

Staffing Committee

Dorset County Council



Date of Meeting	9 April 2018
Officer	Head of 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 July to 31 December 2017 (quarters 2 and 3).</p>
Impact Assessment:	Equalities Impact Assessment: No separate EqlA is required for this report although restructuring exercises where relevant are subject to EqlA considerations.
	Use of Evidence: This report is based on data from redundancy dismissals effective from 1 July to 31 December 2017.
	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>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 recommend 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 July to December 2017

2.1. The table below shows the costs associated with redundancy dismissals effective during the second and third quarters of the financial year, from 1 July to 31 December 2018.

Month	Total Number of Redundancies by Directorate		Number including a capitalised pension cost	Total Costs	Total Annual Savings	Average Payback Period (months)
July	Chief Executives Department	2	1	£100,624	£97,373	14
August	Adult & Community	1	0	£8,176	£45,590	3
	Chief Executives Department	1	0	£12,614	£41,735	4
	Environment and the Economy	1	0	£35,889	£64,156	7
September	Chief Executives Department	1	1	£52,603	£73,895	9
	Environment and the Economy	2	1	£163,163	£124,327	15
October	Adult & Community	1	0	£12,236	£45,546	4
November	Environment and the Economy	1	1	£15,962	£19,518	10

Redundancy Costs – Quarterly Report

December	Environment and the Economy	6	3	£46,678	£73,050	8
Totals:		16	7	£447,945	£585,190	9

- 2.2. The total savings for the two quarters are approximately £137,000 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 well below the two year period.

3. Severance Packages over £100,000

- 3.1 Severance packages exceeding £100,000 for all staff below Assistant Director, Service Director and Head of Service level are approved by the Director, after consultation with the Cabinet Member for the Directorate, and Finance Manager.
- 3.2 During the period there is one case. The severance package (redundancy and capitalised pension cost) was £137,235 in the Environment and the Economy Directorate in September. This redundancy was approved as part of a package of reducing support services, to address a £257,000 shortfall in the service budget. The payback period was over 23 months which falls within the expected maximum period of two years.

4. Costs/Savings for the Financial Year to Date

- 4.1. The table below shows the total cumulative costs associated with redundancy dismissals for the 2017/18 financial year, from 1 April 2017 to 31 December 2017.

Number of Redundancies	Number including a capitalised pension cost	Total Costs	Total Annual Savings	Average Payback Period (months)
28	14	£938,130	£1,012,242	10

- 4.2. The total saving for the financial year to date which is due to the reduction in the multiplier from 1.75 to 1.5 is £58,471. Fifteen of the redundancy payments in the period were subject to the minimum reference salary.

5. Future Considerations

- 5.1. There is still no further 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
Head of Organisational Development

9 April 2018