

Causeway Coast & Glens Borough Council

To: Corporate, Policy and Resources Committee

Proposed Severance Cap

Date 06/11/2015

For Decision

1.0 Reporting to Corporate, Policy and Resources Committee

Linkage to Corporate Plan	
Strategic Priority	Efficiency
Objective	Voluntary Severance Scheme
Lead Officer	
Cost: (If applicable)	Potential impact of effectiveness of scheme

1.1 Background

Causeway Coast and Glens Borough Council has established a voluntary severance scheme to assist with the extensive restructuring occurring as a result of the review of local government and subsequent formation of our new Council.

1.2 Detail

This scheme has worked very well to date and a number of staff have already utilized it to their's and the organisation's benefit. We have however recently become aware of the Westminster government's plans to implement a public sector severance package cap in their efforts to reduce public spending. The details of this cap were circulated to Council during August for a very short consultation period and the bill containing the relevant legislation has already begun its journey through Parliament.

The proposal is to cap the value of any severance or exit package at £95,000 this figure to include all aspects of the package including any pension arrangements and it is this latter detail which could cause local government the most difficulty.

1.3 Worked examples

Attached as an appendix to this report at the request of members and senior officers are a number of worked examples illustrating the impact of the proposed cap on our severance scheme and more importantly on the staff involved.

There are three categories of staff relative to this proposal:

- Those aged under 55
- Those aged between 55 and 59
- Those aged 60 and over

For those under 55 the cap may have some effect but only in cases where staff are higher paid with longer periods of continuous service mainly due to the fact that there are no pension implications.

For those aged over 60 there may be some impact due to the effect of the pension scheme but this is limited to mostly cases where option 2 is being considered.

It is the middle group where the cost of the pension scheme is greatest and in this group there are very few cases where the cap will not have an impact, even for staff who are on the lower end of the pay scales

1.4 Conclusion

It is very clear that this proposed cap will be extremely detrimental to the effectiveness of the voluntary severance scheme and Council must be very aware of its impact and the timing of when it comes into effect.