

# Policy and Sustainability Committee

10.00am, Tuesday, 6 October 2020

## Employee Exit Arrangements

Executive/routine  
Wards  
Council Commitments

Executive

### 1. Recommendations

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- 1.1. It is recommended that the Policy and Sustainability Committee approves the introduction of an exit cap of £95,000 for all City of Edinburgh Council employees leaving the organisation, noting this to be in accordance with best value principles that the Scottish Government have put in place.
- 1.2. The following elements would be included in the £95,000 exit cap:
- Lump sum payments due under Voluntary Redundancy (VR) exits;
  - Lump sum payments due under Voluntary Early Release Arrangements (VERA) exits which remain capped at £30,000;
  - Discretionary payments made by the Council to the pension scheme to either top up pension, or underwrite actuarial reduction, to allow early access to pension benefits;
  - Any Payment in Lieu of Notice (PILON); and,
  - Payments for accrued but untaken annual leave.

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# Report

## 2. Executive Summary

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- 2.1 This report considers the Council's current exit arrangements with reference to the Scottish Government's recent reforms on exit payments in the public sector, including the introduction of an exit cap of £95,000 for certain devolved public sector organisations. Whilst there is no obligation on Local Authorities to introduce an exit cap, it would be consistent with current best practice in the public sector in Scotland and reflects best value for money .
- 2.2 The Council's employee exit arrangements, which will be subject to the cap, include lump sum payments for Voluntary Redundancy (VR), Voluntary Early Release Arrangement (VERA), capped at £30,000 discretionary payments made by the Council to any local government pension schemes, Payment in Lieu of Notice (PILON) and any payments due for accrued but untaken annual leave.
- 2.3 That this cap is introduced for all Council employees (including Local Government employees, craft employees, Chief Officials and Teachers).

## 3. Background

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- 3.1 In June 2019, the Scottish Government wrote to devolved public sector administrations confirming non-legislative reform to exit arrangements for organisations covered by the Scottish Public Finance Manual (SPFM).
- 3.2 Although Local Authorities are not covered by the SPFM, the Scottish Government indicated that its intention was to encourage Local Authorities to undertake their own review to tighten up the governance of exit arrangements so that there is consistent good practice across the public sector in Scotland.
- 3.3 The recommendation within this paper is consistent with current best practice in the public sector in Scotland and reflects best value for money.

## 4. Main report

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- 4.1 In 2017, the Scottish Government undertook consultation on exit payments in the devolved public sector. Following this, in June 2019, the Scottish Government wrote to devolved public sector administrations confirming non-legislative reform to exit payments for organisations covered by the SPFM.

- 4.2 Although Local Authorities are not covered by the SPFM, the Scottish Government indicated that its intention was to encourage them to undertake their own review to tighten up the governance of exit arrangements so that there is consistent good practice across the public sector in Scotland.
- 4.3 It is recommended that the Council introduces an immediate exit cap of £95,000 (excepting in circumstances where formal consultation has already commenced).
- 4.4 It is recommended that the exit payment cap applies to all categories of Council employees leaving the organisation (including Local Government Employees, craft employees, Chief Officials and Teachers).
- 4.5 The Council's employee exit arrangements, which will be subject to the cap, include:
- Lump sum payments for Voluntary Redundancy (VR)
  - Voluntary Early Release Arrangement (capped at £30,000)
  - Discretionary payments made by CEC to any local government pension schemes, and,
  - Payment in Lieu of Notice (PILON) and any payments due for accrued but untaken annual leave.
- 4.6 It is noted that the following elements are excluded from the cap:
- Pension benefits to which the employees are already entitled;
  - Mandatory payments made by the Council to any pension scheme to either top up or underwrite the actuarial reduction to allow early access to pension benefits (pension strain costs); and,
  - Awards made by a Court.
- 4.7 It is noted that by a decision of the Finance and Resources Committee on 17 March 2016, a one-year time bar, from the date of leaving, remains in place before re-engagement, or re-employment, of former employees who have left the Council via VERA or VR.

## **5. Next Steps**

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- 5.1 Subject to the approval of the Policy and Sustainability Committee, the relevant recommendations will immediately be incorporated into all existing managing change policy documentation, together with appropriate communication to Council employees.

## **6. Financial impact**

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- 6.1 The recommendations are consistent with SPFM good practice and represent public sector best value.

## **7. Stakeholder/Community Impact**

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- 7.1 Any changes immediately agreed by the Policy and Sustainability Committee will be fully communicated to employees.

## **8. Background reading/external references**

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- 8.1 Councils [Managing Change Policy](#).

## **Appendices**

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- 9.1 Appendix 1: [Integrated Impact Assessment](#).