

Staffing Committee

Dorset County Council



Date of Meeting	10 April 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 January to 31 March 2017.</p>
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>No separate EqIA is required for this report although each restructuring exercise is itself 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 2017.</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>

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 January to March 2017

2.1. The table below shows the costs associated with redundancy dismissals effective during the final quarter of the financial year, from 1 January to 31 March 2017.

Month	Total Number of Redundancies		Number including a capitalised pension cost	Total Costs	Total Annual Savings	Average Payback Period (months)
January	Chief Executives Department	1	0	£29,224	£66,327	6
February		0				
March	Chief Executives Department	2	1	£36,386	£56,830	8
	Environment & Economy	3	2	£101,610	£68,724	18
Totals:		6	3	£167,220	£191,881	11

2.2. It is expected that costs should be recoverable within a maximum period of two years unless there are exceptional circumstances. There are no cases to report with a payback period of over 2 years.

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 2016 to 31 March 2017.

Number of Redundancies	Number including a capitalised pension cost	Total Costs	Total Annual Savings	Average Payback Period (months)
218	27	£1,534,528	£2,201,984	9

4. Future Considerations

- 4.1. The redundancy multiplier will be reduced from 1.75 to 1.5 with effect from 1 April 2017, as agreed by the Staffing Committee in January 2017. The Staffing Committee will consider further proposals to reduce the impact on low paid staff, as part of the review to modernise employment policies and practices.
- 4.2. Whilst the power to make regulations to restrict public sector exit payment to £95,000 has now been effectively 'switched on' by a Commencement Order contained in The Enterprise Act 2016 (Commencement No. 2) Regulations 2017, this does not bring into force the legislation actually required to operate the cap. No further update is currently available in relation to the government's intentions to implement other reforms relating to public sector exit payments.
- 4.3. Financial Services have undertaken a review of the approach to funding redundancies and have now set out some broad principles for when redundancy can be supported from the contingency budget. Guidance for managers will be updated.

Sheralyn Huntingford
Head of Human Resources and Organisational Development

April 2017