

REPORT FOR: **COUNCIL**

Date of Meeting: 22 September 2016

Subject: **INFORMATION REPORT –**
Remuneration packages and severance
payments of £100,000 or greater

Exempt: No

Enclosures: None

Section 1 – Summary

This report sets out a summary of the latest remuneration packages and payments on termination of employment amounting to £100,000 or greater approved by the Chief Officers' Employment Panel.

Section 2 – Report

Background

1. The Localism Act 2011 requires Local Authorities to agree and publish an annual Pay Policy Statement.
2. DCLG guidance ('Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011').states that that full Council should be asked to determine whether it wishes to vote on any remuneration package or payment on termination of employment amount to £100,000 or greater.
3. The statutory guidance states: 'Remuneration includes salary, expenses, bonuses, performance related pay, as well as contractual arrangements involving possible future severance payments'. Authorities are required to take account of this guidance when preparing their pay policy statements.
4. The Council delegates authority to the Chief Officers' Employment Panel for determination of any remuneration package of £100,000 or payment on termination of employment amount to £100,000 or greater. Council also agreed that a summary of any remuneration packages or payments on termination of employment amounting to £100,000 or greater approved by the Chief Officers' Employment Panel be reported for information to full Council.

Payments on Termination of Employment

5. The statutory guidance states: *'the components of relevant severance packages ...may include salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid'*.
6. Since the last report to Council, the Chief Officers' Employment Panel has approved a severance package for the following post:

Divisional Director Human Resources & Organisational Development

7. In February 2016 Cabinet approved proposals to enter into a shared service with Buckinghamshire County Council for the provision of HR Services to Harrow Council and Buckinghamshire County Council (BCC). The creation of the shared HR Service will deliver £250K (£140k in 17/18 and £110k in 18/19) revenue savings for Harrow and

will support the service in meeting its MTFS savings commitments.

8. Establishment of the shared HR service was subject to the completion of an Inter Authority Agreement and involved the transfer of staff to BCC and the creation of a new shared management structure. This would involve the deletion of a number of current management posts at Harrow, including the post of Divisional Director of HR & OD, which would be replaced by a single new post that would lead the shared service for both Councils at divisional director level.
9. There being no other suitable post for which the Divisional Director HR & OD could be considered, the post holder would be redundant and he had a contractual entitlement to a redundancy payment and a statutory entitlement to early payment of his pension and lump sum.
10. In order to facilitate a more effective transfer of the service and minimise the cost of the pensions transfer, all parties agreed that the Divisional Director HR & OD would not transfer to BCC and that subject to completion of the Inter Authority Agreement he would receive a compensation payment equivalent to his redundancy and pension entitlement. In order to protect both Councils from any potential claims under the TUPE Regulations, the termination and associated payments would be encompassed within a settlement agreement.
11. **The Panel approved:** payment of the contractual and statutory payments to which the Divisional Director of Human Resources & Organisational Development would be entitled subject to:
 - a) the completion of the Inter Authority Agreement between Harrow Council and Buckinghamshire County Council which provided for Buckinghamshire County Council to meet at least 50% of the costs of the payments; and
 - b) a settlement agreement being reached between Harrow Council, Buckinghamshire County Council and the officer concerned.
12. Both of the above conditions were met in July 2016, and the cost of the redundancy and the payment received by the officer is set out in the table below:

	Harrow General Fund	Harrow Pension Fund (10%)	Buckinghamshire CC	Total
Redundancy Payment	£26,012	£7,606	£42,440	£76,058
Pension Strain	£46,171	£13,500	£75,330	£135,001
Total	£72,183	£21,106	£117,770	£211,059

In addition the officer had annual leave outstanding for which a payment of £5,791.34 was made.

Remuneration Packages

13. The statutory guidance states: *'Remuneration includes salary, ...expenses, bonuses, performance related pay, as well as contractual arrangements involving possible future severance payments'*.
14. Since the last report to Council, the Chief Officers' Employment Panel has approved remuneration packages for the following posts:

Director of Adult Social Services

15. This post is a Statutory Officer post and the post holder has responsibility for undertaking the statutory role and responsibilities of the Director of Adult Social Services (DASS). The post holder had previously been in receipt of an honorarium of £5,865 p.a. for undertaking additional duties during the establishment of the People Directorate, which ceased on 31 March 2016, and an Emergency Response Officer payment of £193.58 p.c.m. which has also ceased.

Head of Adult Social Care

16. This post reports to the Director of Adult Social Services and is the Council's lead for all Adult safeguarding matters.
17. **The Panel approved:** That, subject to annual review by the Corporate Director, People, in consultation with the Head of HR and OD and the relevant Portfolio Holder, the following market supplements be approved;

£5,865 per annum for the Director of Adult Social Services; and
£11,876 per annum for the Head of Adult Social Care

18. The terms and conditions under which the above market supplement payments will be made are set out below:
- The market supplements will be paid in two equal instalments: 50% in October 2016 and 50% in April 2017.
 - The cost of the proposed market supplements will be met from within the existing Directorate budget and funded from the savings that we will achieve by deleting a post of Head of Service within the adults services division. Even with these increases an overall saving of £90k per annum will be achieved.
 - The payments will only be paid if the employee is in employment and not under notice as at the 30th September 2016 or 31st March 2017 respectively. If the employee's employment has terminated, for whatever reason, or they have given or received notice of termination prior to either of these dates then the respective payment will not be made.
 - The requirement for the payment will be reviewed in April 2017.

Section 3 – Further Information

None

Section 4 – Financial Implications

The remuneration cost for the following posts will be contained within existing directorate budgets:

- Director of Adult Social Services
- Head of Adult Social Care

The cost of the redundancy of the Divisional Director of HR and OD is shared between the Harrow Pension Fund (10%) with the remainder been funded by Buckinghamshire County Council (62%) and Harrow Council (38%). The proportion payable by Harrow will be met from the MTFS Implementation Reserve.

Section 5 – Equalities Implications

Equality Impact Assessments, where appropriate, have been carried out and published.

Name: Dawn Calvert



Chief Financial Officer

Date: 9 September 2016

Section 6 - Contact Details and Background Papers

Contact: Frances Mills, Head of People & Organisational Development

Email: frances.mills@harrow.gov.uk

DD: 01296 382945

Background Papers:

Reports to the Chief Officers' Employment Panel: 14th July 2016 and 4th August 2016.