



People, Performance and Development Committee
7 April 2025

Voluntary Redundancy Payments and Severance Pay Approvals

Purpose of the report:

To seek approval from the Committee to

1. Make changes to the Council's Redundancy Payments scheme to simplify the payments in respect of voluntary redundancy.
2. To amend the severance policy (and associated policies) with regards to approvals of severance payments to bring them in line with legal requirements.

This report is being brought to the People, Performance and Development Committee under its delegated powers in accordance with Section 2, para 6.13(a) of the Constitution:

"Determine policy on pay, terms and conditions of employment of all staff."

Recommendations:

It is recommended that the Committee:

1. Approves a change to the Council's Redundancy Payments scheme whereby the "employee led" voluntary redundancy payment scheme is removed and thus providing for only one voluntary redundancy scheme. The payments would be the same as the compulsory redundancy scheme.
2. Notes the changes required to the Redundancy and Severance Policy (and associated policies) to ensure compliance with legal requirements. The existing approval process for any severance payments of up to £150,000 is retained but changed so that payments of over £150,000 would be approved by the Chief Executive and s151 Officer, in consultation with the Leader of the Council, and reported to PPDC for noting, as part of the annual reporting process.

1. Background

Voluntary Redundancy Payments

- 1.1 Currently there are 3 redundancy payment schemes for Council employees:
- Compulsory
 - Voluntary (employer led) – this is where the Council asks for volunteers if there is a restructuring with potential loss of posts
 - Voluntary (employee led) – this is where there is no restructuring, but an employee asks if they can be considered for redundancy.
- 1.2 Voluntary redundancy is a useful tool for facilitating organisational change and reducing the size of the workforce. It is entirely at the Council's discretion whether to offer voluntary redundancy and whether to accept a request.
- 1.3 The Compulsory and Voluntary (employer led) schemes have the same payment terms based on applying a multiplier of 1.5 to the number of week's pay under the statutory payments scheme, with a limit of 40 weeks' pay for staff aged below 55 or not in the pension scheme. The statutory payments multiplier is used for employees aged 55 and over and in the pension scheme with a limit of 30 weeks' pay.
- 1.4 Actual earnings are used for the calculation as opposed to the statutory earnings limit which is currently £700 per week.
- 1.5 The voluntary (employee led) scheme has the statutory weekly earnings limit applied and payments are capped at 30 weeks' pay regardless of age and LGPS membership.
- 1.6 The "employee led" voluntary redundancy scheme is seldom used and can be confused with "employer led" voluntary redundancy. It is therefore recommended that it is removed so there is only one voluntary redundancy scheme using the compulsory redundancy payment terms (as per paragraph 1.3 above).

Approval of Severance Payments

- 1.7 The review of redundancy payments has highlighted an issue with how severance payments are approved.
- 1.8 Since May 2022, councils must follow Best Value Guidance for certain severance payments called Special Severance Payments (SSPs). SSPs include ex-gratia payments under a Settlement Agreement. SSPs do not include statutory or contractual redundancy payments, severance payments made in accordance with our statutory policy for discretionary compensation for early termination of employment, pension strain charges arising from redundancy, payments for untaken leave, and payments arising from the ACAS Early Conciliation process.

1.9 The Council's Redundancy and Severance Policy sets out approvals for SSPs which comply with the Best Value Guidance:

- SSPs of £100,000+ need full Council approval.
- SSPs of £20,000 to £100,000 need Chief Executive approval, in consultation with the Leader, the Director of People and Change, relevant Executive Director and Section 151 Officer.
- SSPs below £20,000 need approval by senior officers in People and Change, Finance and the relevant service.

1.10 However, the Redundancy and Severance Policy requires amendment for severance payments which are not SSPs, such as those made in the relation to redundancy.

1.11 The current wording is:

- payments of £150,000+ need PPDC approval.
- payments of £50,000 to £150,000 need approval by the Director of People & Change, the relevant Executive Director and Section 151 Officer.
- payments below £50,000 need approval by senior officers in People and Change, Finance and the relevant service.

1.12 The requirement for "approval" by PPDC, where the payment is over £150,000, could put the Council in conflict with the Local Authorities (Standing Orders) (England) Regulations 2001 which preclude Members from making decisions regarding appointment or dismissal of employees below Deputy Chief Officer level.

1.13 PPDC already receives an annual summary report of severance payments so Members still have an opportunity to scrutinise and assure themselves that the policies they set are being appropriately applied, but this would be for noting only in future, and after any dismissals have taken place.

1.14 It is of course good governance to have a level of challenge and scrutiny of these payments and therefore it is proposed that any severance case with a total cost of £150,000 or over would need to be approved by the Chief Executive, Director of People and Change and s151 Officer, in consultation with the Leader of the Council.

2. Recommendation

Voluntary Redundancy Payments

2.1 It is proposed that the "employee led" payment scheme is removed, harmonising both types of redundancy onto one payments scheme.

2.2 This would remove any confusion over the two voluntary redundancy schemes currently in place.

Approval of Severance Payments

2.3 It is proposed to remove the requirement for PPDC to approve severance payments from the Redundancy and Severance Policy, to ensure compliance with legal requirements.

3. Implications

Financial Implications

- 3.1 The harmonisation of the redundancy payment schemes does not have any additional financial implications as there are no changes to the payment terms.
- 3.2 The removal of PPDC’s requirement to approve payments over £150,000 from the Redundancy and Severance Policy does not have any additional financial implications.

Legal Implications

3.3 The exclusion of the PPDC from the severance payments approval process removes any uncertainty about compliance with Local Authorities (Standing Orders). (England) Regulations 2001.

Equalities Implications

3.4 None arising from this report.

Risk Management Implications

3.5 The changes to redundancy payments and the Redundancy and Severance Policy approval provisions have been referred to this committee to ensure there is appropriate probity and transparency applied to the decision.

4. Section 151 Officer Commentary

- 4.1 The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council’s financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost of service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
- 4.2 In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources

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will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.

4.3 The recommendations in this report have no additional financial implications.

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Sources/background papers: None

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