



Northumberland County Council

STAFF & APPOINTMENTS COMMITTEE

30th January 2023

Recommended Approval of the Voluntary Redundancy of the Interim Executive Director of Communities and Business Development.

Report of the Interim Chief Executive

1. Purpose of the Report

1.1 This report sets out the current position following Mrs Maureen Taylor's application for Voluntary Redundancy (VR).

1.2 It also asks that Mrs Taylor's current arrangement be extended until 31 March 2023 – this should have been included on the paper that was submitted in December regarding the extension of the other interim arrangements.

2. Recommendations

2.1 Members are asked to agree the following recommendations:

- 1) To approve the voluntary redundancy application of Mrs Taylor, following the business case approval attached as Appendix 1 by the Interim Chief Executive.
- 2) To also approve the payment of £559.92 to cover for the early termination fee associated with Mrs Taylor's leased vehicle for the reasons as set out in paragraph 3.18 below in this report.
- 3) To agree to extend the arrangement under which Mrs Taylor is undertaking the role of interim Executive Director of Communities and Business Development until 31 March 2023.

3. Key Issues and Background

- 3.1 Mrs Taylor joined the Council in August 2019 under the job title of 'Director of Business Development (Care Services)', the current salary of which is £126,665.00 (£169,489.00 including oncosts).
- 3.2 In February 2022, Mrs Taylor was placed into the position of Interim Executive Director of Communities and Business Development. The promotion was on an interim basis to support the Interim Executive Management structure pending permanent appointments being made. Her current annual salary is £150,820.00 (£202,050.00 including on costs of Employers pension and NI contributions).
- 3.3 The current interim arrangements for Mrs Taylor are due to end on 28 February 2023. Staffing and Appointments Committee in December agreed to extend all of the current interim arrangements, but due to an oversight, Mrs Taylor's role was omitted from the report. It is therefore necessary to extend Mrs Taylor's arrangement in line with the others, though in this case, up to her leaving date of 31 March 2023.
- 3.4 The Council launched a VR scheme in September 2022 and Mrs Taylor submitted an application to be considered.
- 3.5 Mrs Taylor's request was considered alongside the Senior Management structure work that is being undertaken within the Council.
- 3.6 The Executive Director post that Mrs Taylor is currently acting up into is not one that exists within the new structure. The agreed Executive Director posts are currently out for recruitment with appointments expected to be made at the end of January. Mrs Taylor did not submit an application for any of the roles.
- 3.7 Mrs Taylor's substantive post of Director of Business Development (Care Services) is not one that has been included in the proposed draft structure at tier 3 and 4 as it is not one of the agreed directorates.
- 3.8 Allowing Mrs Taylor to leave the authority on Voluntary Redundancy allows there to be one less person within the group of impacted staff, potentially avoiding a compulsory redundancy from that group, whilst also contributing to the £1m management savings target included in the 2022/23 budget.
- 3.9 Mrs Taylor is contractually entitled to 12 week's paid notice in the case of dismissal – which redundancy is, in law.

- 3.10 During a conversation between Mrs Taylor and Mr O'Farrell on 22 December 2022, Mrs Taylor expressed a desire to leave on 31 March 2023.
- 3.11 As Mrs Taylor's notice period cannot commence prior to approval by the Staffing and Appointments Committee, to meet her agreed leaving date, Mrs Taylor needs to waive her right to the remainder of her notice period being paid. Mrs Taylor has agreed to this during a meeting with Mr O'Farrell on 17 January 2023.
- 3.12 It has become custom and practice in the case of redundancy that the Council covers the early termination fee charged to employees if they exit their NHS Fleet vehicle agreement prior the end of the contract. Mrs Taylor had a vehicle which she returned in early January 2023 and the termination fee has been provided as being £559.92. This payment is potentially a Special Severance Payment (see below).
- 3.13 A business case has been submitted outlining the background and financial justification. This was agreed through the usual internal HR recorded process, pending agreement from Staff and Appointments Committee.
- 3.14 The Business Case is appended (Appendix 1). The estimated cost of the redundancy package, based on a leaving date of 31 March 2023, is as follows:
- A redundancy payment of £13,015.99
 - Early release of pension with the Council paying the strain cost of £56,470.00.
 - Total redundancy package = **£69,485.99**
- 3.15 As outlined above, Mrs Taylor has returned a lease car that the Council have agreed to pay the early termination fee of £559.92 for. It does not come under the costs for the redundancy package but has been included in the calculations for the payback period.
- 3.16 Incorporating all costs that will be incurred as a result of granting Mrs Taylor voluntary redundancy, the total figure is **£70,045.91**. This figure does not meet the threshold, of £100,000, to require approval by Full Council. In addition, as a redundancy payment (voluntary or compulsory) does not constitute a Special Severance Payment, there is no specific requirement for the approval of the Head of Paid Service or the Leader (see below).
- 3.17 Special Severance Payments are payments made to employees outside of statutory, contractual or other requirements when leaving employment in public service. By way of example, they include payments reached under a settlement agreement to end legal proceedings, compensation for pay in lieu of notice, write off any outstanding loans. Voluntary and compulsory redundancy payments are not Special Severance Payments. The Government has issued

guidance about how Special Severance Payments can be made and how they should be authorised. Payments should be made in exceptional circumstances and only when they constitute a proper use of public money. The guidance sets out recommended levels of authority depending on the level of payment:

- 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 other who has signed off the payment.
- Payments below £20,000 must be approved according to the local authority's scheme of delegation.

3.18 It should be noted that irrespective of whether Mrs Taylor were to leave under voluntary or compulsory redundancy, the payment schedule laid out above would be the same and in any event are what Mrs Taylor is legally entitled to in a redundancy situation, except for the early termination fee associated with her leased vehicle. However, as outlined, this does not form part of the redundancy policy, it is custom and practice within the Council to cover this for any member of staff made redundant. This came about because, under the previous lease scheme, it was a contractual requirement to pay the termination fee on behalf of the employee. When the Council moved to Fleet Solutions, this remained the case even though it was no longer a contractual requirement. Whilst not specifically referenced in the Special Severance Payments Guidance, it is likely that the payment of £559.92 is a Special Severance Payment. In absence of a clear officer delegation under the Council's current scheme of management delegations StAC is being asked to approve this payment for the reasons set out in the paragraph.

3.19 The 'payback period' for Mrs Taylor (i.e., the amount of time it will take for the savings made from not paying her salary to cover the cost of her exit), is in the region of 0.41 years. The Council's general rule is that anything under 2 years represents value for money. Each case is however considered on its merits and where it is in the Council's financial and managerial interests, for example, to facilitate a wider restructure or improve the operational efficiency or effectiveness of the service, this requirement can be waived with the agreement of the S151 Officer.

4. Pay Policy

4.1 The Council's pay policy states:

"The Staff and Appointments Committee has delegated authority from the Full Council to approve severance and redundancy payments for Chief and Deputy Chief Officers. For clarity, this requirement applies to all those posts that fall into the scope of s43 of the Localism Act and all Heads of Service. All exit packages over 100k will be approved by Full Council."

4.2 As a Chief Officer, it is therefore incumbent on the Staff and Appointments Committee to decide whether to approve this voluntary redundancy application from Mrs Taylor, but as the total cost is under £100k, there is no requirement for it to go to Full Council for approval.

5. Link to Corporate Plan

5.1 The Council’s Executive structure is made up entirely of Interim members of staff. The Caller Report called for stability and exercises have been ongoing to develop a permanent and sustainable structure at the top 4 tiers of the organisation. That process is ongoing, but it is identified that there will not be a post within the structure for Mrs Taylor.

6. Implications

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|------------------------------------|---|
| Policy | The process has followed the Council’s Voluntary Redundancy Policy and Management of Organisational Change Policy and Redundancy Policy. |
| Finance and value for money | <p>The ‘payback period’ for Mrs Taylor (i.e. the amount of time it will take for the savings made from not paying her salary to cover the cost of her exit), is in the region of 0.41 years. The Council’s general rule is that anything under 2 years represents value for money.</p> <p>The best value duty, as set out in section 3 of the Local Government Act 1999 (“the 1999 Act”), provides that “A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The best value duty is relevant to local authority duties to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services and secure value for money in spending decisions.</p> |
| Legal | <p>Under s2 of the Local Government and Housing Act 1989 the Staff and Appointments Committee discharges the Council’s functions of the employer in relation to the Chief and Deputy Chief Officers. The Committee must also approve any voluntary severance, settlement or ex-gratia payment to be made to any Chief or Deputy Chief Officer.</p> <p>Mrs Taylor is a Chief Officer, as defined by s43 of the Localism Act</p> <p>The definition of a redundancy is as follows: The dismissal of an employee will be by reason of redundancy if it is “wholly or mainly attributable to” the employer:</p> <ul style="list-style-type: none"> • Ceasing or intending to cease to carry on the business for the purpose of which the employee was employed by it (business closure) |

| | |
|--|---|
| | <ul style="list-style-type: none"> Having a reduced requirement for employees to carry out work of a particular kind or to do so at the place where the employee was employed to work (reduced requirement for employees) <p>The proposed payments owed to Mrs Taylor are legal requirements in a redundancy situation. The process has followed the Council's redundancy policy which is reviewed regularly in accordance with The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations.</p> |
| Procurement | n/a |
| Human Resources | The process has followed the Council's Voluntary Redundancy and Management of Organisational Change Policy and Redundancy Policy. |
| Property | N/A |
| Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> | Mrs Taylor approached the Council initially and is the only post holder. |
| Risk Assessment | N/A |
| Crime & Disorder | N/A |
| Customer Consideration | N/A |
| Carbon reduction | N/A |
| Health and Wellbeing | N/A |
| Wards | N/A |

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

| | |
|---|--------------------------------|
| | Full Name of Officer |
| Monitoring Officer / Interim Director of Governance | Suki Binjal |
| Executive Director of Finance & S151 Officer | Jan Willis |
| Interim Chief Executive | Rick O'Farrell |
| Portfolio Holder(s) | Staff & Appointments Committee |

Authors and Contact Details

This report has been prepared by Rick O'Farrell, Interim Chief Executive

Contact details:

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Appendix 1

VR Approval Business Case Submission

This document should be completed in full and submitted to your HR Adviser who will then attach it to the VR Approval form to go to your Executive Director, the S151 Officer and the Chief Executive to approve.

- 1) **Name of Employee:** Maureen Taylor
- 2) **Position:** Interim Executive Director of Communities and Business Development
- 3) **Proposed Leaving Date:** 31/3/2023
- 4) **Is the employee working their notice period?** (*this should be the default position, pay in lieu of notice should only be paid in exceptional circumstances*): The majority of. Mrs Taylor has asked to leave on 31 March 2023 and has waived her right to the remainder of her notice being paid.
- 5) **Is the employee currently in their substantive role, or acting up into a higher graded post?** Maureen's substantive post is Director of Business Development (Care Services). She has been acting into the interim Executive Director role since February 2022.
- 6) **Have you seen the estimated costs for the employee and confirmed they are affordable and within payback?** Yes, Maureen does not have much service in with the Council so her redundancy and pension strain costs are comparatively low and well within the 2 year payback period.
- 7) **Please outline why you are able to lose the post:** Following the review of the Council's structures, there will not be a post in the new structure for Mrs Taylor. Her application for voluntary redundancy makes the process of filling the posts in the new structure less stressful for those remaining staff that will be impacted and contributes towards the desired budget savings.
- 8) **Will the work need to be covered elsewhere in the service? If so, is it able to be covered amongst current staff at a similar grade?** Mrs Taylor's work will be able to be spread across two directorates and several members of staff at a lower grade (but within their current workload), with some also being incorporated in the role of the new Executive Director.
- 9) **Is it the intention to increase the grade of any staff needing to cover the work?** No, the work can be incorporated into existing workloads and at an appropriate grade.

10) If so, has that increase been discussed with finance and the extra cost factored into savings calculations? N/A

11) Please complete the below fully once you have agreed the 2023-24 salary budgets and any additional costs with your Finance Manager (Andy Stewart, Kris Harvey or Suzanne Dent)

| | |
|---|-------------------|
| 2023-24 Salary Budget for redundant post | £ |
| | |
| Gross Salary | 126,665.00 |
| NI | 16,224.00 |
| Pension | 26,600.00 |
| Total | 169,489.00 |
| | |
| Less: any Grant Funding/Income attributable to this post (please list below or enter "None" and a zero): | |
| None | 0 |
| | |
| | |
| Total A | 169,489.00 |

Are there any additional costs to be incurred as a result of this redundancy, for example changing Banding of staff required to cover role (please delete as applicable): No

If Yes:

| | |
|---|----------|
| Other Costs re: (specify post and changes below as well as additional costs) | £ |
| Post: | |
| Employee: | |
| Details of requested change: | |
| | |
| Costs associated with the change: | |
| 2023-24 Salary Budget: | |
| Gross Salary | |

| | |
|--------------------------------------|--|
| NI | |
| Pension | |
| Any other costs (please list below): | |
| | |
| | |
| Total B | |

| | |
|---|------------------|
| Cost of the Exit Package | £ |
| Redundancy Cost | 13,015.99 |
| Strain on the Fund Cost | 56,470.00 |
| PILON (Pay In Lieu Of Notice) | |
| Any other Costs (e.g. outstanding holiday pay) (please list below): | |
| | |
| Early termination fee for NHS Fleet Vehicle | 559.92 |
| Total C | 70,045.91 |

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| Payback Period (B+C) / A = | 0.41 years (to 2 dp) |
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The payback period should be 2 years or less. If the payback period is greater than 2 years is there a case for approving the redundancy request in the managerial interests of the Council? Please explain below:

N/A

Name of Manager completing form: Rick O Farrell

Position: Interim Chief Executive

Date: 18/1/2023