

**Title of Report :** ORGANISATIONAL CHANGE POLICY, RETIREMENT POLICY AND DISCRETIONARY PAYMENTS

**Report of:** Head of Human Resources

**To:** Executive Board and Council

**Date:** 3<sup>rd</sup> September 2007

**Item No:**



### Summary and Recommendations



**Purpose of report:** To present the policy for organisational change, the retirement policy and the Council's permitted discretions.



**Key decision:** No

**Portfolio Holder:** Councillor John Goddard

**Scrutiny Responsibility:** Finance

**Board(s) affected:** None



#### Report Approved by



**Portfolio Holder:** Councillor Goddard



**Chair:** Jeremy Thomas



**Finance:** Mark Luntley



**Strategic Director:** The Chief Executive (Peter Sloman)




**Policy Framework:** HR Policy Framework



**Recommendation(s):** The Executive Board is asked to consider this report and its attachments and RECOMMEND Council upon them, and Council is asked to consider this report and attachments and the recommendations of the Board and ADOPT the following, to take effect as from the date of adoption by the Council :-

(a) The overall Organisational Change Policy that forms paragraphs 1 - 16 of Annex 1

 The Redundancy Payment Policy Statement that forms Appendix 1 to Annex 1

(c) The Policy Statement on the use of discretions under the Early Termination of Employment Regulations that forms Appendix 2 to Annex 1

(d) The Policy Statement on the use of discretions under the Pension Scheme Regulations that forms Appendix 3 to Annex 1

(e) The Policy Statement on the use of flexible retirement for members of the Local Government Pension Scheme that forms Appendix 4 to Annex 1

(f) Pay Protection Policy Statement that forms Appendix 5 to Annex 1

(g) The Retirement Policy that is attached to this report as Annex 2

The Executive Board and Council are asked to NOTE Annex 3 to this report that consists of the following:-

(i) Organisational Change Policy summary of major changes - Appendix 1 to Annex 3

(ii) Organisational Change Policy - Summary to the Unions of Management's final offer - Appendix 2 to Annex 3

(iii) Redundancy payment ready reckoner - Appendix 3 to Annex 3

## **Summary**

1. The Council approved its Employee Stability Policy on 28<sup>th</sup> April 2003. The policy addresses cases where posts are deleted or determined as being surplus due to re-organisation schemes, reductions in workload or changes in operational requirements.

2. The Council should review its HR policies from time to time to reflect good employment practices or changes in legislation. Considerations to review a policy will also include:-

- Scope and effectiveness of current policy
- Ability to implement organisational change
- Reasonableness
- Protecting the Council from legal challenge
- Employment relations implications including the views of the recognised Trade Unions

Due to Government changes in legislation and to keep in line with good practice a new policy – The Organisational Change Policy - has been drafted.

The draft organisational change policy that is being recommended to Council as detailed in Annex1 aims to:-

1. Provide a policy framework for organisational change.
2. Provide a policy that meets the equalities agenda and is ethical.
3. Provide greater transparency within the organisational change process through open consultation processes.
4. Engage the Trade Unions at the earliest stages of that change process.
5. Promote partnership working with Trade Unions.
6. Treat organisational change as a project.
7. Provide training and education for managers and stewards.
8. Proves a process for managing staff post-reorganisation.

## **Background and context**

3. The main legislative development for 2006 concerned age discrimination. Up until 1<sup>st</sup> October 2006 local authorities had powers under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000 (The DCR 2000 Regns)) to make discretionary payments to employees whose employment had been terminated early, either on grounds of redundancy or in the interests of the efficient exercise of the employer's functions.

4. The Government now considers it necessary to revoke the DCR 2000 Regns and replace them with new Regulations to comply with the new law on age discrimination. With the prospect of a revised Local Government Pension Scheme (LGPS) coming into place in 2008, the Government is taking the opportunity to revise the powers available to local authorities to make discretionary one- off lump sum payments and to award a person added years.

5. The Government is of the view that the age and length-of-service related formula that governs the amount of the lump sum compensation payment (up to 66 weeks) under the DCR 2000 Regns is discriminatory. The Government does not believe it is appropriate to seek objectively to justify the potential discrimination. Council should note that the age and service formula under the statutory redundancy scheme is being retained as the Government considers it complies with the EU Directive on Age, as to move to a single multiplier would discriminate unfairly against older workers.

6. In summary, the new Regulations:-

- Retain the discretionary power to waive the weekly pay ceiling placed on statutory redundancy payments and to calculate redundancy payments on pay up to the actual week's pay (see the DTI redundancy payment ready reckoner – Appendix 4 of Annex 3).
- Provide a discretionary power to award a one-off lump sum payment of up to 104 week's pay, inclusive of any statutory redundancy payment.
- Remove the power to award pension added years (although additional membership can still be awarded through the augmentation provisions of the LGPS).

7. The new policy addresses the changes in legislation and takes the opportunity to replace the Council's existing Employment Stability Policy and Redeployment Policy. It introduces a process for managing change in an open and transparent manner and introduces a Redundancy Policy (Appendix 1 to Annex 1), a Retirement Policy (Annex 2), a Flexible Retirement Policy (Appendix 4 to Annex 1), and a Discretionary Payments Policy (Appendices 2 and 3 to Annex 1).

### **Consultation Response**

8. The draft policy, procedure and management guidance notes have been made available to all staff for comments. The Head of Human Resources and the Head of Legal and Democratic Services have had several meetings with representatives of the recognised Trade Unions with an aim to consider the concerns raised by staff and to reach collective agreement.

9. Appendix 1 to Annex 3 summarises the major changes with outcomes of the talks held between the Council and the Trade Unions. The areas of particular concern to staff were details regarding notice period, protection and redundancy pay calculations. The Trade Union representatives are presenting the outcome of the final meeting held on 8<sup>th</sup> August to their members. Appendix 2 to Annex 3 is a summary for the Unions of Management's final offer.

## **Conclusion and Recommendations**

10. This report and its Annexes represent one of the biggest policy reviews undertaken of the HR Policy Framework and is critical to the success in how the Council handles organisational change for the future.

11. The Executive Board is being asked to recommend Council to adopt the Organisational Change Policy, Retirement Policy and discretions as set out in the recommendations section of this report.

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## **Report Annexes**



### **Annex 1 – Organisational Change Policy**

- Appendix 1 - Redundancy Payment Policy Statement
- Appendix 2 - Policy Statement on the use of discretions under the Early Termination of Employment Regulations
- Appendix 3 - Policy Statement on the use of discretions under the Pension Scheme Regulations
- Appendix 4 - Policy Statement on the use of flexible retirement for members of the Local Government Pension Scheme
- Appendix 5 - Pay Protection Policy Statement

### **Annex 2 – Retirement Policy**

Annex 3 consists of:-

- Appendix 1 - Organisational Change Policy summary of major changes

Appendix 2 - Organisational Change Policy - Summary to the Unions of  
Management's final offer  
Appendix 3 - Redundancy payment ready reckoner

**Background papers**

None