

# Public Document Pack

Your ref  
Our ref  
Ask for Christine Lewis  
Email



District Council House, Frog Lane  
Lichfield, Staffordshire WS136YU

Customer Services 01543 308000

Dear Sir/Madam

## **EMPLOYMENT COMMITTEE SUPPLEMENT**

Please find attached supplement papers for Employment Committee on **WEDNESDAY, 1ST JUNE, 2022 at 6.00 PM**

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Christie Tims', written over a light grey circular stamp.

Christie Tims  
**Chief Operating Officer**

## **SUPPLEMENT**

4. BABC – Severance Policy

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## BABC – Voluntary Severance Policy

Date: 1 June 2022  
 Agenda Item: 4  
 Contact Officer: Christie Tims, Chief Operating Officer



### EMPLOYMENT COMMITTEE

Email: [Christie.tims@lichfielddc.gov.uk](mailto:Christie.tims@lichfielddc.gov.uk);  
 Key Decision? NO  
 Local Ward Members N/A

## 1. Executive Summary

- 1.1 Members will be aware of the Being a Better Council programme to fundamentally redesign our structures and change the relationship we have with our customers. It will help us to close the funding gap for this year of £1million.
- 1.2 We currently employ 321 staff and we anticipate that around 30 full time average-wage roles would need to be removed from establishment to generate this level of saving. We do have a similar number of vacancies that have been held open in anticipation of the restructuring of the Council, however further volunteers will provide for more opportunity for change and innovation and limit potential roles that could otherwise need to be made compulsorily redundant.
- 1.3 Our new Target Operating Model will change the nature of our work within the new structures and we are seeking volunteers who do not wish to be part of our journey to create a new organisation. This Voluntary Severance (VS) Scheme enables individuals (within scope) to consider if the time is right for them to move on and explore new opportunities, if doing so meets their personal circumstances and the ongoing needs of the organization. These exits will provide opportunities to change and reshape services more radically than is possible via traditional restructuring processes and provide for employees who wish to remain working at LDC to have opportunities in new roles and avoid compulsory redundancies.
- 1.4 This draft policy and proposed window for expressions of interest currently excludes front line operational services such as Joint Waste, Parks and Street Scene and our shared service teams who provide services to other Council's including Building Control, Land Charges, Health and Safety. It is felt that these services are not suitable for radical innovation at this point and are out of scope.
- 1.5 This report seeks approval for the policy and to open a window for expressions of interest within the workforce. A further report of overall costs, business cases and resulting structural changes can then be considered by the committee at the end of the process.

## 2. Recommendations

- 2.1 It is recommended that Employment Committee approves the Voluntary Severance Policy set out at Appendix 1 and to open a window for expressions of interest between 6 and 27 June 2022.
- 2.2 That suitable business cases are developed to identify employees who can be granted severance packages for consideration by this committee and for funding such a scheme to be approved by Full Council in July.

## 3. Background

- 3.1 Recent government guidance on Special Severance Payments (formerly known as Exit Cap forms part of the best value regime for local authorities in England. The best value duty, as set out in [section 3 of the Local Government Act 1999](#) ("the 1999 Act"), provides that "A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The best value duty is relevant to local authority duties to deliver a

balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in spending decisions. This will include decisions to make Special Severance Payments.

- 3.2 Local authorities should be able to demonstrate their economic rationale behind proposed Special Severance Payments including consideration of:
- Whether there is any feasible possibility of exiting the individual at a lower cost. Only where there is no such possibility should a Special Severance Payment be considered
  - How the exit payment will be perceived by the public and whether it is in line with the duty to manage taxpayers' money appropriately
  - What alternative use could be made of that expenditure. All Special Severance Payments necessarily reduce the funds that would otherwise be available to deliver important public services
  - The setting of any potential precedent (e.g. where a Special Severance Payment is made to certain employees and not others)
  - Evidence for additionality i.e. that those offered Special Severance Payments would not have been willing, under any circumstances, to leave with their statutory and contractual benefits alone. All of these matters must be considered in bringing forward a business case to agree any severance package, including those available under the Voluntary Severance Policy in this expression of interest window.
- 3.3 The government expects that any Special Severance payments should be approved according to the following process:
- payments of £100,000 and above must be approved by a vote of full council, as set out in the Localism Act 2011 – it is unlikely that any payments under the Voluntary Severance policy will reach this limit
- payments of £20,000 and above, but below £100,000, must be personally approved and signed off by the Head of Paid Service, with a clear record of the Leader's approval and that of any others who have signed off the payment – each payment must be subject to a business case with a clear payback period and revenue benefit.
- payments below £20,000 must be approved according to the local authority's scheme of delegation. It is expected that local authorities should publish their policy and process for approving these payments - each payment must be subject to a business case with a clear payback period and revenue benefit.
- 3.4 All applications will be considered by a review panel and any proposed severance payments will be subject to a mutually agreed exit date that protects the delivery of key services and any transformation work necessary to achieve the required savings or service change.
- 3.5 Subsequent approval will be sought from the Head of Paid service and Leader for all agreements, with reporting and oversight of the process provided by this committee; Funding for settlements will be subject to approval at July Full Council.

Alternative Options	The committee can chose not to approve the policy which will limit the scope for those wishing to leave the authority during the period of change and result in a number of posts being identified as compulsory redundancies instead. This will also limit innovation opportunities to amend the way the Council operates.
Consultation	ELG and Employee Representatives (Including Unison) have been consulted regarding the scheme and support this as a means to exit employees who are not willing to adapt to new ways of working, facilitate changes to services and avoid compulsory redundancies.
Financial Implications	This policy seeks to identify potential costs and expressions of interest and will not commit the authority to any additional expenditure at this point. The expressions of interest must be developed into a business case for approval in line with statutory guidance. Full costs of the exit agreements must be approved by Full Council in July based on the business cases presented for change and will be subject to external audit.

Approved by Section 151 Officer	Yes
Legal Implications	This is a Voluntary Scheme and legal advice will be provided to individuals at the point of entering into agreements. Due regard will be given to statutory guidance in relation to severance payments via business case, audit and sign off requirements. Specific legal advice will be provided at the point of making agreements.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	BABC is fundamental to the improvement of all our services and primarily Being a Good Council that is financially stable and transparent. Without radical change to services and structures the long term sustainability of the Council will be threatened.
Equality, Diversity and Human Rights Implications	An EIA (appendix 2) has been conducted on the Policy and issues noted for review throughout the process to ensure equal treatment.
Crime & Safety Issues	None
Environmental Impact	None
GDPR / Privacy Impact Assessment	The policy may be discussed in public, any subsequent approvals must be made with relevant exclusions under GDPR considered.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	Non - compliance with legislation or challenges on severance package	Yellow Likelihood (Green) and Impact (Yellow)	New guidance is clear and will be followed within the process. All payments must be reported and scrutinized to ensure best value. Legal advice will be sought for exit agreements.	Green Likelihood (Green) and Impact (Green)
B	Lack of take up means failure to achieve the £1 million revenue saving and /or results in compulsory redundancies being necessary	Yellow Likelihood (Yellow) and Impact (Yellow)	The policy has been developed based on feedback from union and staff representatives to allow for greater organisational change to ensure long term sustainability of the authority.	Green Likelihood (Green) and Impact (Green)
C	Legal challenge from individuals getting/ not getting a severance agreement	Yellow Likelihood (Yellow) and Impact (Yellow)	Process is clearly laid out and will be assessed via a business case – results will be fed back to officers and the Target Operating Model updated as a result. Individual advice is built into the process.	Green Likelihood (Green) and Impact (Green)

	Background documents
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	Relevant web links <a href="#">section 3 of the Local Government Act 1999</a>
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Voluntary Severance

Document Status: Draft

Document Ref: DOC

Originator: Christie Tims

Version: 01.01.04

Date: 27.05.22

**Approved by Leadership Team /** Employment Committee

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Classification: SEC1 - Routine

### Document Location

This document is held by Lichfield District Council, and the document owner is the Head of Paid Service.

### Revision History

Revision Date	Version Control	Summary of changes
09.05.2022	01.01.01	Draft for consultation
23.05.2022	01.01.02	Draft for approval at LT
25.05.2022	01.01.03	Final Amends for advice
27.05.2022	01.01.04	Draft for Employment Cte

### Approvals Creation and Major Change

Name		Approved
Leadership Team		25.5.22

### Approvals Minor Change and Scheduled Review

Name		Approved

### Approval Path

#### Major Change

Christie Tims  
ELG  
Leadership Team /HOPS  
Employment Committee

#### Action

Sponsor  
Consultative Group  
Corporate Approval  
Council Approval

#### Minor Change

ELG  
Chief Operating Officer

#### Action

Consultative Group  
Delegated Approval

### Document Review Plans

This document is subject to review for each scheme and is time bound to the review in question. Updates shall be made in accordance with business requirements, employment legislation and changes and will be with agreement with the document owner. Where this document is subject to a major change the Employment Liaison Group (ELG) are consulted as an advisory body.

### Distribution

The document will be issued on an individual basis and not for general distribution.

### Security Classification

This document is classified as SEC 1 Routine with access restricted to Lichfield District Council Staff.



## **Policy**

### **1. Introduction**

Lichfield District Council is looking at ways to fundamentally redesign our structures and change the relationship we have with our customers as part of Being a Better Council. Our new Target Operating Model will change the nature of our work within the new structures and we are seeking volunteers who do not wish to be part of our new organisation to apply for voluntary severance. This Voluntary Severance (VS) Scheme enables individuals (within scope) to consider if the time is right for them to move on and explore new opportunities, if doing so meets their personal circumstances and the ongoing needs of the organization. These exits will provide opportunities to change and reshape services and provide for employees who wish to remain working at LDC to have opportunities in new roles.

### **2. Policy Outcomes**

The aims of this policy are to:

- generate the largest financial savings with the minimum impact on front-facing services
- to provide scope to achieve ongoing revenue savings to support our MTFS
- contribute to the future sustainability of the organisation
- avoid any compulsory redundancies
- to allow the release of employees to make a cost saving, to restructure and/or to re-organise within budget
- resolve current interim arrangements and vacancies
- transition the organisation to meet future challenges
- provide a fair, consistent and transparent process

### **3. Employees within Scope**

Key services have been excluded from the scope of this policy. These include:

- Statutory Officers (HOPS, S151 Officer and Monitoring Officer)
- Joint Waste Service
- Operational Services including street cleansing and parks teams
- Building Control and Land Charges Shared Service
- Health & Safety Shared Service

All other service areas will be considered, subject to assessment of a business case.

Individuals who have already given notice of their retirement or resignation from the council or are on notice for any other reason will **not** be permitted to make an application for consideration under this scheme.

Employees in the excluded areas listed in section 3 or those with less than 2 years' local government service should not apply.

#### **4. Criteria for approval**

The scheme is voluntary and will require employees seeking to leave to consider how their role can be carried out differently and, where practicable, facilitate development of new processes or transfer of knowledge and skills to enable their departure.

All applications for consideration will clearly need to demonstrate:

- How the duties and functions undertaken by the role can be delivered differently
- Transferable skills that exist elsewhere in the organisation (including essential qualifications required)
- Current market conditions for recruitment of replacement skills.
- Impact on:
  - statutory functions (not service)
  - key strategic aims/ objectives
  - other functions and processes
  - other members of the team

#### **5. Specific Clauses**

- Exit date from the authority will be determined by transfer of key skills/ duties etc – this could be up to 12 months from the date of acceptance.
- In some limited cases, this release date may also be determined by successful recruitment or replacement skills/roles being appointed.
- Legal fees towards payment of the Settlement Agreement will be £450 maximum
- Payment for outstanding leave will be payable for up to a maximum of 10 days.

#### **6. Calculation of the Severance Payment**

The Severance payment will be calculated using the same age bands as statutory redundancy pay in order to determine the number of weeks' pay on the basis of:

- 0.5 weeks' pay for each full year worked when you are under 22
- 1 weeks' pay for each full year worked when you are between 22 and under 41
- 1.5 weeks' pay for each full year worked when you are 41 or older

A ready reckoner is available at to allow you to calculate your severance pay at statutory weeks, there is no multiplier applied to this offer. You will find details of your annual salary on your myview account.

The years worked are completed years of local government continuous service. Voluntary severance pay is based on the actual amount of a week's basic pay.

Payments up to £30,000 are not subject to deductions for tax and national insurance.

## **7. Process**

All applications for voluntary severance will be assessed using the expression of interest form below.

The overall process of assessing requests under the scheme will be considered by Employment Committee, with individual applications approved by the VS committee, comprised of Leadership Team members and finance/ HR team representatives. Input will be sought from line managers or specialists from your service area.

## **8. Financial Implications**

At this stage financial implications are unable to be detailed as the 'take up' of the Voluntary Severance scheme is, by its very nature difficult to predict. However, as detailed in paragraph 5 above VS will not be granted unless the business case clearly demonstrates how key skills/duties can be covered and that a payback will be achieved within a 2 year period or earlier. *[Note: The criteria will be weighted to benefit those applicants where the payback period is sooner or significant changes can be made to the service area as a result].*

Employees over 55 (but under their statutory retirement age) should note that actuarial information will need to be provided by the pension fund to fully cost their exit package.

## **9. National Insurance Contributions**

Employers NIC's are due on those payments above £30,000.

## **10. Legal Implications and Relationship to other Policies**

Payments must be treated correctly for Tax and NI purposes (especially PILON if this is applicable).

All Severance payments will be paid via a Settlement Agreement. If any of the payment is taxable then the payment will need to be paid through the payroll so the tax can be accounted for via RTI correctly. This will provide protection for the employer against any future claim(s).

The impact assessment will need to establish if this approach is a proportionate means of achieving a legitimate aim, as the test of reasonableness. This will need to be reviewed during the implementation phase to ensure the aims and objectives set out in this policy are achieved.

## VS PROCESS - EXPRESSION OF INTEREST

For Completion by Employee

Full Name	
Job Title & Service Area	
Date of birth	
Line Manager	
Gross annual salary	
Local Government Continuous Start Date	

Please attach a copy of your current job description & person specification (if available) no later than **5pm, 27 June 2022**

I understand at this stage this is an expression of interest and I am not obligated to take this interest any further.

Signed..... (email signature via confirmed address acceptable)

Date.....

Please return to : [BABC@lichfield.gov.uk](mailto:BABC@lichfield.gov.uk)

## Business Case Key Questions

To be completed in consultation with employee and line manager

**What will be the effect on service delivery of this request?**

What is the impact to customers (internal and external)	
Key tasks, current volumes and proportion of time spent  <i>Apply MoSCoW ratings to each process.</i>	
Key Performance Indicators & Objectives	
How could this service/ role be delivered differently?  E.g. shared service, buy skills in, operate at different times.	
What is the potential timescale for this delivery?	

**Keys skills (of the volunteer employee)**

Skills	
Knowledge/Qualifications	
Specialist subject	
Unique skills that cannot be / are not covered elsewhere	
Frequency of use of these skills	
Where can we grow / develop these skills?	
Where / how can we buy these skills?	

**Cost of backfill/cover for Key skills**

Current salary and any relevant allowances	
Backfill costs (if any for key skills)	
Business Continuity issues e.g. on call, forward control officer, rest centre or CCU participant.	
Other costs	

**Impact on other team members**

What will be the impact on team members if this request were approved?	
Have other members of the team requested options?	
Will approving this option prevent others from receiving their request?	

**Comments from team manager(s)**

**I / we support do / do not support this application (please delete as appropriate)**  
**The reasons for the decision are:**



**Other considerations**

Signed \_\_\_\_\_ Date \_\_\_\_\_

Print full name \_\_\_\_\_ Position \_\_\_\_\_

Signed Manager \_\_\_\_\_ Date \_\_\_\_\_

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## Equality Impact Assessment

Part 1 – Details		
What Policy/ Procedure/ Strategy/Project/Service is being assessed?	Voluntary Severance	
Date Conducted	May 2022	
Name of Lead Officer and Service Area	Christie Tims	
Director Responsible for project/service area	Chief Operating Officer	
Who are the main stakeholders	Employees Elected members Trade Unions	
Describe what consultation has been undertaken. Who was involved and what was the outcome	Initial consultation has taken place to scope the policy and to be clear on its objectives. Discussion with Trade Union and staff representatives. HR/Payroll/Finance input on content of procedure Employment Committee to formally consider.	
Outline the wider research that has taken place (e.g. commissioners, partners, other providers etc.)	Tax change implications have been considered. Alternative service provision with key partners may be an option for some of the roles.	
What are you assessing? Indicate with an 'x' which applies	A decision to review or change a service	<input type="checkbox"/>
	A Strategy/Policy/Procedure	X
	A function, service or project	<input type="checkbox"/>
	New	X

What kind of assessment is it? Indicate with an 'x' which applies	Existing	<input type="checkbox"/>
	Being reviewed	<input type="checkbox"/>
	Being reviewed as a result of budget constraints / End of Contract	<input type="checkbox"/>

## Part 2 – Summary of Assessment

Give a summary of your proposal and set out the aims/ objectives/ purposes/ and outcomes of the area you are impact assessing.

A voluntary redundancy package aimed at:

- reducing the staffing levels to achieve savings identified in the MTFS
- providing organisational effectiveness and sustainability
- providing a structure fit for the future
- avoiding compulsory redundancies
- offering a fair and consistent approach
- terminating employment in a positive manner

Who will be affected and how?

All staff with 2 years or more service within local government.

The policy will be entirely voluntary and therefore there should be no bias for any grouping detailed below.

Are there any other functions, policies or services linked to this impact assessment?

Yes                      x                      No                      ☐

If you answered 'Yes', please indicate what they are?

Redundancy Policy

Pay Policy

### Part 3 – Impact on the Community

Thinking about each of the Areas below, does or could the Policy function, or service have a direct impact on them?

Impact Area	Yes	No	Reason (provide brief explanation )
Age	X	<input type="checkbox"/>	Employees with longer service will generally have a higher cost to justify on the business case for their release. However a business case must ensure payback is achieved within 2 years.
Disability	<input type="checkbox"/>	X	The policy is not believed to impact adversely on any employees within scope
Gender Reassignment	<input type="checkbox"/>	X	The policy is not believed to impact adversely on any employees within scope
Marriage & Civil Partnership	<input type="checkbox"/>	X	The policy is not believed to impact adversely on any employees within scope
Pregnancy & Maternity	<input type="checkbox"/>	X	Should any employee within the scope of the policy fall within this impact area external independent support will also be offered to them. Communication plans will ensure full coverage of all employees within scope
Race	<input type="checkbox"/>	X	Not a factor
Religion or belief	<input type="checkbox"/>	X	Not a factor
Sexual orientation	<input type="checkbox"/>	X	Not a factor
Sex	<input type="checkbox"/>	X	Not a factor
Those with Caring/Dependent responsibilities	<input type="checkbox"/>	X	Part of the business case is assessing impact on the remainder of the team.
Those having an offending past	<input type="checkbox"/>	X	Not a factor
Those who are homeless	<input type="checkbox"/>	X	Not a factor
Those with Drug or Alcohol problems	<input type="checkbox"/>	X	Not a factor
Those with Mental Health issues	<input type="checkbox"/>	X	Part of the business case is assessing impact on the remainder of the team.

Other (Please Detail)	<input type="checkbox"/>	X	
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#### Part 4 – Risk Assessment

From evidence given from previous question, please detail what measures or changes will be put in place to mitigate adverse implications

Impact Area	Details of the Impact	Action to reduce risk
Age	Adverse impact	<p>Monitor expressions of interest</p> <p>Open dialogue with TU reps</p> <p>All communication will be documented</p> <p>Use of Settlement Agreements to ensure independent legal advice</p> <p>Option for face to face communication</p> <p>Thorough challenge of completed business cases</p> <p>Review of best practice</p>

#### Part 5 - Action Plan and Review

Detail in the plan below, actions that you have identified in your EIA, which will eliminate discrimination, advance equality of opportunity and/or foster good relations.

If you are unable to eliminate or reduce negative impact on any of the impact areas, you should explain why

Impact (positive or negative) identified	Action	Person(s) responsible	Target date	Required outcome
	Outcomes and Actions entered monitored	Christie Tims	October 2022	Summary Report

Date of Review - 31 July 2022