

# Staffing Committee

**Dorset County Council**



Date of Meeting	22 November 2016
Officer	Chief Executive
<b>Subject of Report</b>	<b>Redundancy Costs – Quarterly Report</b>
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.</p> <p>This report considers costs for redundancy dismissals effective from 1 July to 30 September 2016.</p>
Impact Assessment:	Equalities Impact Assessment:  No separate EqIA is required for this report although each restructuring exercise is itself subject to EqIA considerations.
	Use of Evidence:  This report is based on data from redundancy dismissals effective from 1 July to 30 September 2016.
	Budget:  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.
	Risk Assessment:

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	<p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk LOW</p>
	<p>Other Implications: None.</p>
Recommendation	<p>It is recommend that the Staffing Committee:</p> <ol style="list-style-type: none"><li>1. Consider the costs reported in respect of redundancies.</li></ol>
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>
Officer Contact	<p>Name: Sarah Butcher, Principal HR &amp; OD Adviser Tel: 01305 228505 Email: <a href="mailto:s.e.butcher@dorsetcc.gov.uk">s.e.butcher@dorsetcc.gov.uk</a></p>

## 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. The Group Finance Manager is involved in each business case and must be content to sign off the proposed costs on behalf of the Chief Financial Officer.

### 2. Costs/Savings for July to September 2016

2.1. The table below shows the costs associated with redundancy dismissals effective during the second quarter of the financial year, from 1 July to 30 September 2016.

Month	Total Number of Redundancies	Number including a capitalised pension cost	Total Costs	Total Annual Savings	Average Payback Period (months)	
July	Chief Executives:	2	1	£47,982	£78,163	8
August	Chief Executives:	1	0	£9,359	£34,128	4
	Adult & Community Services:	1	1	£31,105	£32,142	12
	Children's Services:	169	9	£473,251	£925,913	7
September	Environment & The Economy:	1	0	£11,587	£34,124	5
	Chief Executives:	3	1	£95,646	£77,766	15
	Children's Services:	1	0	£36,548	£58,302	8
	Environment & The Economy:	2	1	£15,984	£23,074	9
<b>Totals:</b>		<b>180</b>	<b>13</b>	<b>£721,462</b>	<b>£1,263,612</b>	<b>7</b>

2.2. It is expected that costs should be recoverable within a maximum period of two years unless there are exceptional circumstances.

2.2.1. Whilst the average payback period for Children's Services in August is 7 months, one individual redundancy has a payback period of 4 years. This case related to the reconfiguration of the Youth Service (as did the majority of redundancies made in Children's Services this month) and redeployment was not found for this individual. In the exceptional case of a service closure resulting in a large number of redundancies, the Director approved the cost with a longer recovery period, balancing this against the wider savings of the service review.

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2.2.2. One redundancy in Chief Executives, in September, has a payback period of just over 2 years (25 months). This related to the review of Accountancy where the overall payback period is 10.5 months. The Director approved the costs taking into account the overall savings and payback period of the review across the service.

2.3. During the period, there are no exceptional high value (e.g. £100,000 or more) redundancy packages to report.

### 3. Costs/Savings for the Financial Year to Date

3.1. The table below shows the total cumulative costs associated with redundancy dismissals for the financial year, from 1 April to 30 September 2016.

Number of Redundancies	Number including a capitalised pension cost	Total Costs	Total Annual Savings	Average Payback Period (months)
190	17	£940,258	£1,533,143	8

### 4. Future Considerations

4.1. As reported in the previous quarterly report, the government intended to implement a cap of £95,000 on public sector exit payments, under the Public Sector Exit Payments Regulations, in October this year. However, the regulations remain under consultation and it is now anticipated that they'll be in force early next year.

4.2. Regulations requiring the recovery of exit payments made to higher earning public sector employees (those with a salary of £80,000 or more) when they return to public sector employment within one year are still intended to come into force later this year. All staff will be updated when an implementation date is confirmed and the relevant processes and procedures will be reviewed to ensure they reflect government regulations.

4.3. The government has now also issued its response to further consultation on reforms to exit payments, which are in addition to those mentioned above. The government is planning to set a common framework of upper limits which should be applied when calculating redundancy payments, including action to limit or end employer-funded early access to pension on redundancy. This is likely to have a significant impact on staff at or above age 55 who would currently be able to access their pension without any actuarial reduction if made redundant. A further update will be provided when more detail is known about how local government employers are to take these proposals forward.

4.4. Financial Services are undertaking a review of guidance about when redundancy costs may be charged to the central contingency budget and when they should be considered a cost to the service. Currently redundancy cases 'arising from corporate restructuring processes' are substantively met by the contingency fund. It is anticipated that clarification about when the service will meet the cost will also lead to further scrutiny of redundancy costs during reviews. Updated guidance will be communicated to managers and Directors.

**Sheralyn Huntingford**  
**Head of Human Resources and Organisational Development**

November 2016