

Report for: **Staffing & Remuneration Committee**

Title of Report **Closure of the London Energy Project (LEP)**

Report authorised by **Stephen McDonnell, Director of Environment and Neighbourhoods**

Lead Officer: **Barry Phelps, Head of Procurement.**

Ward(s) affected: **All**

Report for Key/ Non Key Decision: **N/A**

1. Describe the issue under consideration

1.1 This paper is designed to inform members of the Staffing & Remuneration Committee of the closure of the LEP (London Energy Project) and the deletion of the LEP staffing structure.

1.2 The closure of the LEP will result in an employee being made redundant. This report is being made to Committee under the Council's Pay Policy as the cost of the redundancy exceeds £100,000.

2. Cabinet Member Introduction

Not applicable.

3. Recommendations

- a) That the Committee notes the content of the report.
- b) That the Committee approves the redundancy package in accordance with the Council's Pay Policy Statement 2020/21 following consideration of exempt information as set out in Appendix 2 of the report.

4. Reason for decision

4.1 The decision to close the LEP has resulted in this redundancy which requires approval in line with the pay policy 2020/21.

5. Alternative options considered

5.1 No alternatives are presented as the service will cease and the only available course of action is redundancy.

6. Background information

6.1 The London Energy Project (LEP) is a virtual organisation hosted by Haringey Council and fully funded by its members via a Memorandum of Agreement (MoA). The LEP operates by

utilising local authorities' combined spending power to deliver financial benefits through better value for money supplies and improved commercial, social and environmental outcomes on essential utilities (electricity, gas, water).

- 6.2 In October 2019, a paper was presented by the Head of LEP to senior management at the Council outlining concerns relating to the resourcing and future financial viability of the service. Several options were proposed including closure of the LEP and a strategy was put in place for the closure of the LEP around the end of April 2020.
- 6.3 During an LEP Board meeting in November 2019 it was agreed to close the LEP effective from March 2020 (a decision supported by the Council). Given this decision the Council commenced the formal reorganisation process and consultation with the only affected employee.
- 6.4 In February 2020, LEP Board members requested that Haringey seeks alternative options to retain the LEP in some form. In April 2020, several possibilities emerged to potentially retain the LEP in some form going forward. In light of this, the LEP Board (supported by the Council) agreed to defer the closure of the LEP until 31st December 2020, whilst these options were explored.
- 6.5 In May 2020, LEP Members were informed of the decision and asked to indicate whether they would be willing to extend the Memorandum of Agreement (MoA). The initial response indicated 18/19 members would extend, 8 members would not extend and a further 11 members had not replied. The Council's legal services drafted the extension to the MoA which was sent out to members in August 2020; however only 8 members confirmed they would extend the MoA and returned a signed extension.
- 6.6 In August 2020 all past and present LEP Members were invited to complete a desktop consultation to understand:
- What functions are required on a Pan London basis.
 - The form as to how these functions should be delivered and by whom, including what (if any) the LEP should focus on.
 - Affordability and level of fees.
 - Governance options.

The intention being to consider LEP Members views on a potential revised operating model for the LEP.

- 6.7 There was a lack of engagement from LEP members, with only 6 responses received from 38 Members. This was insufficient response to make an informed decision on the future operating model of the LEP. London Boroughs Energy Group (LBEG) who represent all London Boroughs had also indicated the LEP should close.
- 6.8 Given the lack of engagement from LEP members and the feedback from LBEG, it was concluded there was no longer an appetite from LEP members to retain the LEP. The LEP is no longer financially viable and a paper was presented to the LEP Board where it was agreed to close the LEP with effect from 31st December 2020 (a decision supported by the Council).
- 6.9 As a consequence of the closure of the LEP, the Head of LEP is now at risk of redundancy.
- 6.10 The employee concerned was initially consulted and advised of potential redundancy in November 2019 however, this was withdrawn following the decision to extend the MoA while LEP members sought to explore alternative options. This is therefore the second time

that the Head of LEP has been informed of potential redundancy.

6.11 The costs associated to closure of the LEP and severance payment will be mostly met by existing LEP funds and any shortfall will need to be covered by the Council.

6.12 Impact on posts:

(a) Existing posts proposed for deletion	
- Head of LEP	Post holder to be made redundant
- LEP Business Intelligence and Programme Manager	To be deleted - No impact as post currently vacant
- LEP Category Strategy Manager	To be deleted - No impact as post currently vacant
- LEP Category Delivery Manager	To be deleted - No impact as post currently vacant

6.13 The post holder to be made redundant is not a Chief Officer (which includes deputy chief officers) as defined by the Council's Pay Policy Statement. However, the postholder falls within the definition of Senior Managers as those staff appointed on senior manager pay grades – which start at remuneration levels of £62,200 per annum.

7. Statutory Officers' comments

7.1 Finance

The LEP is externally funded by its members and the funds are ring-fenced for LEP use only.

The Memorandum of Agreement (MoA) between LEP members, states that the LEP's budget will cover the following ongoing core functions and overheads: -

staff salaries and on-costs; a dedicated head of service; category; business; data analyst manager(s) and officer(s); other operational costs and overheads.

Legal services have confirmed that the accumulated balance can be used to meet the costs associated with the closure of the LEP. Therefore, the redundancy payment will be partially met by the LEP members, with the remainder being met by the Council.

7.2 Procurement

Not applicable

7.3 Legal

7.3.1 The Assistant Director of Corporate Governance has been consulted in the preparation of this report.

- 7.3.2 In accordance with Part 3 Section E Section 2 of the Constitution, the Director of Environment and Neighbourhoods may make these changes to the establishment including the creation and deletion of any posts as a result, such changes to be contained within existing budgets and in accordance with agreed procedures and legislative requirements.
- 7.3.3 The dismissal of a Senior Manager (as defined by the Council's Pay Policy Statement) as a result of the new structure must comply with the Council's procedures regarding organisational change.
- 7.3.4 Where the Council terminates the employment of an employee on the grounds of redundancy, they are entitled to receive compensation and benefits in accordance with the Council's Redundancy scheme and any statutory or contractual entitlements.
- 7.3.5 The Localism Act 2011 requires the Council to publish an annual Pay Policy Statement which outlines the Council's approach to the pay of its workforce and in particular the pay of its senior staff. The Council's Pay Policy for 2020/21 states that Severance payments of £100,000 or more must be considered and approved by the Staffing & Remuneration Committee. The recommendation in the report is in accordance with that Policy.

8 Equality

A EqIA was not required due to the relatively small impact upon the profile of the workforce.

9 Use of Appendices

Appendix 1 – Structure charts outlining changes
Appendix 2 (exempt)

10 Local Government (Access to Information) Act 1985

Appendix 2 is exempt as it contains information classified as "exempt" information under paragraphs 1 and 4 of Part 1 of Schedule 12A of the Local Government Act 1972: namely that it contains information relating to any individual and also information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority

Appendix 1 – Structure charts outlining changes

**Posts outlined in red to be deleted as a result of the closure of the LEP*

