensive than if the multiplier remained at two.

- 6.2 For example, in 2015/16, the Council paid a total of £127,237 in redundancy payments to 17 employees, and £28,458 to the pension fund (total £155,695) in respect of four of those employees. If the multiplier had been 1.5 instead of 2, the costs would have been £98,886 and £28,458 (total £127,344). This represents a potential saving over the year of £28,351 (18% of the total cost). If there had been more older employees (55 and over) in this group the proportionate savings would have been lower.
- 6.3 It should be noted that the entitlement to enhanced redundancy compensation is not contractual – the authority has the power to make changes to its policy provided that it provides at least one month's notice of the change.
- 6.4 The current multiplier of two means that staff in a redundancy 'pool' are more likely to volunteer for redundancy which obviates the need for a selection process and compulsory redundancy. This reduces organisational conflict and leads to a more positive employee relations environment. However, this benefit needs to be set alongside the financial position of the Council and the potential savings that could be made by a reduction in the multiplier.
- 6.5 Employees aged 55 and over who are members of the pension scheme will continue to have access to an immediate pension, and so the change in policy will have less impact on their total 'package'.
- 6.6 The comparative data shows that WBC is generous using a multiplier of two. The comparative data suggests that a reduction to 1.5 can be justified, and will still be more generous than many comparable authorities.

7. Proposals

- 7.1 It is proposed that West Berkshire Council reduces the multiplier it uses to calculate redundancy compensation payments from 2 to 1.5 times the statutory number of weeks' pay. This should continue to apply to all redundancies, whether or not the individual is a volunteer or is entitled to an immediate unreduced pension.

8. Conclusion

- 8.1 Reducing the redundancy multiplier will save the Council money on redundancy costs and bring its policy into line with the average paid by other councils with similar policies.

9. Consultation and Engagement

- 9.1 The trade unions will be consulted on these proposals after the report has been considered at Operations Board.

Background Papers:

[The Local Government \(Early Termination of Employment\) \(Discretionary Compensation\) Regulations 2006](#)

[Local Government Pension Scheme Regulations 2013](#)

Subject to Call-In:

Yes: ☒ No: ☐

Wards affected: All**Strategic Aims and Priorities Supported:**

The proposals will help achieve the following Council Strategy aim:

☒ **MEC – Become an even more effective Council**

The proposals contained in this report will help to achieve the following Council Strategy priorities:

☒ **MEC1 – Become an even more effective Council**

The proposals contained in this report will help to achieve the above Council Strategy aims and priorities by reducing the cost of dismissing staff due to redundancy and bringing WBC policy into line with other similar authorities.

Officer details:

Name: Robert O'Reilly
Job Title: Head of Human Resources
Tel No: 01635 519358
E-mail Address: Robert.oreilly@westberks.gov.uk

Appendix B

Equality Impact Assessment - Stage One

We need to ensure that our strategies, policies, functions and services, current and proposed have given due regard to equality and diversity.

Please complete the following questions to determine whether a Stage Two, Equality Impact Assessment is required.

Name of policy, strategy or function:	Discretionary Compensation Regulations (Employer Statement of Policy) – amendment to reduce ‘multiplier’ from 2 to 1.5
Owner of item being assessed:	Robert O'Reilly
Name of assessor:	Katie Penlington/Jane Milone
Date of assessment:	October 2015/May 2016

Is this a:		Is this:	
Policy	Yes	New or proposed	No
Strategy	No	Already exists and is being reviewed	Yes
Function	No	Is changing	Yes
Service	No		

1. What are the main aims, objectives and intended outcomes of the policy, strategy function or service and who is likely to benefit from it?	
Aims:	The Policy Statement sets out how the Council will use the discretions available to it under the terms of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, in cases where the employee's service is terminating on the grounds of redundancy or efficiency
Objectives:	To set out the payments that will be made to employees whose employment is terminated on grounds of redundancy or efficiency.
Outcomes:	Publication of a clear statement of policy.
Benefits:	Payments can be calculated and paid in accordance with the policy statement.

2. Note which groups may be affected by the policy, strategy, function or service. Consider how they may be affected, whether it is positively or negatively and what sources of information have been used to determine this.
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Group Affected	What might be the effect?	Information to support this
Age	Younger employees will receive a lower redundancy payment than older employees	The statutory calculation for redundancy compensation increases with age as well as service.
Sex	<p>Women may receive lower payments on average than men.</p> <p>Women may have less opportunity to accrue the same length of continuous service as caring responsibilities are more frequently taken on by women than men.</p> <p>Women have lower incomes on average than men and are therefore likely to receive lower payments.</p>	<p>There is an acknowledged 'pay gap' between men and women in the UK; the same factors will operate on the Council as on other employers (e.g. fewer women in senior positions).</p> <p>Of redundancies made by the Council between 06/01/13 and 31/08/15 66 people were made redundant; 10 of these were men, 56 women.</p> <p>The men, on average, had 14 years service, whereas women had an average of 13 years service (both rounded down to the nearest year).</p> <p>The average weekly salary of all those made redundant was £340.39. The average weekly salary of women was £328.05, the average for the men was £409.44</p>
All other strands	As the policy relates only to payment on termination of employment due to redundancy or efficiency it is unlikely to affect other groups either more positively or more negatively than others.	
Further Comments relating to the item:		
None		

3. Result

Are there any aspects of the policy, strategy, function or service, including how it is delivered or accessed, that could contribute to inequality?

Yes

Please provide an explanation for your answer:

Redundancy compensation payments made under the Council's policy vary according

to the age and length of service of the employee. This will mean that older employees receive a higher number of week's pay per year of service than younger employees; it may also mean that men receive higher payments than women, as women are likely to accrue shorter continuous service as they are more likely to take breaks for caring responsibilities, and have lower average earnings.

However, it is important to note that payments within the Council's scheme are based on the statutory calculation of redundancy payments. There is an exemption under the Equality Act 2010 from unlawful age discrimination where an organisation's redundancy pay provisions are linked to length of service where they mirror the statutory scheme. Therefore there is an objective justification for this policy.

The proposed change in the 'multiplier', from 2 to 1.5 times the statutory number of weeks' pay, will make no difference to the relative impact of the discretionary compensation payments policy on people of different ages or on men and women.

Will the policy, strategy, function or service have an adverse impact upon the lives of people, including employees and service users?

No

Please provide an explanation for your answer:

If your answers to question 2 have identified potential adverse impacts and you have answered 'yes' to either of the sections at question 3, or you are unsure about the impact, then you should carry out a Stage 2 Equality Impact Assessment.

If a Stage Two Equality Impact Assessment is required, before proceeding you should discuss the scope of the Assessment with service managers in your area. You will also need to refer to the Equality Impact Assessment guidance and Stage Two template.

4. Identify next steps as appropriate:

Stage Two required	NO
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	
Stage Two not required:	

Name: Jane Milone

Date: 2nd May 2016

Please now forward this completed form to Rachel Craggs, the Principal Policy Officer (Equality and Diversity) for publication on the WBC website.

Appendix C

West Berkshire Council redundancy policy – summary

Process summary:

1. Identify requirement to reduce number of posts and consult staff and unions on proposals.
2. Finalise proposals, and seek volunteers for redundancy.
3. If necessary, consult on selection criteria for compulsory redundancy.
4. Select staff for redundancy.
5. Seek estimates of costs for 1) redundancy payment and 2) pension fund costs (if applicable) for redundant employees.
6. Continue to seek redeployment to avoid compulsory redundancies.
7. Seek approval for overall costs from Chief Executive or the Executive as appropriate (see below).
8. Issue notice of termination of employment by reason of redundancy,
9. Make redundancy payment to employee and (as appropriate) compensate the pension fund for the cost of early retirement.

The table below shows the use of the Council's discretions under the Discretionary Compensation Regulations and the approval process for the total costs to the Council for each individual redundancy.

	Current policy	Proposed policy from 1/9/16
Week's pay	Actual pay	Actual pay
Multiplier (of statutory redundancy weeks to pay)	2	1.5
Approvals under £10k cost	Chief Executive in consultation with Leader and Shadow Leader	Chief Executive in consultation with Leader and Shadow Leader
Approvals £10k cost and over	Executive	Executive

Appendix D

Summary of responses to survey of redundancy compensation policies – April/May 2016

	Local Authority	Type of authority	Additional pension awarded under Reg. 31 LGPS?	Week's pay used in calculation	Number of weeks paid
1.	Southampton	Unitary	No	Actual capped at top of grade 13	1.25 x statutory for voluntary only
2.	Poole	Unitary	Possible but not paid in practice	Actual	1.5 weeks for each year
3.	South Oxfordshire and Vale of the White Horse	District	No	Actual	1.5 weeks for each year
4.	Hertfordshire	County	No	Actual	Statutory
5.	Bournemouth	Unitary	No	Actual	Statutory
6.	Bristol	Unitary	Possible but not paid in practice	Actual capped at £726	2 x statutory
7.	Basingstoke	District		Actual	2 x statutory
8.	Swindon	Unitary	Possible but not paid in practice	Actual	Statutory
9.	South Gloucestershire	Unitary	Exceptional circumstances only	Actual	2 x statutory
10.	Oxfordshire	County	No	Actual	2 x statutory
11.	Bath and North East Somerset	Unitary	Exceptional circumstances only	Actual	2 x statutory
12.	East Hants	District	Possible but not paid in practice	Actual	Statutory
13.	Havant	District	Possible but not paid in practice	Actual	2 x statutory
14.	Brighton and Hove	Unitary	No	Actual	About to change from 2 x statutory to 1.5 x statutory for voluntary only
15.	Portsmouth	Unitary	No	Actual	Statutory
16.	Royal Borough of Windsor and Maidenhead	Unitary	No	Actual	Statutory
17.	Slough	Unitary	Where a benefit to the Council	Actual	1.5 x statutory
18.	Reading	Unitary	No	Actual	2 x statutory (up to 52 weeks)
19.	Wokingham	Unitary	No	Actual	Statutory
20.	Bracknell Forest	Unitary	Possible but not paid in practice	Actual	Statutory for those with immediate pension 1.75 x statutory with no pension

Responses included in calculation of mean average multiplier in main report

Local authorities surveyed and reason for inclusion:

Neighbours adjoining		Near unitaries		Near districts	
Name	Type	Name	Type	Name	Type
Reading	U	Swindon	U	West Oxon	D
Slough	U	Brighton and Hove	U	South Oxon	D
Bracknell Forest	U	Central Beds	U	Vale of White Horse	D
Windsor and Maidenhead	U	Bedford	U	Basingstoke and Deane	D
Wokingham	U	Southampton	U	Test Valley	D
Bucks	C	Portsmouth	U	Winchester	D
Surrey	C	Bournemouth	U	Hart	D
Hants	C	Poole	U	East Hants	D
Wilts	U	Bristol	U	Oxford	D
Oxon	C	BANES	U	Havant	D
Herts	C	South Glos	U		
		Isle of Wight	U		

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