

**BRISTOL CITY COUNCIL**

**Human Resources Committee**

**June 2011**

**FOR INFORMATION**

**Report of:** Chief Executive and (Acting) Director: HR Special Projects

**Title:** Redundancy Cap: Savings to date

**Ward:** Citywide

**Officer Presenting Report:** Robert Britton, (Acting) Director: HR Special Projects

**Contact Telephone Number:** 01179 222669

**RECOMMENDATION**

In accordance with a previous resolution of this Committee, this report is submitted for Members' information and observations.

**Summary**

In accordance with this Committee's previous resolution, this report provides Members with information regarding the application of the maximum weekly 'cap' applied to redundancy payments with effect from 1<sup>st</sup> January 2011.

Of the 29 compulsory and 8 voluntary redundancies in the period 1<sup>st</sup> January - 30<sup>th</sup> April 2011, 6 employees have been affected by the cap. If the cap had not been applied, the redundancy payments to the employees would have been £126,072 higher.

This figure will increase over the coming months as HR is already aware of approximately 60 further redundancies across the Council that have received Head of Paid Service approval, but where the employees' notice period has not yet expired. In addition, a further 2 Chief Officer posts have been approved by this Committee (currently under notice), and are affected by the 'cap'. As a consequence, the savings for these individuals will be £76,474.

## **The significant issues in the report are:**

On 24<sup>th</sup> September 2010 HR Committee approved the introduction of a maximum weekly 'cap' of £700 per week (equivalent to an annual salary of £36,500 per year) with effect from 1<sup>st</sup> January 2011. It should be noted that 90% of the workforce earn less than £700 per week and are not affected by the cap or redundancy payments. Redundancies under the Voluntary Severance Scheme are also calculated on this basis with effect from 1<sup>st</sup> October 2010.

### **1. Policy**

- 1.1 Redundancy payments at Bristol City Council are based upon an individual's age, length of service, and pay on the date of termination of employment. For employees who are not employed under teachers terms and conditions of employment redundancy payments are based upon twice the number of weeks pay which would be provided by the statutory minimum redundancy payments calculator.
- 1.2 In respect of school based employees, the Council meets the costs of redundancy payments which are made by the governing body in accordance with council policy where a school is deemed by the Local Authority to be in financial difficulty. Early retirement costs associated with school led redundancies have to be met from an individual school's budget. In the case of Local Authority led closures and amalgamations, the costs of any redundancies are met by the Council where there is genuine redundancy.
- 1.3 The redundancy 'ready reckoner' shows the number of weeks pay which would be payable depending upon a person's age and length of continuous service (Appendix A).
- 1.4 This Committee previously resolved that compensation for compulsory redundancies should be calculated on actual pay up to a maximum 'cap' of £700 per week (equivalent to an annual salary of £36,500 per year) with effect from 1<sup>st</sup> January 2011.
- 1.5 Employees who are members of the Teachers' Pension Scheme (TPS) and over age 55, have the choice whether to opt for the above calculation or to access 'premature retirement' benefits upon redundancy. If they opt for the early release of their pension benefits upon redundancy, their redundancy payment calculation is based upon the statutory number of weeks redundancy pay. The weekly pay figure

used in this situation will also be actual pay up to the maximum cap (£700).

- 1.6 Each year the cap applied to the weekly pay figure for redundancy calculations will be reassessed and increased in line with the NJC pay award for Local Government Services.

## **2. Consultation**

### **2.1 Internal**

Extensive consultation with the Trade Unions, Self Organised Groups and staff took place prior to the introduction of the redundancy cap.

### **2.2 External**

A benchmarking exercise across other comparable local authorities and employers was undertaken prior to the introduction of the redundancy cap.

## **3. Context**

- 3.1 The redundancy cap implemented with effect from 1<sup>st</sup> January 2011 formed part of an integrated “HR Change” approach aimed at balancing the need to make changes in the Council's structure and workforce, with the need to make significant savings in the Council's budget.
- 3.2 A system to monitor the application of both compulsory and voluntary redundancies has been introduced by HR with effect from 1<sup>st</sup> January 2011. Each of the workgroups concerned are being dealt with at directorate level, including consultation regarding the application of selection arrangements (where required).

## **4. Proposal**

- 4.1 This report is submitted to this Committee for its information.

## **5. Other Options Considered**

- 5.1 Not applicable.

## **6. Risk Assessment**

- 6.1 No risks are envisaged as HR will continue to monitor the application of compulsory and voluntary redundancy.

## **7. Equalities Impact Assessment**

- 7.1 An Equalities Impact Assessment was undertaken prior to the introduction of the redundancy cap. As the cap only has an adverse impact upon the highest earners in the Council, it was considered that the impact on under represented groups (who are poorly represented in the top 10% of earners) would be low.

## **Legal and Resource Implications**

### **Legal**

There are no direct legal implications arising from this Report. The report confirms the Council's current policy on redundancy payments.

(Legal Comments from Husinara Jones for Head of Legal Services)

### **Financial**

#### **(a) Revenue:**

There are no direct financial implications arising from this Report. (The savings to date/further agreed, since 'capping' was introduced are £126k and £76k respectively).

(Advice from Stephen Skinner, Finance Business Partner Corporate Services and Deputy Chief Executive's Directorates)

#### **(b) Capital:**

Not applicable.

### **Land**

Not Applicable

## **Personnel**

The personnel implications are set out in paragraph 3 above.

## **Appendices**

Appendix A: Redundancy Ready Reckoner

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 Background Papers:**

None.

BCC Redundancy Payment Calculator

Age	Service (Years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
18	2	-																		
19	2	3	-																	
20	2	3	4	-																
21	2	3	4	5	-															
22	2	3	4	5	6	-														
23	3	4	5	6	7	8	-													
24	4	5	6	7	8	9	10	-												
25	4	6	7	8	9	10	11	12	-											
26	4	6	8	9	10	11	12	13	14	-										
27	4	6	8	10	11	12	13	14	15	16	-									
28	4	6	8	10	12	13	14	15	16	17	18	-								
29	4	6	8	10	12	14	15	16	17	18	19	20	-							
30	4	6	8	10	12	14	16	17	18	19	20	21	22	-						
31	4	6	8	10	12	14	16	18	19	20	21	22	23	24	-					
32	4	6	8	10	12	14	16	18	20	21	22	23	24	25	26	-				
33	4	6	8	10	12	14	16	18	20	22	23	24	25	26	27	28	-			
34	4	6	8	10	12	14	16	18	20	22	24	25	26	27	28	29	30	-		
35	4	6	8	10	12	14	16	18	20	22	24	26	27	28	29	30	31	32	-	
36	4	6	8	10	12	14	16	18	20	22	24	26	28	29	30	30	32	33	34	-
37	4	6	8	10	12	14	16	18	20	22	24	26	28	30	31	32	33	34	35	-
38	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	33	34	35	36	-
39	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	35	36	37	-
40	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	37	38	-
41	4	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	39	-
42	5	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	-
43	6	8	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40	42	-
44	6	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	-
45	6	9	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40	42	44	-
46	6	9	12	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	45	-
47	6	9	12	15	18	20	22	24	26	28	30	32	34	36	38	40	42	44	46	-
48	6	9	12	15	18	21	23	25	27	29	31	33	35	37	39	41	43	45	47	-
49	6	9	12	15	18	21	24	26	28	30	32	34	36	38	40	42	44	46	48	-
50	6	9	12	15	18	21	24	27	29	31	33	35	37	39	41	43	45	47	49	-
51	6	9	12	15	18	21	24	27	30	32	34	36	38	40	42	44	46	48	50	-
52	6	9	12	15	18	21	24	27	30	33	35	37	39	41	43	45	47	49	51	-
53	6	9	12	15	18	21	24	27	30	33	36	38	40	42	44	46	48	50	52	-
54	6	9	12	15	18	21	24	27	30	33	36	39	41	43	45	47	49	51	53	-
55	6	9	12	15	18	21	24	27	30	33	36	39	42	44	46	48	50	52	54	-
56	6	9	12	15	18	21	24	27	30	33	36	39	42	45	47	49	51	53	55	-
57	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	50	52	54	56	-
58	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	53	55	57	-
59	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	56	58	-
60	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	59	-
61*	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	59	60	-

61\* = 61 and over.

## HR COMMITTEE: 2ND JUNE 2011

### REDUNDANCY CAP: SAVINGS TO DATE - Agenda Item 12 (Update)

(1) 1<sup>st</sup> January to 31<sup>st</sup> May 2011

10 employees affected by “Cap”

£137,659 total savings during this period

(2) 1<sup>st</sup> June 2011: Redundancies approved/Notice not yet expired

29 employees affected by “Cap”

a further £225,327 total savings to be accrued