

HR Committee

5th March 2020



Report of: Director: Workforce & Change

Title: Exit Payment Report

Ward: N/A

Officer Presenting Report: Mark Williams (Head of Human Resources)

Contact Telephone Number: 07795 446270

Recommendation

That the Committee notes the report.

Summary

This report updates the Committee on the costs associated with the costs of early termination payments to employees.

The significant issues in the report are:

- During 2018/19 96 out of 6248 employees (1.5% of the workforce) left the Council with exit packages at a total cost of £2.7m.
- The mean cost of a compulsory redundancy was £10,052.
- The mean cost of a voluntary redundancy was £31,813.
- The mean cost of a settlement agreement was £12,810.
- 62% of employees receiving compulsory redundancies were below the Councils median salary of £27,358; 25% for voluntary redundancies and 44% for settlement agreements.



Policy

1. The Council's Redundancy Scheme is based upon the award of up to 60 weeks pay (depending upon the length of service) (at twice the statutory number of weeks) and is calculated on the redundant employee's actual earnings, capped at maximum weekly earnings of £787.50 per week. The scheme of payment is the same for both voluntary and compulsory redundancies and is a contractual entitlement. Employees who have transferred from another employer under the TUPE regulations continue to have access to the same redundancy scheme that applied with their previous employer.

Consultation

2. **Internal**
Not required because this report is for information only.
3. **External**
Not required because this report is for information only.

Context

4. An exit payment relates to the cost to the Council of early termination of staff employment before normal retirement age.
5. During 2018/19 96 out of a headcount of 6,248 (1.5% of workforce) employees left the Council with exit packages totalling £2.7m. These payments relate to a combination of compulsory redundancies, voluntary redundancies and settlement agreements. As referenced in page 89 of the Council's [Statement of Accounts](#) on exit packages for 2018/19.
6. The total cost of an exit package includes the costs of early release of pension where an employee is aged 55 or over and they are a member of the Local Government Pension Scheme. Currently, employers have no discretion and are obliged to meet these costs where an employee is aged 55 or over and is redundant. In 2018/19, the costs of early release of pension were £652k. This equates to 26% of total expenditure on exit packages.
7. In 2018/19, 50 employees (0.8% of workforce) received compulsory redundancy payments. 62% of employees receiving compulsory redundancies in 2018/19 were earning below the Council's median salary of £27,358. The mean exit payment for compulsory redundancies was £10,052, and the median exit payment was £22,897.

Actual annual salary	Number of compulsory Redundancies	Cost of early release of pension £'000	Cost of redundancy payment £'000	Total cost of exit packages £'000
£0-£10,000	22	£41	£66	£107
£10,001 - £20,000	2	-	£20	£20
£20,001 - £30,000	7	£13	£102	£115
£30,001 - £40,000	8	£32	£135	£168
£40,001 - £50,000	6	£225	£176	£401
£50,001 - £60,000	5	£179	£154	£334
£60,001+	-	-	-	-
Grand Total	50	£491	£654	£1,145

8. 37 employees (0.6% of workforce) received exit packages in 2018/19 for voluntary redundancy reasons. 35% of employees receiving voluntary redundancies in 2018/19 were receiving salaries below the Councils median of £27,358. The mean exit payment for voluntary redundancies was £31,813, and the median exit payment was £36,857.

Actual annual salary	Number of voluntary redundancies	Cost of early release of pension £'000	Cost of redundancy payment £'000	Total cost of exit packages £'000
£0-£10,000	-	-	-	-
£10,001 - £20,000	4	£2	£72	£74
£20,001 - £30,000	9	£1	£224	£225
£30,001 - £40,000	12	£158	£368	£527
£40,001 - £50,000	11	-	£504	£504
£50,001 - £60,000	1	-	£34	£34
£60,001+	-	-	-	-
Grand Total	37	£161	£1,202	£1,364

9. 9 employees (0.1% of workforce) received exit packages in 2018/19 as a result of a settlement agreement. Settlement agreements are legally binding contracts that can be used to terminate employment by mutual consent in circumstances where there may be an ongoing dispute or to settle potential legal proceedings. 44% of employees receiving settlement agreements in 2018/19 were receiving salaries below the Councils median of £27,358. The mean exit payment for settlement agreements was £12,810, and the median exit payment was £20,260.

Actual annual salary	Number of settlement agreements	Cost of early release of pension £'000	Total Cost of settlement agreement £'000
£0-£10,000	1	-	£2
£10,001 - £20,000	1	-	£2
£20,001 - £30,000	2	-	£25
£30,001 - £40,000	1	-	£13
£40,001 - £50,000	2	-	£49
£50,001 - £60,000	-	-	-
£60,001 - £70,000	1	-	£16
£70,001 - £80,000	-	-	-
£80,001 - £90,000	-	-	-
£90,001 - £100,000	-	-	-
£100,001 - £110,000	-	-	-
£110,001 - £120,000	-	-	-
£120,001 - £130,000	-	-	-
£130,001 - £140,000	1	-	£75
Grand Total	9	-	£182

10. Out of 96 staff exiting the organisation with an exit package; 29 were due to the restructure of Public Health many of whom had an NHS redundancy entitlement and was implemented in January 2019; 12 related to a review of School Crossing Patrol staff and 9 related to an organisational review in the Change Services team.

Proposal

1. That the Committee notes this report.

Other Options Considered

2. None.

Risk Assessment

3. Not required because this report is for information only.

Public Sector Equality Duties

- 16a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
 - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
 - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
 - tackle prejudice; and
 - promote understanding.
- 16b) Not required because this report is for information only.

Legal and Resource Implications

Legal

Not required because this report is for information only.

Financial

(a) Revenue

(b) Capital

Not required because this report is for information only.

Land

Not applicable.

Personnel

Not required because this report is for information only.

Appendices:

Appendix A – Redundancy Ready Reckoner

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None.