

Staffing Committee

Dorset County Council



Date of Meeting	30 January 2017
Officer	Head of Human Resources and 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.</p> <p>This report considers costs for redundancy dismissals effective from 1 October to 31 December 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 October to 30 December 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.

Redundancy Costs – Quarterly Report

	<p>Risk Assessment:</p> <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:</p> <p>None.</p>
Recommendation	<p>It is recommend that the Staffing Committee:</p> <ol style="list-style-type: none">1. Consider the costs reported in respect of redundancies.
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. 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 October to December 2016

2.1. The table below shows the costs associated with redundancy dismissals effective during the third quarter of the financial year, from 1 October to 31 December 2016.

Month	Total Number of Redundancies		Number including a capitalised pension cost	Total Costs	Total Annual Savings	Average Payback Period (months)
October	Chief Executives	5	1	£108,196	£145,408	9
	Environment	1	0	£4,471	£9,562	6
November	Chief Executives	1	0	£11,460	£27,422	6
	Children's Services	9	3	£226,874	£234,734	12
December	Chief Executives	1	1	£58,532	£22,606	32
	Environment	5	2	£17,517	£37,229	6
Totals:		22	7	£427,050	£476,961	11

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

2.3. One voluntary redundancy in Chief Executives, in December, has a payback period of over 2 years (32 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.

2.4. 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 31 December 2016.

Number of Redundancies	Number including a capitalised pension cost	Total Costs	Total Annual Savings	Average Payback Period (months)
212	24	£1,367,308	£2,010,103	9

4. Future Considerations

4.1. The review to modernise employment policies and practice will include a proposal to reduce the redundancy multiplier. This is subject to a separate report to the Staffing Committee. The outcome of this review will be communicated to all employees.

4.2. As reported in the previous quarterly report, the government still intend to implement a range of reforms in relation to public sector exit payments as follows:

- a cap of £95,000 on public sector exit payments (which is now anticipated to be implemented in spring 2017)
- 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
- a common framework of upper limits to be applied when calculating redundancy payments, including action to limit or end employer-funded early access to pension on redundancy.

Sheralyn Huntingford
Head of Human Resources and Organisational Development

January 2017