
Governance Committee: Severance Payment arrangements

Background and context

- 1** The Governance Committee is responsible for considering and recommending for approval by the County Council the Council's statement in relation to its pay policy. The current statement was approved by the Council in February 2023. It includes the following text in relation to staff severance payments:

'10.1 Severance

Should a severance payment be proposed that exceeds any threshold prescribed by Regulations, the County Council shall act in accordance with the requirements of those Regulations. Until such time any severance payment shall be in accordance with statutory guidance, the Council's pay policy and Scheme of Delegation, including relevant cabinet member approval.'

- 2** There are no regulations in place or proposed for a prescribed threshold. The Government has published guidance to local authorities on 'special severance payments' - payments made on the termination of employment which are not contractual or otherwise legally binding on the employer.
- 3** The guidance does not apply to contractual termination payments such as for contractual notice, redundancy, ill health retirement or work-based injury and for any costs arising from the payment of pension benefits. It does not apply to payments made through settlements in employment tribunal or other legal proceedings and those formally mediated by ACAS.
- 4** For exceptional cases where payments are proposed which fall outside the exemptions above the guidance provides for a rigorous assessment of value for money and appropriate levels of authorisation. Guidance is also given on how such payments are published in the Council's accounts.
- 5** As the Council is committed to making all severance payments in accordance with statutory guidance a number of changes are proposed to practice and procedure, to the Council's Scheme of Delegation and to Standing Orders.

Details of proposals to give effect to the guidance

- 6** In any case in which a special severance payment is under consideration the officers involved in advising on and considering such payments shall obtain legal advice on available options and risks and shall have due regard to the matters recommended for consideration in the guidance or any future version of or amendment to the guidance:
 - Whether there is a possibility of exiting the individual at a lower cost
 - The duty to manage taxpayers' money appropriately
 - The setting of any potential precedent
 - Evidence for additionality – what is gained by the use of the payments.
- 7** The Governance Committee has approved an amendment to the officer scheme of delegation to provide for the Chief Executive to have authority to approve special severance payment which exceeds £20,000 only after consultation with the Leader of the Council or such Cabinet Member the Leader so authorises. All

proposals for special severance payments shall be referred for advice to the Directors of Law and Assurance and of Finance and Support Services.

- 8** It is proposed that Standing Orders be amended to provide for any proposal for a special severance payment in excess of £100,000 to be referred for approval by the County Council. A proposed amendment is set out at **Appendix 1**.
- 9** Where the Chief Executive is the subject of a severance payment the guidance states that the request for authorisation shall be considered by a panel of members which shall include two independent members (appointed from time to time to advise the Standards Committee or the Standards Committee of another local authority). It is proposed that Standing Orders be amended to make provision for this and that the terms of reference of the Governance Committee be amended to include the establishment of a Special Severance Payments Panel, in line with guidance.
- 10** In relation to transparency there are already provisions in the Accounts and Audit Regulations 2015 requiring the publication in the Council's statement of accounts of payments made through severance arrangements.

Consultation, engagement and advice

- 11** The Director of HR and Organisational Development has been consulted as has the Director of Finance and Support Services. Both the leader and the Chairman have been consulted as the proposals include the allocation of responsibilities to the holders of their respective offices.

Finance

- 12** There are no financial consequences from the proposals set out in the report. The guidance has been issued to local authorities under the 'best value' provisions of the Local Government Act 1999. The aim of the proposals is to ensure that such payments remain exceptional and subject to due process and transparency.

Risk Implications and Mitigations

Risk	Mitigation
Lack of openness and transparency	The arrangements for consulting or referring to members and for the publication in accounts will ensure transparency
Payments being made outside the provisions of the guidance	The comprehensive set of proposals should provide sufficient checks and balances to ensure due process
Breaches of personal data	The arrangements will be applied by senior officers familiar with data protection rules to ensure no personal information is unlawfully disclosed

Policy alignment and compliance

- 13** There are no crime and disorder, human rights or legal implications arising from this report other than those addressed in the report and in the risk implications section. There are no public health or social value implications.

14 In terms of the Equality Duty, it is important for the Council to ensure all employment practices and procedures are applied fairly and without discrimination. This will be a factor applied when the internal procedures are settled. The procedures will be drafted so as to be fully compliant with anti-discrimination legislation and the public sector equality duty.

Recommended

That the proposed changes to the Governance Committee's terms of reference in the Scheme of Delegation and to Standing Orders, as set out at Appendix 1, be approved.

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Appendices

- Appendix 1 – Proposed changes to the Constitution

Background papers

None