

BABC – Voluntary Severance Policy

Date: 1 June 2022
Agenda Item: 4
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Key Decision? NO

Local Ward N/A

Members



EMPLOYMENT COMMITTEE

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 section 3 of the Local Government Act 1999
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