

BRISTOL CITY COUNCIL

Human Resources Committee

November 2011

FOR INFORMATION

Report of: Will Godfrey, Strategic Director: Corporate Services

Title: Redundancy Cap & Voluntary Severance: Savings to date

Ward: Citywide

Officer Presenting Report: Mark Williams, HR manager

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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 1st January 2011.

Of the 118 redundancies in the period 1st January - 17th October 2011, 37 employees have been affected by the cap. In respect of the 118 redundancies, 59 have been voluntary redundancies and 59 compulsory redundancies. If the cap had not been applied, the redundancy payments to the employees would have been £365,162 higher.

In addition, there were a further 4 compulsory redundancies in schools. An individual governing body is responsible for the dismissal of an employee who is employed to work in a school.

The significant issues in the report are:

On 24th September 2010 HR Committee approved the introduction of a 'cap' on the weekly pay figure used in the calculation of redundancy payments at Bristol City Council, of £700 per week (equivalent to an annual salary of £36,500 per year). This 'cap' took effect from 1st January 2011 for compulsory redundancies, and has applied to voluntary redundancies since the introduction of the voluntary severance policy in October 2010. 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.

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 1st 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 1st 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 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 Kate Fryer for Head of Legal Services)

Financial

(a) Revenue:

As set out in the report the savings to date, since 'capping' was introduced are £365,162.

(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.

Appendix (8) A

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.