

Report Title:	Redundancy pay comparison.
Contains Confidential or Exempt Information?	NO - Part I
Member reporting:	Not applicable.
Meeting and Date:	14 May 2018
Responsible Officer(s):	Alison Alexander Managing Director & Nikki Craig, Head of HR and Corporate Projects.
Wards affected:	None.

REPORT SUMMARY

In April Employment Panel requested comparator data on redundancy payment. This reports provides members with comparison detail of what payments other local authorities and organisations make to employees in a redundancy situation.

1 DETAILS OF RECOMMENDATION

RECOMMENDATION: That the Employment Panel notes the report.

2 REASONS FOR RECOMMENDATION

2.1 Prior to 2008 the council entitlements for redundancy pay were as per the current policy plus additional weeks' pay for continuous service with the council, including constituent authorities e.g. Berkshire County Council, which was calculated as:

- Up to three years' service – additional two weeks' pay
- Three to 10 years' service – additional five weeks' pay
- Over 10 years' service – additional 10 weeks' pay.

Current policy

2.2 The council's current policy dates from 2008 and provides for redundancy pay to be calculated using two criteria:

- Criterion 1 - The employee's actual weekly pay
- Criterion 2 - The statutory number of weeks based on age and continuous length of local government service, used in the basis of policy, using the redundancy weeks calculator, see Appendix A.

Criterion 1

2.3 The council pays the employee's actual week's pay, not the statutory minimum week's pay. The statutory minimum pay, set by legalisation, is currently £508. Based on a full time role of 37 hours per week, this equates to a salary of £26,489. In the Royal Borough, 27.24 percent of staff earn above this.

Criterion 2

2.4 The statutory number of weeks' calculation reflects length of service. Table 1 provides examples of the council redundancy pay against the two criteria, using the typical salary of £32,050 and a salary for a Senior Manager of £75k as well as the statutory redundancy pay amount. In the Royal Borough 19.77 percent of staff earn above the typical salary.

- 2.5 The percentages referred in point 2.4 are affected by the number of part time workers, who make up 36 percent of the workforce, whose actual weeks' pay would be based on their part time hours.

Table 1: Comparison statutory and council redundancy pay

Age	Length of service	Salary	The Royal Borough redundancy pay	Statutory redundancy pay
30	5	£32,050	£3,073	£2,540
40	10	£32,050	£6,147	£5,080
40	15	£32,050	£9,220	£7,620
50	15	£32,050	£11,986	£9,906
50	20	£32,050	£15,059	£12,446
53	25	£32,050	£15,981	£13,208
55	30	£32,050	£16,596	£13,716
55	10	£75,000	£21,575	£7,620
55	15	£75,000	£31,644	£11,176
55	20	£75,000	£38,835	£13,716
55	30	£75,000	£38,836	£13,716

- 2.6 Employment Panel will be aware that anyone in the Local Government Pension Scheme, who is made redundant after age 55, has a right to receive their unreduced pension; however this cost is charged to the council and is known as pension strain. The council is required under the terms of the scheme to fund the costs of early payment, pension strain.
- 2.7 The government announced plans to cap public sector exit pay to a maximum of £95,000 including any pension costs. The regulations were expected last year but there is still no indication of timescale other than spring 2018. Once in place, the council will need to review its redundancy policy.

3 KEY IMPLICATIONS

- 3.1 For this report information was obtained from what is publicly available or via direct enquiry with a range of councils and universities. Appendix B sets out the arrangements for redundancy terms for other councils, universities and other organisations. In summary one council pays less redundancy pay than the Royal Borough, 22 pay the same and 31 pay in excess of what the Royal Borough pays. For universities, one pays less, three pay the same and two pay more than the Royal Borough. In the case of other organisations, Optalis pays statutory pay and weeks, whilst three others pay more than the Royal Borough.

4 FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 None.

5 LEGAL IMPLICATIONS

- 5.1 None.

6 RISK MANAGEMENT

6.1 None.

7 POTENTIAL IMPACTS

7.1 None.

8 CONSULTATION

8.1 None.

9 TIMETABLE FOR IMPLEMENTATION

9.1 N/A

10 APPENDICES

10.1 Appendix A – Redundancy calculator
Appendix B - Redundancy terms for other councils and other organisations

11 BACKGROUND DOCUMENTS

11.1 None.

12 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date issued for comment	Date returned with comments
Lisa Targowska	Principal Member	24/04/18	24/04/18
Alison Alexander	Managing Director	24/04/18	24/04/18
Russell O'Keefe	Executive Director	01/05/18	03/05/18
Andy Jeffs	Executive Director	01/05/18	02/05/18
Rob Stubbs	Section 151 Officer	01/05/18	02/05/18
Nikki Craig	Head of HR and Corporate Projects	24/04/18	24/04/18
Elaine Browne	Interim Head of Law and Governance	01/05/18	02/05/18
Louisa Dean	Communications	01/05/18	02/05/18

REPORT HISTORY

Decision type: For information	Urgency item? No	To Follow item?
Report Author: Karin Zussman-Ward, Lead HR Consultant, 01628 796211		

Appendix A: Redundancy calculator

Statutory redundancy pay table																				
Age	Service (Years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
17	1																			
18	1	1½																		
19	1	1½	2																	
20	1	1½	2	2½	-															
21	1	1½	2	2½	3	-														
22	1	1½	2	2½	3	3½	-													
23	1½	2	2½	3	3½	4	4½	-												
24	2	2½	3	3½	4	4½	5	5½	-											
25	2	3	3½	4	4½	5	5½	6	6½	-										
26	2	3	4	4½	5	5½	6	6½	7	7½	-									
27	2	3	4	5	5½	6	6½	7	7½	8	8½	-								
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½	-							
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½	-						
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½	-					
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½	-				
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½	-			
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½	-		
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½	-	
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½	
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18	
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½	
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24	
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½	
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25	
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½	
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26	
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½	
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27	
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½	
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28	
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½	
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29	
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½	
61+	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	

Appendix B: Redundancy terms for other councils and other organisations

Redundancy pay	Redundancy weeks	Number of councils	Councils
Statutory pay	Statutory weeks	1	Hounslow - with unspecified discretion to enhance.
Actual week's pay	Statutory weeks	22	Ealing, Hammersmith & Fulham, Hampshire, Southwark, Norfolk, Purbeck, Wiltshire, Hertfordshire, Bedford, Northampton, Cambridge, Leicester, Brighton & Hove, Isle of Wight, Newcastle, Trafford, Sefton, Swindon, Hackney, Oldham, Wokingham, Kingston (where < age 55 in LGPS)
Actual week's pay Capped	Statutory weeks	1	Southampton (Max £1,150)
Actual week's pay	Statutory weeks * 1.5	14	Barking, Dorset County, Oxfordshire, Milton Keynes, Northamptonshire, Wycombe, Bristol, North West Leicestershire, West Berks, Slough (capped at 30 weeks), Shropshire, Richmond, Wandsworth.
Actual week's pay	Statutory weeks * 1.75	6	East Sussex, East Dorset, North Dorset, West Dorset, Weymouth & Portland, Gloucestershire.
Actual week's pay	Statutory weeks * 1.8	1	Preston.
Actual week's pay	Statutory weeks * 2	3	Basingstoke, Crawley, Reading (capped at 52 weeks)
Actual week's pay	Statutory weeks * 2.2	1	St Albans.
Actual week's pay	Statutory weeks + 12 weeks	1	Bolton.
Actual week's pay	Statutory weeks + 1 week for each yr of continuous LG service	1	Haringey.
Actual week's pay	Statutory weeks for LG service pre Kingston, + 2 weeks per year for Kingston service	1	Kingston (where age>55 in LGPS) Enhancement capped at 30 weeks.
Actual week's pay	up to 66 weeks	1	Lincoln.
Actual week's pay * 1.5	Up to 108 weeks	1	Luton.

Redundancy pay	Redundancy weeks	Number of universities	Universities
Statutory pay	Statutory weeks	3	Oxford, Canterbury, Durham
Statutory pay	Linked to length of service up to 2* statutory weeks, capped at £20k	1	Bristol.
Actual week's pay	Statutory weeks	3	East Anglia, Portsmouth, Sheffield.
Actual week's pay	Statutory weeks * 2	1	Cambridge.
Actual week's pay	1 week for each year of service capped at £30k	1	York.

Redundancy pay	Redundancy weeks	Others	Comments
Statutory pay	Statutory weeks	Optalis	
Actual week's pay	2 weeks per year of service	Achieving for Children	Former Royal Borough employees who transferred to Achieving for Children retained their Royal Borough terms and conditions.
Actual week's pay	1 month per year of service	NHS	
Actual week's pay, not less than £441 or more than £1,873	1 month for each year of service, up to 12 months where no access to pension or six months where accessing pension.	Civil Service	Reduced in 2016/17