

WYRE FOREST DISTRICT COUNCIL**CABINET MEETING**
22ND DECEMBER 2009**Revised Redundancy Policy**

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME	
CORPORATE PLAN AIM:	A Well Run and Responsive Council
CABINET MEMBER:	Councillor J.P. Campion
DIRECTOR:	Ian Miller, Chief Executive
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APPENDICES	None

1. PURPOSE OF REPORT

- 1.1 To revise the Council's Redundancy Policy in respect of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 so that the Council will not make discretionary lump sum payments or Payment in Lieu of Notice (PILON) in cases of termination of employment.

2. RECOMMENDATIONS

The Cabinet is asked to **RECOMMEND** to Council that:

- 2.1 **Consideration is given to the comments received by the Trade Unions and Employees on the proposed policy changes to the discretionary lump sum payment and PILON in cases of termination of employment.**
- 2.2 **Subject to the outcome of paragraph 2.1, that both the discretionary lump sum payment and PILON are no longer paid and the Council's Redundancy Policy in respect of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 be revised to reflect these changes.**
- 2.3 **The revised Redundancy Policy be adopted and will come into effect from 1st June 2010; providing a three months' notice period to all employees.**

3. BACKGROUND

- 3.1 The Council's existing Redundancy Policy in respect of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 was agreed in 2006 (Cabinet report 26 October 2006, adopted by Council 10 November 2006) and allows for the following payments, as listed below:

3.2 Redundancy Payment

The Council bases redundancy payments on an employee's actual week's pay and the number of weeks as defined in the Employment Relations Act 1996. This provides for a maximum calculation of up to 30 weeks pay.

3.3 Discretionary Compensation Payment

Regardless of an employee's age, the Chief Executive in consultation with the appropriate Cabinet Member has the delegated powers to award a one-off lump sum of up to 52 weeks pay.

3.4 PILON

The Council may provide Payment in Lieu of Notice so an employee is not required to work the contractual notice period.

3.5 Both the Lump Sum Payment and PILON are **discretionary elements of the Redundancy Policy**; the authority is not legally required to pay either, however it has in recent years provided such payments for cases of both voluntary and compulsory redundancies.

4. PROPOSED CHANGES TO POLICY

4.1 Through recent Senior Consultation Group meetings, the Council's Trade Unions have been actively engaged with the Leader of the Council and Corporate Management Team in identifying how savings and service efficiencies can be made to support the budgetary pressures faced for 2010/11. There is a clear awareness and understanding that Council policies including workforce related ones are being reviewed as part of the process.

4.2 The above discussions have included the proposal to discontinue the discretionary lump sum payment and PILON as part of the formal, written Redundancy Policy. This proposal is based on the fact that both payments are discretionary and that neither can be capitalised by the Council.

4.3 It should however be noted that as per the existing Redundancy Policy, the Council will maintain redundancy payment on an employee's actual week's pay rather than the Government's minimum statutory payment of up to £380-00 per week.

4.4 For information, the Chief Executive is consulting in parallel on future exercise of the discretion that he has under the existing policy, pending the change to the formal written policy recommended in this report. He has indicated that, if the Cabinet recommends the change to Council and given the financial situation, he is minded to exercise his discretion with immediate effect not to authorise any further discretionary payments.

5. FINANCIAL IMPLICATIONS

5.1 Following the experience of the early termination of employment during 2008/09, it has been confirmed that discretionary lump sum payments and PILON are not costs for which the Council can apply for capitalisation direction from the government. Given the position within the Council's Medium Term Financial Plan and the commitment to protect service provision it is no longer affordable for the Council to fund such payments from the General Reserves or from further reductions in budget.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The change of Policy is necessary to support a package of long term efficiency measures for the authority.
- 6.2 Trade Union representatives were consulted on the proposals at a meeting of the Senior Consultation Group on 11 December 2009 and invited to provide a written response, which will be reported orally to this Cabinet meeting. Any further comments received from the Unions will be considered by Council on 24 February 2010.
- 6.3 Employees were formally issued a note on the proposed policy changes by the Chief Executive on 14 December 2009. This will be followed up by an article in Wyred Weekly (16 December 2009) which invites employees to forward their written comments by 15 February 2010 for consideration by Council on 24 February 2010.
- 6.4 Subject to adoption by Council of the proposed Policy changes, employees will be given a three months' notice period before the revised Policy will come into effect.

7. RISK MANAGEMENT

- 7.1 Implementation of the proposed changes is likely to have a significant impact on employee morale especially for those employees who could be affected by redundancy in the future.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 The change of Policy will be implemented across the whole of the Council's workforce so there are no issues arising from the Equality Impact Assessment.

9. CONCLUSION

- 9.1 The proposed change in Redundancy Policy is one of a number of policy changes that have either happened, or will be happening, to support the ongoing budgetary pressures the authority faces, both now, and in the future.

10. CONSULTEES

- Councillor John Campion – Leader of the Council
- Corporate Management Team
- Senior Consultation Group
- HR Team

11. BACKGROUND PAPERS

- 11.1 Report on Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 – Report to Cabinet, 26 October 2006, adopted by Council 10 November 2006.