

Staffing Committee

Dorset County Council



Date of Meeting	9 July 2018
Officer	Service Director for Organisational Development
Subject of Report	Redundancy Costs – Quarterly Report
Executive Summary	<p>Costs relating to individual redundancies are approved by Directors. The Staffing Committee receive quarterly reports summarising the numbers and costs of redundancies, to provide an additional level of transparency and scrutiny to the decisions made. The costs of severance packages in excess of £100,000 are also summarised.</p> <p>This report considers costs for redundancy dismissals effective from 1 January to 31 March 2018 (quarter 4). The report also provides a summary for the full financial year 2017/18.</p>
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>No separate EqIA is required for this report although restructuring exercises where relevant are subject to EqIA considerations.</p> <p>Use of Evidence:</p> <p>This report is based on data from redundancy dismissals effective from 1 January to 31 March 2018 and a summary for the full financial year 2017/18.</p> <p>Budget:</p> <p>There are no direct cost implications arising from this report, as costs shown have already been agreed by the Director. The report shows the costs, savings and average payback periods relating to redundancy dismissals in the period.</p>

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	<p>Risk Assessment:</p> <p>This report does not seek a decision so a risk assessment is not applicable.</p>
	<p>Other Implications:</p> <p>None.</p>
Recommendation	<p>It is recommended that the Staffing Committee:</p> <ol style="list-style-type: none">1. Consider the costs reported in respect of redundancies and severance packages in excess of £100,000.
Reason for Recommendation	<p>To ensure the effective management and appropriate scrutiny of redundancy costs within the organisation.</p>
Appendices	<p>None</p>
Background Papers	<p>None</p>
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Redundancy Costs – Quarterly Report

1. Introduction

1.1. Directors make decisions in respect of individual redundancies. They are provided with details of:

- the business case for the review
- the reasons for redundancy and any attempts to mitigate this
- redundancy costs
- costs of early access to pension (where applicable)
- savings
- the payback period (the time it takes to recover any associated costs).

1.2. During any restructuring exercise, the Service is advised by Human Resources and Organisational Development (HR&OD) in relation to policy, procedure and employment law and by their Group Finance Manager in relation to costs and budget. The full business case is made available to the Director ahead of decisions being made. The Group Finance Manager must be content to sign off the proposed costs on behalf of the Chief Financial Officer.

1.3. The redundancy multiplier was reduced from 1.75 to 1.5 times the statutory weeks calculation based on actual weekly pay, with effect from 1 April 2017. Also with effect from 1 April 2017, a minimum reference salary for redundancy payments applies, to reduce the impact on low paid staff.

2. Costs/Savings for January to March 2018

2.1. The table below shows the total cumulative costs associated with redundancy dismissals effective during the fourth quarter of the financial year, from 1 January to 31 March 2018.

Month	Total Number of Redundancies by Directorate		Number including a capitalised pension cost	Redundancy Payment	Capitalised Pensions Cost	Total Costs	Total Annual Savings	Average Payback Period (Months)
January 2018	Adult & Community	5	4	£91,771	£9,862	£101,633	£161,893	9
	Children's Services	11	5	£105,528	£64,944	£170,472	£280,573	8
	Environment & the Economy	10	6	£114,197	£131,878	£246,075	£224,465	12
February 2018	Children's Services	1	-	£3,500	-	£3,500	£26,054	2
	Environment & the Economy	4	3	£22,811	£54,772	£77,583	£55,544	14
March 2018	Adult & Community	1	1	£38,519	£3,722	£42,241	£57,350	9
	Children's Services	10	5	£102,028	£64,943	£166,971	£254,519	9
	Environment & the Economy	2	2	£56,387	£52,644	£109,031	£104,821	15
Totals		44	26	£534,741	£382,765	£917,506	£1,165,219	10

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2.2. The total savings for the fourth quarter is approximately £247,713 higher than the total costs.

2.3. It is expected that costs should be recoverable within a maximum period of two years, unless there are exceptional circumstances. All cases are below the two-year period.

3. Severance Packages over £100,000

3.1 Severance packages exceeding £100,000 for all staff below Assistant Director and Service Director level are approved by the Director, after consultation with the Cabinet Member for the Directorate, and Finance Manager. As requested and agreed at Staffing Committee on 9 April 2018, the Cabinet Member for Workforce will also be consulted with regard to any future severance packages exceeding £100,000.

3.2 During the period, there are no cases that exceeded £100,000.

4. Costs/Savings for the Financial Year

4.1 The table below shows the costs associated with redundancy dismissals for each quarter of the 2017/18 financial year, from 1 April 2017 to 31 March 2018.

Month	Total Number of Redundancies	Number including a capitalised pension cost	Redundancy Payment	Capitalised Pensions Cost	Total Costs	Total Annual Savings	Average Payback Period (months)
Q1	12	7	£232,148	£258,036	£490,184	£427,051	13
Q2	8	3	£212,299	£160,770	£373,069	£447,076	10
Q3	8	4	£62,489	£12,387	£74,876	£138,114	8
Q4	44	26	£534,741	£382,765	£917,506	£1,165,219	10
Totals	72	40	£1,041,677	£813,958	£1,855,635	£2,177,460	10

4.2 The total savings for the financial year is approximately £321,825 higher than the total costs.

4.3 The total saving for the financial year as a result of the reduction in the multiplier from 1.75 to 1.5 is £121,380. Fifteen of the redundancy payments in the period were subject to the minimum reference salary.

4.4 As previously reported, during the financial year there was one case with a payback period of over 2 years in the Chief Executive's Department in April 2017.

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4.5 During the financial year, there was one case of a total severance package (redundancy and capitalised pension cost) that exceeded £100,000 of £137,235. This was in the Environment and the Economy Directorate in September 2017, as previously reported.

4. Future Considerations

4.1. Although there has been recent press coverage, there is still no further formal update from the government in relation to their intentions to implement reforms relating to public sector exit payments, including the public sector exit payment cap, as referred to in previous reports to the committee. Updates will be provided as necessary.

Jonathan Mair

Service Director for Organisational Development

July 2018