

Addendum

Employment Committee

Dear Councillor,

Employment Committee - Tuesday, 12 September 2023, 2.30 pm

I enclose, for consideration at the meeting of the Employment Committee to be held on Tuesday, 12 September 2023 at 2.30 pm, the following reports which were unavailable when the agenda was published.

Mari Roberts-Wood
Managing Director

Pay Policy for 2024/25	6. <u>Pay Policy for 2024/25(Pages 3 - 16)</u> To receive the draft Pay Policy for 2024 – 2025 for consultation.
EXEMPT: Organisational Development & Human Resources Staffing Update	10. <u>EXEMPT: Organisational Development & Human Resources Staffing Update(Pages 17 - 32)</u> To receive an Organisational Development & Human Resources staffing update for consultation.

For enquiries regarding this addendum;

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Agenda Item 6



Signed off by	Mari Roberts-Wood, Managing Director
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To	Employment Committee
Date	Tuesday, 12 September 2023
Executive Member	Deputy Leader and Portfolio Holder for Finance, Governance and Organisation

Key Decision Required	N
Wards Affected	N/A

Subject	Draft Pay Policy Statement for 2024/25
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Recommendations
(i) That the Employment Committee note the draft (ultimately for final recommendation to Council in February 2024) Pay Policy Statement, for the year 2024/2025 and provide any feedback.
Reasons for Recommendations
To ensure that the Council complies with the requirement in the Localism Act 2011, to approve and publish an annual Pay Policy Statement, in advance of the financial year to which it relates
Executive Summary
<ul style="list-style-type: none"> • The Pay Policy Statement sets out how the Council determines appropriate employee remuneration, in terms of salary and performance related pay. • Statistical information provided within the statement demonstrates the relationship of remuneration between different levels of employees, such as Chief Officers and the lowest paid employees.

Agenda Item 6

- The Pay Policy Statement reaffirms the Council's ongoing commitment to paying a fair and real living wage to all employees and workers, above national minimum wage levels.

The above recommendations are subject to approval by Full Council.

Statutory Powers

1. The Localism Act 2011 ('the Act') provisions in relation to 'Pay Accountability' set out the requirements for Councils to determine and publish annual pay policy statements.
2. Relevant authorities are required by section 38(1) of the Act to prepare pay policy statements. These statements must articulate an authority's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees.
3. The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, increases, enhancements of pension entitlements etc, and termination payments.
4. The guidance, "Openness and accountability in local pay: Guidance under section 40 of the Localism Act" (plus any supplementary guidance issued from time to time) sets out the key policy principles that underpin the pay accountability provisions in the Act.
5. Pay policy statements must be prepared for each financial year and must be approved by the Council.

Background

6. The pay policy statement must be approved by the Council in advance of the financial year to which it relates.
7. The Council must publish the statement on its website and may choose to expand the publication in other ways as part of its approach towards transparency.

Key Information

8. The pay policy statement must set out the Council's policies relating to:
 - Chief Officer remuneration,
 - Remuneration of its lowest paid employees plus the definition used for this group and the reason for adopting that definition,
 - The relationship between Chief Officer remuneration and that of other staff

Agenda Item 6

9. For the purposes of the statement, 'Chief Officer' includes a total of four positions; Statutory Chief Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer) and Non-Statutory Chief Officers (Director(s) - who report directly to the Head of Paid Service).
10. The pay policy statement sets out the Council's commitment to paying a fair wage for all, regardless of employment status.
11. Statistical and salary data will be updated with the correct figures as at 1 January 2024.

Legal Implications

12. There are no adverse legal implications arising from this policy statement other than those set out in the body of this report or the Statement itself.

Financial Implications

13. There are no financial implications arising from this policy statement other than those set out the Statement itself.

Equalities Implications

14. There are no adverse equalities implications arising from this policy statement, which confirms that the Council's approach to pay helps to mitigate equal pay issues.
15. Equality Impact Assessments are considered at every stage of reviewing the Council's approach to pay, or policy impact on remuneration.

Communication Implications

16. Once approved, the report is published annually on the Councils website and internal intranet.

Environmental Sustainability Implications

17. The Council is committed to taking action to address environmental sustainability and climate change issues. There are no environmental implications in issuing this Pay Policy Statement.

Agenda Item 6

Risk Management Considerations
18. The Council's strategic risk register risks SR1 Financial sustainability and SR4 Organisational capacity and culture have associated impact on delivery of this Pay Policy Statement.
Consultation
19. Representatives from the two Unions the Council recognises (Unison and GMB), will be consulted on the draft Pay Policy Statement. 20. Employment Committee will be consulted on the draft Pay Policy Statement – September 2023 with a final draft version being presented at the December 2023 Employment Committee meeting.
Policy Framework
21. The Pay Policy Statement helps to ensure that talented high performing employees are attracted and retained. 22. This directly and indirectly supports the Council's Corporate Plan, by ensuring that the Council (councillors and officers) has the right skills to deliver the plan, through attraction, retention and reward.
Background Papers
None

Annexes

1. Draft Pay Policy Statement 2024/25



Pay Policy Statement 2024/2025

This Pay Policy Statement (the 'statement') sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. The purpose of the statement is to provide transparency regarding the Council's approach to setting the pay of its employees.

Reigate and Banstead Borough Council provides a wide range of services to around 150,900¹ residents, as well as visitors and businesses in the Borough. To be able to provide these services, we depend on our employees.

As of 1 January 2024, we engaged 514 directly employed permanent or fixed term employees. 56% were male and 44% female.

We also engaged 108 casual workers².

Commented [KB1]: This data will be updated in early 2024, as per the requirements under the Localism Act. The figures presented here are the 1 Jan 2023 quoted in the current agreed pay policy statement.

Commented [KB2]: As above

Background

The Council opted out of the terms and conditions of employment operated by the National Joint Council (NJC) for Local Government Services in 2003, and since then has adopted local terms and conditions of employment.

The local payscales cover all employees of the Council (including Chief Officers as defined below) and was approved by the Council following negotiation with relevant bodies in 2002/3.

As required by law, the Council auto enrolls all eligible employees into a pension scheme - the Local Government Pension Scheme (LGPS).

Relative to other parts of the country, the borough is expensive to move to and live in. The Council also operates in a competitive local recruitment market made more challenging by the proximity to London and large local employers.

¹ 2021 Census data

² Casual workers are people who would work for us on an 'as and when' basis when required, normally paid an hourly rate

Competition for some specialist roles remains high nationally and with our neighbouring Local Authorities, competing for the same skills and experience.

Post-Covid the market has become even more competitive as more employers offer hybrid/home working. Although turnover has fallen back from peak levels in 2022/23,, employee retention remains a priority for the organisation. Actions to address retention have been identified as part of the Organisational Development and Human Resources Strategy.

Commented [KB3]: Further information to be added here once we have run the Employee Survey.

Aims of the Council's approach to pay and reward

The Council is mindful of the following five aims in its approach to pay and reward. We want to:

- 1) Recruit and retain appropriately experienced and qualified people;
- 2) Be an employer of choice;
- 3) Provide reward and recognition of high organisational performance at individual and team levels;
- 4) Maintain cost effectiveness and provide value for money; and
- 5) Comply with equal pay legislation.

Salary Budget

The Council's base revenue salary budget continues to be well managed and is built each year to reflect the resource required to deliver our ambitious corporate plan priorities.

Year	Salary Budget ¹	FTE (from budget reports) ³
2024/25	£TBC ²	TBC
2023/24	£27.6m	530.0
2022/23	£24.9m	533.6
2021/22	£23.5m	534.0
2020/21	£28.5m ⁴	534.0
2019/20	£22.1m	487.5
2018/19	£19.5m	485.1
2017/18	£19.5m	483.0
2016/17	£18.6m	-

Year	Salary Budget ¹	FTE (from budget reports) ³
2015/16	£18.0m	-

1. Source: Annual Budget Book
2. Subject to 2023/24 budget approval cycle and pay award consultation
3. FTE figures were not included in published budget data prior to 2017/18.
4. A £6.2m one-off employer's pension contribution was made in 2020/21

The salary budget is set taking into account various factors, including the two elements considered when reviewing employee pay:

- An annually reviewed **organisational pay award** paid to employees which recognises (but is not directly linked to) cost of living and overall organisational performance. This can be a consolidated award (percentage or fixed value increase), a non-consolidated award (based on a percentage or fixed value) or a mixture of both.
- An incremental pay increase and/or bonus may be awarded for individual performance, based on the appraisal schemes detailed below ('Components of Employee Total Reward').

Organisational Pay Award

The organisational pay award is usually reviewed annually, and where applicable, pay negotiations are held between the Council's management, any staff association representatives, and recognised trade unions. Longer term awards may be negotiated by agreement.

These negotiations take into consideration a range of factors; including (but not limited to) the following:

- Results of external pay benchmarking to ensure the Council is able to recruit and retain appropriately experienced and qualified employees; that it remains competitive and an employer of choice within Surrey and the immediate surrounding area (including the close proximity to London)
- Recruitment and retention trends. e.g., turnover and identification of skill types or service areas where recruitment is difficult
- The nature and level of other benefits (i.e., non-salary) provided to employees
- The level of the national 'Real Living Wage', and statutory National Minimum Wage rates
- The wider economic environment and affordability.

Real Living Wage

The Council has committed to ensuring the pay rates of apprentices, casual workers and pay scales of employees mirror the national 'Real Living Wage' as determined by the Living Wage Foundation³, as a minimum level of pay. From 1 April 2024 the minimum pay rate the Council will pay, will be £TBC (10.90). This commitment also applies to workers in any companies that the Council owns and operates.

Commented [KH4]: Will be available in late October – in March HMRC estimated the on-course rate of the NLW for 2024 to be £11.16, within a range of £10.90 to £11.43]

The Council has reviewed the official accreditation requirements set by the Living Wage Foundation and is confident requirements for our directly employed staff are met. To be officially recognised as an accredited Real Living Wage employer, we also need to formally review the pay arrangements of our contracted services to ensure compliance. Once complete, official accreditation can be applied for if required.

Definition and remuneration of Chief Officers

The Council's senior management team consists of 17 officer roles; four of whom are considered to be Chief Officers for the purposes of this policy statement, under the definition in the Localism Act 2011 and Local Government and Housing Act 1989:

- Statutory Officer, Head of Paid Service role (Managing Director)
- Non-Statutory Officer, reporting to Head of Paid Service (Director)
- Statutory Officer, Section 151 Officer role (Chief Finance Officer)
- Statutory Officer, Monitoring Officer role (Strategic Head of Legal & Governance)

Where any role listed above is vacant at time of reporting, the midpoint of the salary range will be used for the purposes of reporting in this document.

As of 1 January 2024, the average salary of the four Chief Officers is £113,576, which now includes the adjustments to remuneration applied for the statutory officer roles/duties – see explanation below 'Exceptional Increases and Additions to Remuneration for Chief Officers'.

Commented [KB5]: Figures to be updated as at 1 Jan 2024

Including the salaries of the thirteen other officer roles which make up the wider senior management team of the Council, the average salary then becomes £87,718.

Commented [KB6]: Figure to be updated as at 1 Jan 2024

In 2022, the remuneration of the Chief Officers was confirmed through an external job evaluation and pay benchmarking exercise.

³ The Living Wage Foundation is a campaigning organisation in the United Kingdom which aims to persuade employers to pay a living wage. The organisation was established in 2011, publishes an annual Living Wage figure and for a fee accredits employers who pay at the rate of the "living wage".

Definition and remuneration of lowest paid employees

To enable meaningful comparison, the Council looks at full time equivalent salaries for this definition. The lowest paid employees are on Administrative 3, Operative 3, or Apprentice grades. These employees include (but not limited to): Support Assistants, Box Office Assistants, Streetsweeper-Drivers and Grounds Maintenance Operatives. As of 1 April 2023, the bottom point on the payscale for full time work was £20,823 (£10.90 per hour); part-time employees are paid on a pro-rata basis.

From 1 April 2024, the minimum hourly rate of pay for any direct workers such as apprentices and casual workers of the Council, will be at least UK Real Living Wage (£ TBC per hour), which is in excess of the statutory National Minimum Wage rates.

Commented [KH7]: Will be available in late October – in March HMRC estimated the on-course rate of the NLW for 2024 to be £11.16, within a range of £10.90 to £11.43]

The relationship between Chief Officer pay and the pay of all other employees

The Council pays all employees including Chief Officers, on the same incremental payscale structure.

Using the full-time equivalent salary, the average pay for employees other than Chief Officers is £33,091.

Using the full-time equivalent salary, the average pay for Chief Officers is £113,576.

The ratio of Chief Officers' pay to the average pay of other employees is 3.4 : 1.

The ratio of the pay of the highest paid earner - the Head of Paid Service, to the pay of the lowest paid employee is 6.7 : 1.

Commented [KB8]: The data in this section is correct as at August 2023 – provided as indicative levels. It will be updated to reflect the situation as at 1 January 2024, as per the requirements of the Localism Act

Components of employee total reward

The total reward package for all employees (including Chief Officers) comprises of salary, Local Government Pension Scheme employer contribution (where the employee has not opted out), enhanced holiday entitlement (in excess of statutory requirements), enhanced sick pay (in excess of statutory requirements), enhanced maternity/paternity leave and pay (in excess of statutory requirements), adoption leave, shared parental/parental leave and pay, free parking (where allocated), agile working benefits and other standard elements of contractual remuneration required in law.

All eligible employees⁴ have the opportunity to take advantage of a number of salary sacrifice schemes including Childcare Vouchers, Cycle to Work scheme and Leisure Centre

⁴ Childcare vouchers are only available for staff who joined prior to September 2018

membership, and benefit from discounts on shopping, entertainment, and holidays through the employee benefits schemes.

All employees (including Chief Officers) are subject to an annual assessment of their performance, and where performance meets the appropriate standard, a contractual increment will be given, until the maximum of the applicable grade for the role is reached (individual performance award).

For Chief Officers and members of the senior management team, the performance appraisal scheme results in one of five levels of rating; Outstanding Performer, Very Good Achiever, Good Achiever, Effective Manager, Improvement Required. A rating in one of the top three categories can result in a bonus of either 10%, 5% or 2.5% (according to the rating) and can also result in an incremental increase within the pay scale, up to the maximum point for the role. (N.B. the middle rating results in either an increment or bonus – not both.)

For all other employees, the performance appraisal scheme results in one of four levels of rating; Outstanding Performer, Consistently High Performer, Good or Not at Required Standard. A rating of Outstanding Performer or Consistently High Performer can result in an incremental increase within the pay scale, up to the maximum point for the role. Employees who receive an Outstanding Performer rating receive a non-consolidated bonus of 2.5%, or 3% if at the maximum point for the role.

Annually staff may also be eligible to 'jump the bar', which enables employees to progress to the next level in their pay scale. Staff and managers are required to demonstrate/evidence the advancing or advanced characteristics at the level above the current progression level as described in individual's role profiles which is assessed against the required competency characteristics/framework. This may result in an incremental increase.

Remuneration of employees on appointment

As is the case in the appointment of new employees across the Council, Chief Officers are generally appointed towards the bottom of the grade for the role or at a market level of pay negotiated on appointment.

In line with the constitution, approval of pay on appointment is made by the Head of Paid Service or officer(s) nominated by them. For external candidates, the appointment of the Head of Paid Service, Section 151 Officer, and Monitoring Officer is through recommendation from the Employment Committee to Full Council for ratification. Where an existing officer at the Council is considered for a statutory officer role, the designation is a matter for Full Council, decision after the proposed designation has been discussed informally with the Employment Committee. The appointment of Directors (Non-Statutory Officers reporting directly to the Head of Paid Service) is made by the Employment Committee.

Assessing the gender pay gap

The gender pay gap is the difference in the average hourly wage of all men and women across a workforce.

The gender pay gap is not the same as unequal pay, which is paying men and women differently for performing the same (or similar) work. Unequal pay has been unlawful since 1970.

A gender pay gap does not necessarily indicate the existence of an equal pay problem, albeit a gender pay gap may be a trigger for further investigation about the reasons why the gap exists.

The Council's ability to use a formal job evaluation process, use of structured pay scales, and defined processes and procedures to award performance pay increases, limits inequality in pay for roles of similar value, between the genders. As the Council has over 250 employees, by law we must publish and report specific figures around our gender pay gap as of 31 March of each year (relating to the previous year's data).

Each year, the Council's gender pay gap figures are compared against preceding year and examined to identify if there is an inequitable cause of a significant gap between genders, which may need addressing.

Our gender pay gap figures continue to show that we do have a gap in terms of 'average hourly pay', and it is a gap in the favour of women - we are among a small percentage of organisations who, on average, pay women more. The gap is largely due to our demographics: females substantially underrepresented in our operative roles but slightly overrepresented in our senior roles.

The gender pay gap reports can be found via the Council's website: https://www.reigate-banstead.gov.uk/info/20091/organisation_and_services/737/open_data_transparency

Exceptional increases and additions to remuneration for Chief Officers

The Head of Paid Service (or another nominated senior officer) receives additional payments for election duties when acting as Returning Officer or Acting Returning Officer. Some of these payments made will be funded by the Government or Surrey County Council, depending on the type of election. For local elections, the Returning Officer fees are paid by the Council. The Returning Officer or Acting Returning Officer is able to make payments to any Deputy they appoint.

The Head of Paid Service, Section 151 Officer and Monitoring Officer⁵ job descriptions and associated grades include remuneration for the additional statutory duties and responsibilities delivered. If deputies are required, an honorarium payment (up to 10% of salary per annum) can be made in recognition of additional duties required.

The use of market supplements, honoraria and one-off payments

In a few cases the Council also pays market supplements to specific groups of employees where there is evidence that the pay scale determined for the role is significantly out of alignment with the pay market, and / or where there is difficulty recruiting and retaining employees. These payments are non-contractual, and currently apply to a total of four positions in Development Management (Senior Planning Officers).

The Head of Service for OD&HR, Chief Finance Officer and Chair of the Employment Committee are consulted on the application of any new market supplements, as per the Constitution. Other payments as described below are approved by Officers through delegated authority outlined in the constitution.

On occasion, temporary honorarium payments are paid to employees, when they carry out additional roles or other duties at a higher level e.g., providing cover for a higher graded colleague while they are on maternity leave.

There are also specific conditions for one-off bonus payments, which provide incentive and rewards for specific and exceptional achievements, such as the following:

- For delivering one-off projects clearly outside the responsibilities of the job
- For successfully carrying out something which was exceptionally difficult, or working to a much higher level for a temporary period of time
- For working unusually long or inconvenient hours because of a particular problem

Chief Officers' payments on ceasing to hold Office

Chief Officers who leave the Council's employment, may receive exit payments above contractually agreed limits in exceptional circumstances only in line with the Council's procedure for approving exit payments. These are subject to the consultation with the Head of Paid Service, Section 151 Officer (or delegated official if the compensation relates to either role) and Monitoring Officer where applicable.

For all officers there is a prescribed arrangement for settlement payments approval in consultation with the Employment Committee:

⁵ A description of the functions of each statutory officer is provided under Article 13 of Part 2 of the [Council's Constitution](#).

- payments of £100,000 and above must be approved by a vote of full council, as set out in the Localism Act 2011;
- payments of £20,000 and above, but below £100,000, must be personally approved and signed off by the Head of Paid Service, with a clear record of the Leader's approval and that of any others who have signed off the payment;
- payments below £20,000 must be approved according to the local authority's scheme of delegation.

Publication and access to information relating to remuneration of Chief Officers

A summary of Chief Officers' pay is published as part of the Council's annual statement of accounts and is available via the Council's website: http://www.reigate-banstead.gov.uk/info/20210/finance/268/annual_financial_reports

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TO	Employment Committee
DATE	12 September 2023
EXECUTIVE MEMBER	Deputy Leader and Executive Member for Finance, Governance and Organisation

KEY DECISION REQUIRED	No
WARDS AFFECTED	N/A

SUBJECT	OD & HR Restructure Staffing Update
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RECOMMENDATIONS
<p>(i) To note the forecast statutory and contractual payments owed to the referenced Officer in Appendix 1 as a result of redundancy;</p> <p>To recommend to Council:</p> <p>(i) That the employment of the Officer referenced in Annex 1 ends by redundancy (dismissal) on 22 September 2023 with notice to dismiss given on this date and employment terminated on this same date;</p> <p>(ii) That delegated authority to approve the final payment, when employer pension costs are confirmed, be granted to the Managing Director (Head of Paid Service) and Chief Finance Officer (Section 151 Officer) in consultation with the Deputy Leader and Executive Member for Finance, Governance and Organisation.</p>

Agenda Item 10

REASONS FOR RECOMMENDATIONS
To ensure that the requirements under the Localism Act 2011 are met with regards to officer exit payment costs over £100,000.
EXECUTIVE SUMMARY
<p>As part of the Council's approach to secure financial sustainability, an Organisational Development & Human Resources (OD & HR) restructure has been agreed, which strengthens the senior professional and leadership resource in the team and delivers a £0.100 million per year budget saving and a reduction from 13 to 11.0 FTE (which was implemented for 2023/24 onwards).</p> <p>A full consultation process has been completed, which included both staff within the team and the recognised trade unions.</p> <p>As a result of this restructure, six positions from the tier immediately below the Head of Service are to be deleted from the establishment. The members of staff employed in those positions have been put at risk of redundancy: three officers directly employed are affected, the other positions are either vacant or being covered via temporary resource.</p> <p>One officer has accepted redeployment to an alternative role in the new structure at a lower grade, leaving two officers at risk of redundancy.</p> <p>For the first redundancy case, notice of termination has been given and the redundancy process is progressing, under delegated approval from the Managing Director (Head of Paid Service) and Chief Finance Officer (Section 151 Officer) in consultation with the Leader and Deputy Leader.</p> <p>This report focuses on the third redundancy case (position reference 2312A, employee ID reference number 0343150) within the service that results in total statutory exit payment costs to the Council that are above £100,000.</p> <p>The legal and financial considerations are set out within this report and within the Redundancy Case at Annex 1, which includes an explanation of the requirement to comply with regulations issued under the Localism Act 2011 which requires full Council approval to officer exit payments greater than £100,000.</p> <p>The Employment Committee is asked to recommend that Full Council approves the statutory costs associated with the redundancy in order to issue notice and terminate the officer's employment (dismissal for reason of redundancy).</p>

STATUTORY POWERS
<ol style="list-style-type: none">1. There are relevant Acts of Parliament that govern the Council's actions in relation to this report, namely:<ul style="list-style-type: none">• Employment Rights Act 1996

- Local Government Act 1989, 2000
- Local Authorities (Functions and Responsibilities) (England) Regulations 2000
- Localism Act 2011
- Representation of the People Act 1983
- Income Tax (Earnings and Pensions) Act 2003 (IPETA))
- The Local Government Pension Scheme Regulations 2020 (from the Public Service Pensions Act 2013)

BACKGROUND

2. As part of the Council's approach to secure financial sustainability, an Organisational Development & Human Resources (OD & HR) restructure has been agreed, which strengthens the senior professional and leadership resource in the team and delivers a £0.100 million per year budget saving and a reduction from 13 to 11.0 FTE (which was implemented for 2023/24 onwards).
3. Part of the revised structure focuses on enhancing professional resources within the team to best support the organisation. This is in particular to strengthen senior professional and leadership capacity in the team to deliver strategic aspects of our OD & HR Strategy & Workplan. The revised structure offers enhanced resilience in the team and ultimately more clarity for managers, staff and Members in terms of key contacts within the team – for payroll, operational OD & HR matters and strategic OD & HR advice and support.
4. A full consultation process has been completed, which included both staff within the team and the recognised trade unions, as well as discussions with the Senior Management Team (including the Head of Paid Service and Section 151 Officer).
5. In summary the changes across the service comprise:
 - The HR Manager position is deleted from the establishment (vacant, currently covered by an interim);
 - 6 further senior professional established roles are deleted

This puts the individuals employed in these positions at risk of redundancy (three people in total). The three remaining positions are vacant and being covered by interim arrangements.

- New positions created at the senior level in the team (reporting to the Head of Service):
 - 1 x Senior HR Lead Service Development & Projects;
 - 1 x Senior HR Lead Payroll & Systems; and
 - 1 x Senior Culture and Organisational Development Lead.

Agenda Item 10

6. Those staff at risk of redundancy have been consulted, and this has resulted in one officer accepting an alternative redeployment role at a lower grade within the structure, and the remaining two officers remaining at risk of redundancy.
7. For the first redundancy case notice of termination has been given and the redundancy process is progressing, following approval by the Head of Paid Service and Section 151 Officer in consultation with the Leader and Deputy Leader.
8. This report focuses on the third redundancy case within the service that results in total statutory exit payment costs to the Council that are above £100,000. Further background and full details of the redundancy case are provided at Annex 1.

KEY INFORMATION

9. The Officer does not fulfil any additional or statutory roles that will need replacing.
10. The payment made to the Officer represents statutory and contractual entitlements, with no discretionary element or enhancements
11. As required by The Localism Act 2011, the payment requires approval by Full Council due to the value of the total exit costs as a result of the redundancy.
12. The statutory and contractual sums to be paid to the Officer on termination of employment due to redundancy are:
 - a. Redundancy Pay of £28,951.61
Statutory 29 weeks' pay, tax free as under £30K threshold.
This is calculated using the statutory table based on the individual's age and length of service at the time of redundancy to determine the number of weeks' pay owed.

Contractually the Council's terms are that we base a week's pay on the actual contractual salary, rather than the statutory cap on a week's pay of £669.
 - b. Post Employment Notice Pay/Pay in Lieu of Notice of £11,978.70
Subject to Employer & Employee NI and tax deduction
This is a statutory entitlement to receive paid notice to terminate employment and is 12 weeks' notice in light of the Officer's length of service.
 - c. Pay in Lieu of Annual Leave and accrued time off in lieu of £15,920.74
Subject to Employer & Employee NI and tax deduction.
This is a contractual payment due for accrued annual leave that has not been taken.
 - d. Total exit payment to Officer = £56,851.05
13. The remaining costs resulting from the redundancy are as a result of the requirements under the [Local Government Pension Scheme Regulations in redundancy or efficiency retirement situations](#). Specifically:

If you [employee/officer and member of the LGPS]:

- *lose your job because of redundancy or business efficiency*
- *have met the two-year vesting period, and*
- *are age 55 or over*

your LGPS benefits must be paid to you immediately.

14. The cost of an LGPS member's early access to their pension must be borne by the employing local authority at exit. In this case, the Officer meets the criteria above and the additional Early Access to Pension Employer Cost is: £94,528.87 (based on an estimate provided by the Surrey County Council (SCC) Pensions team).
15. This unavoidable (statutory) additional employer contribution cost is significant due to the age and length of service of the Officer in this case.
16. Taking into account the amount due to the Officer detailed above and the employer pension costs, the total cost to the Council of this redundancy is estimated to be: £151,379.92 (pending final confirmation of pension costs by the SCC Pensions Team). Confirmed figures from SCC Pensions Team will be provided when they (the SCC Pension team) receive formal notification of the redundancy.
17. Employment committee is therefore being asked to note that the employment of the Officer referenced in Annex 1 will end by redundancy (dismissal) on 22 September 2023 with notice to dismiss given on this date and employment terminated on this same date.
18. The committee is also being asked to recommend to Council that delegated authority to approve the final payment, when employer pension costs are confirmed, is granted to the Managing Director (Head of Paid Service) and Chief Finance Officer (Section 151 Officer) in consultation with the Deputy Leader and Executive Member for Finance, Governance and Organisation.

LEGAL IMPLICATIONS

19. The relevant Acts of Parliament that govern the Council's actions in relation to this redundancy situation are provided under the Statutory Powers section above.

FINANCIAL IMPLICATIONS

20. The financial implications of the recommendations in this report are set out below.

21. Summary of costs:

Redundancy & Termination costs to be paid directly to the Officer	£56,851.05
Employer Pension Costs (early access to Pension)	£94,528.87
Sums to be paid to third parties	£0
Total Cost 2023/24	£151,379.92*

Agenda Item 10

*estimate, pending confirmation from SCC Pensions Team

22. Following consultation with the Chief Finance Officer, the cost will be charged to the OD & HR service in 2023/24 and will therefore result in a budget overspend for 2023/24 financial year. This is to be offset where possible through other service budget underspends.
23. The payment will be offset over a period of less than five years through the annual budget saving of £0.100 million that has already been implemented for the service for 2023/24 onwards.

EQUALITIES IMPLICATIONS

24. The equalities implications of this case relate specifically to the potential risk to the Council of a discrimination claim (age discrimination) to an Employment Tribunal if the Officer was not able to access their pension entitlement. Please refer to more details provided under 'Risk Management Considerations' below.

COMMUNICATION IMPLICATIONS

25. Should the redundancy costs be approved, the Officer and Head of Service for OD & HR has agreed how the redundancy situation will be communicated to the organisation.
26. Should the redundancy costs be declined, there is a risk of reputational damage, particularly if the Officer makes a claim to an Employment Tribunal. This situation would need consideration and input from colleagues within our Communication and Engagement Team.
27. A summary of exist payments is reported in the Council's annual statement of accounts.

ENVIRONMENTAL SUSTAIANABILITY IMPLICATIONS

28. There are no environmental sustainability implications arising for this report.

RISK MANAGEMENT CONSIDERATIONS

29. A risk lies around the fact that this redundancy case requires Full Council approval, given the requirements of the Localism Act (2011).
30. Throughout this process the Council's [Redundancy, Redeployment and Early Retirement policy](#) has been followed. Should either the Employment Committee, or subsequently, Full Council reject the recommendations, there would be no feasible mitigations to the risk of the Officer in question taking a legal/tribunal route. This would likely be on the grounds of a Constructive Dismissal claim and also likely at least a claim for Age Discrimination but potentially other discrimination claims too. Given the Officer's professional HR background, they are alert to their legal and contractual entitlements and arguably more likely to take matters to an Employment Tribunal.

31. Compensation for constructive dismissal, if awarded by an Employment Tribunal, is made up of a Basic Award (BA) and a Compensation Award (CA). The BA in this case would be the maximum cap of £19,290 and the CA would take into account loss of wages, future wages, loss of statutory rights and loss of pension, which could be a maximum payment of the Officer's annual salary of £52,056. This could therefore total a maximum of £71,346.
32. As well as a Constructive Dismissal claim, there would likely be a claim for Discrimination (at least Age Discrimination, potentially other discrimination claims). Unlike in unfair dismissal, there is no ceiling on the amount of compensation a tribunal can award for discrimination. The onus of proof would be on the Council to show that there was no discrimination. In every case it is crucial to enquire why an employee has received less favourable treatment, and whether it was on the grounds of age or some other reason. When awarding compensation related to discrimination, the Employment Tribunal will consider loss of earnings, an award for damages for 'injury to feelings', a personal injury, aggravated damages, punitive damages and interest on the sum awarded.
33. If the Officer submitted a claim to tribunal, significant Council Officer time will need to be given to responding/defending the claim. There would also be the cost of Legal representation for the Council to defend the case which would likely run into thousands of pounds.
34. When defending any tribunal claim, even where we would be legally represented, the Council Officer time involved in preparing our defence could be significant and would likely impact Executive Member/Employment Committee Member time too.
35. Additionally, the potential cost to the Council in defending a tribunal claim isn't limited to legal fees, damages or Officer time out of the organisation to defend the claim. It is important to also factor in the potential cost to the Council's reputation and employer brand – negative impact on talent attraction and negative impact on how current staff view us as an employer, with a potential negative cost on employee satisfaction, engagement and productivity. The press and public are usually allowed to attend tribunal hearings and to listen to the evidence and outcome. This means that adverse publicity surrounding any allegations or finding of employer wrongdoing can be extremely damaging.

CONSULTATION

36. Staff consultation on the restructure of the OD & HR team has taken place as well as consultation with the Council's recognised trade unions (meaning that they had an opportunity to comment on the restructure proposals and support any of their union members directly affected by the changes).
37. Formal consultation with the team on the proposals on the amended resourcing requirements and structure of the OD & HR Service began in February 2023 and concluded in June 2023.

Agenda Item 10

38. Consultation has also taken place with the Senior Management Team (SMT), which has included conversations with the key statutory officers (including Head of Paid Service and Section 151 Officer) for delegated authority decisions.

POLICY FRAMEWORK

39. The proposals in this report are consistent with the Council's HR policies.

BACKGROUND PAPERS

None

Annexes

1 – Redundancy Case