

<b>Committee/Meeting:</b> HR Committee	<b>Date:</b> 29 <sup>th</sup> January 2014	<b>Classification:</b> Unrestricted	<b>Report No:</b> <b>4.2</b>
<b>Report of:</b> Corporate Director (Resources)  <b>Originating officer(s)</b> Simon Kilbey, Service Head (Human Resources & Workforce Development)		<b>Title:</b> <b>Redundancy Payments</b>  <b>Wards Affected:</b> All	

<b>Lead Member</b>	Cabinet Member for Resources
<b>Community Plan Theme</b>	All
<b>Strategic Priority</b>	Work efficiently and effectively as one Council

## 1. **SUMMARY**

- 1.1 In December 2006, the Council's HR Committee adopted the current policy in relation to redundancy payments (Appendix 1). The policy was adopted to ensure compliance with the Employment Equality (Age) Regulations 2006.
- 1.2 This paper confirms that the discretionary severance element of the Council's redundancy payment is to be considered contractual, following external legal opinion being sought on the issue.

## 2. **DECISIONS REQUIRED**

HR Committee is recommended to:-

- 2.1 Consider the report, which is provided for information.

## 3. **REASONS FOR THE DECISIONS**

- 3.1 The report is provided for information.

## 4. **ALTERNATIVE OPTIONS**

- 4.1 There are no alternative options presented.

## 5. **BACKGROUND**

- 5.1 In December 2006, the Council's HR Committee adopted the current policy in relation to redundancy payments (Appendix 1). The policy was adopted to ensure compliance with the Employment Equality (Age) Regulations 2006.

5.2 The policy states that:

“Where an individual’s employment is terminated by reason of redundancy or in the interests of the efficiency of the service, to award discretionary compensation based on 120% of the statutory pay such that the maximum payment (including statutory redundancy) is 66 weeks’ pay.”

## **6. BODY OF REPORT**

6.1 Since 2006, where an individual’s employment has been terminated by reason of redundancy, the redundancy payment has included the “discretionary” element, without consideration being given on case by case basis as to whether this element should be paid.

6.2 The payment of the discretionary element has therefore become custom and practice within the Council.

6.3 The existing redundancy terms have served the Council well. In recent years most redundancies have been voluntary and this has allowed for good employee relations around exits from the organisation.

6.4 The Trade Unions have been requesting confirmation that the Council’s redundancy terms (in particular the discretionary severance element) are contractual. This request has been prompted by TUPE issues and the current financial challenges that are being faced by Local Government.

6.5 The 2006 HR Committee report (Appendix 1) set out the standard terms in relation to payments for redundancy but did not overtly address the issue of whether they were contractual.

6.6 External legal advice has been sought by the Council on this point and on the basis of the external legal opinion provided by Counsel; the Council has accepted the position, which is supported by the Trade Unions that the discretionary severance element of the Council’s Financial Terms for Redundancy is contractual by virtue of the practice outlined above. The Council’s Financial Terms for Redundancy form part of the Council’s Pay Policy, which is published annually.

6.7 This position has been communicated to the Trade Unions.

6.8 Changes to the Council’s redundancy terms could be made in the future by collective agreement or on an individual basis, but in order to do this strong business reasons and a formal consultation process would be required.

## **7. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

7.1 There are no financial implications as a direct result of this report.

**8. CONCURRENT REPORT OF LEGAL SERVICES**

- 8.1 The report correctly summarises the Council's position in relation to the enhanced redundancy payment.

**9. ONE TOWER HAMLETS CONSIDERATIONS**

- 9.1 The Scheme has been applied equitably and consistently for a number of years with all staff eligible receiving this payment on redundancy. This payment eases the blow to employees of giving up employment with the Council.

**10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 10.1 There are no implications.

**11. RISK MANAGEMENT IMPLICATIONS**

- 11.1 There are no direct risks as a result of this report.

**12. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 12.1 There are no implications.

**13. EFFICIENCY STATEMENT**

- 13.1 No changes to service delivery or the use of resources are proposed.

**14. APPENDICES**

- 14.1 Appendix 1 - HR Committee Report of 21<sup>st</sup> December 2006 – Changes to the Discretionary Payments for Loss of Employment Scheme

**Local Government Act, 1972 Section 100D (As amended)  
List of "Background Papers" used in the preparation of this report**

HR Committee Report of 21<sup>st</sup>  
December 2006 – Changes to  
the Discretionary Payments for  
Loss of Employment Scheme