

<b>Governance Committee</b>
<b>22 June 2020</b>
<b>Part I</b>
<b>Senior Officer Settlements</b>
<b>Report by Interim Director of Human Resources and Organisational Change and Director of Law and Assurance</b>

<b>Summary</b>
At its meeting on 20 January 2020 the Committee agreed changes to the Pay Policy Statement but asked for a report to be prepared for a future meeting of the Committee to give detail on the arrangements for decisions on severance payments for senior officers.
<b>Recommendation</b>
That members consider the issues raised in the report and the options presented and advise whether any change should be made to the policy.

## **1. Background and Context**

1.1. The Localism Act 2011 requires each local authority to produce a Pay Policy Statement (the 'statement') explaining the authority's policies towards a range of issues relating to the pay of its workforce, including the pay ratio between higher and lower paid officers. The statement also describes the policy on severance for chief officers. Government guidance issued at the time such statements were introduced suggested that large severance payments to senior officers should be determined at a meeting of the Council. The threshold indicated for such an arrangement was £100,000.

1.2. Paragraph 10.1 of the current Pay Policy states that

*The County Council has determined that a vote by the Council on severance payments above a defined threshold is not required. This is due to the fact that the Governance Committee determines all pay policies including those affecting severance payments.*

1.3. Current severance arrangements and payments are determined by officers through the application of the County Council's HR and employment policies. Decisions on severance payments for chief officers would normally be made by the Chief Executive or relevant Executive Director by reference to the terms of the contract of employment. Where a severance payment is arrived at in the settlement of a claim or dispute under the contract of employment the Director of Law and Assurance has authority to settle these, agreeing terms in consultation with the Cabinet Member for Finance.

1.4. The County Council has made a number of payments on the termination of employment contracts with senior officers over recent years. In those cases

where a decision to bring the employment to an end is part of an employment dispute the areas of dispute are settled by reference to the terms of the employment contract and an assessment of the merits and value of any claims and the benefits of contract termination.

- 1.5. By their nature it would be difficult for such claims to be the subject of debate at a meeting of the Council, not least because members may well be involved in dealing with grievance or disciplinary proceedings associated with the matter. It would also not provide a reasonable forum for debating individual contract terms as these would be confidential and contractual.
- 1.6. There are other factors which would make such referral for debate and decision by full Council problematic. Time is often of the essence in reaching an agreement for the termination of employment and a referral for a member meeting would introduce delay. At senior level especially severance arrangements usually require sensitive, often legal, negotiations which would be impractical if the final decision was subject to political considerations at a meeting of the County Council.
- 1.7. A review of practice in neighbouring councils of similar size indicates that no arrangements are in place for such severance decisions to be considered by or decided by full Council. In one county council those settlements above a certain threshold are taken to an equivalent of the Governance Committee, but with the detail of the settlement terms handled separately.
- 1.8. The Governance Committee does have responsibility for HR policy and staff terms and conditions. It also oversees the work of the Appeals Panel – which has responsibility for staff discipline and grievance appeals – and for all such proceedings for the most senior officers. It may therefore be reasonable to look at formalising the engagement of members in those cases more likely to lead to a financial or reputational impact upon the Council.

## **2. Options**

- 2.1. It is proposed that, in line with current arrangements, all severance agreements above a certain threshold (£10,000) are determined by officers in consultation with the Cabinet Member for Finance. The current scheme of delegation provides for this. If the Committee is minded not to move to a situation where severance payments above a specified threshold must be subject to approval by full Council, there are other options for ensuring member involvement in decisions which may be controversial or involve more significant payments.
- 2.2. Option A: In cases where the officer subject to a proposal for severance is a member of the Corporate Leadership Team and where the value of any severance is expected to exceed £100,000 it is suggested that the matter is considered (excluding any officer subject of the severance) by the Chief Executive, the Monitoring Officer and the Chief Finance Officer and that the proposal is then presented to a panel of three to five members of the Governance Committee, to include the Chairman and at least one member who is not a member of the Cabinet.
- 2.3. Option B: Using the same criteria as option 1 that the proposal is referred for consultation by the Chairman, two members of the Cabinet and the chairman

of the Performance and Finance Scrutiny Committee before any decision is taken by the officers with delegated authority to settle the matter.

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**Background Papers**

None