

Report to the Cabinet



**Epping Forest
District Council**

Report reference: C/144/2006-07.

Date of meeting: 16 April 2007.

Portfolio: Finance, Performance Management and Corporate Support Services.

Subject: Redundancy, Redeployment and Appeals Procedures for Chief Officers.

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Democratic Services Officer: Gary Woodhall (01992 – 564470).

Recommendations/Decisions Required:

- (1) That, as requested by the Joint Consultative Committee, the definition of a Chief Officer post be noted and included in a more prominent position in the text of the Redundancy and Redeployment Policy for Chief Officers; and**
- (2) That, as requested by the Joint Consultative Committee, the example provided of a notional cost of a redundancy payment for a Chief Officer be noted; and**
- (3) That, as requested by the Joint Consultative Committee, a review of the Council's Pay Protection Policy be carried out as agreed at the time of its initial implementation.**

Report:

1. At its meeting on 12 April 2007, the Joint Consultative Committee considered the draft Redundancy and Redeployment Procedure, and associated Appeals Procedure as set out at item 14 of this agenda. The Committee noted that the procedures were in line with those in place for other staff and recommended agreement of them. In addition the Committee asked for clarification of the following issues.

Definition of a Chief Officer:

2. The Committee asked that the definition of a Chief Officer post set out at paragraph 1.2 of the 'Staff Appeals Panel Hearings Procedure in Cases of Redundancy – Chief Officers' be included in a prominent position in the Redundancy and Redeployment Procedure itself. For the Cabinet's information, the definition is as follows:

'Chief Officer – an officer of the Council who is paid a salary above spinal column point 58 and below that of the Chief Executive'.

In the present senior management structure the posts at this level consist of all Head of Service positions, including the Chief Works Officer.

Notional redundancy costs of Chief Officers:

3. The Committee also asked that information be provided to Cabinet about the potential redundancy costs of Chief Officers. Clearly, such costs are dependent upon the individual's actual salary, their length of local government continuous service, and whether they are entitled to receive early payment of pension benefits on redundancy. This means that costs for staff are always calculated on an individual basis, and may vary considerably depending on these factors.

4. At its meeting on 19 February 2007, the Cabinet agreed a revised severance and early retirement policy. This had the effect of reducing the level of redundancy payments by up to 30%, and removing the entitlement to added years enhancements to pensions. Both decisions had the effect of reducing the Council's financial liabilities to redundant staff. The new arrangements provide for all staff who are made redundant to receive a payment based on their weekly pay (times 1.5) and formula based on length of continuous service and age.

5. In addition to the redundancy payment, staff that are over the age of 50 (55 from 2010) are entitled to receive immediate payment of pension benefits (annual pension and lump sum) based upon the number of years they have been a member of the pension scheme. No enhancement, or 'added years' is payable, but equally no actuarial reduction is made for early release of pension benefits. This means that there is a strain on the pension fund (payable by the Authority) of early release of pension benefits.

6. Taking these factors into account, a notional example is provided of a Chief Officer aged 48 (the average age of EFDC chief officers) with 25 years continuous local government service and an annual salary of £58,556 (assuming a 2% pay award). The redundancy payment in this case would be £39,585.

The Council's Pay Protection Policy:

7. In considering the policies put forward, the Committee noted that the Council's agreed pay protection policy, (attached to the Redundancy and Redeployment Policy at appendix 1) was scheduled for review in 2005, and that this had not taken place. The Committee therefore recommended that the scheduled review now take place, and that a report be made to it when this had been carried out.

Statement in Support of Recommended Action:

8. The proposals with respect to the definition of a Chief Officer position and the notional costs of redundancy at Chief Officer level provide the Cabinet with additional information to aid its consideration of the policies. The proposal to review the pay protection agreement would implement an existing commitment.

Other Options for Action:

9. The Cabinet could decide not to take into account the additional information requested by the Committee, and could decide not to agree to the review of the existing pay protection policy.

Consultation Undertaken:

10. No external consultation undertaken.

Resource implications:

Budget provision: None at this stage.

Personnel: As set out in the report.

Land: Nil.

Community Plan/BVPP reference: N/A.

Relevant statutory powers: N/A.

Background papers: None.

Environmental/Human Rights Act/Crime and Disorder Act Implications: N/A.

Key Decision reference (if required): N/A.