

**LOCAL GOVERNMENT REFORM JOINT FORUM - SEVERANCE
SCHEME**

Agenda Item: 7

Summary: Developing a Staff Severance Scheme is one of the key HR tasks remitted to the LG Reform Joint Forum. Following consultation the Forum is now recommending a Scheme to SLB but in a covering letter invites SLB to address the issue of funding for the Scheme. Adequate funding is considered essential to the effective operation of the Scheme but to date has not been secured.

Action Required: To consider the Severance Scheme recommended and the crucial issue of funding for it.

BACKGROUND

1. The severance scheme is a key component in a set of interlinked (e.g. staff transfer scheme, system for filling posts) HR building blocks necessary to the smooth implementation of RPA. It directly impacts on each of the other components and essentially, would allow some currently employed staff to voluntarily depart. In this way the numbers of staff potentially at risk of compulsory redundancy, when 11 councils replace the current 26 and functions transfer, would be reduced.
2. A copy of the proposed scheme is annexed to this paper along with a copy of the covering letter from the Joint Forum.

3. The scheme is based on established RPA models and reflects the Executive's 5th Guiding Principle as recommended by the Public Service Commission. Expectation is that the scheme will have minimal application. It will apply only to local government staff falling within the scope of the Joint Forum in the groups listed below. Provided, they are surplus under the new structures, cannot be offered suitable alternative employment and severance meets certain criteria - in the financial and managerial interests of the service and an organisational need:
 - Existing councils including Environmental Staff and Building Control Group Committees
 - Arc21 and SWaMP 2008
 - Any staff employed by Transition Committees
 - Staff in the 11 new councils
 - NIHE
4. Introduction of the scheme would be phased and open from the date of agreement. Eligible staff from particular groups would be invited to lodge an expression of interest at the appropriate time in the phasing process. But no staff will be released before vesting day. Decisions on selection for severance before vesting day would be taken by Statutory Transition Committees and by new councils after vesting day.
5. The scheme provides two separate options for enhancement of redundancy benefits by way of compensation. Enhanced Redundancy pay, or, Statutory Redundancy pay plus compensatory pension (added years). All associated costs must not exceed the individual's annual salary cost multiplied by 3.25. This is the period during which the costs are recouped or paid back. The paper contains illustrative examples and a ready reckoner for calculating redundancy payments based on age and years service.

6. Payment would fall to new councils as soon after vesting day as possible. But successful implementation pivots on adequate funding being made available as Councils have stressed in the consultation process that the scheme is not affordable if it is not centrally funded. In recommending the scheme to SLB the Joint Forum invites SLB to also address the crucial question of funding.

RECOMMENDATION

7. It is recommended that members:
- a) consider and agree the proposed severance scheme; and
 - b) consider and respond to the Forum's invitation for SLB to address the question of funding for the scheme

Joint Secretariat

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