

Staffing Committee

Dorset County Council



Date of Meeting	12 September 2018
Officer	Service Director 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 April to 30 June 2018 (Quarter 1).</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 April to 30 June 2018.
	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 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>
Officer Contact	<p>Name: Tracy Scott, Principal HR & OD Adviser Tel: 01305 224619 Email: t.scott@dorsetcc.gov.uk</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 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.

2. Costs/Savings for April to June 2018

2.1. The table below shows the total cumulative costs associated with redundancy dismissals effective during the first quarter of the financial year, from 1 April to 30 June 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)
April 2018	Adult & Community	1	0	£9,421	£0	£9,421	£14,698	8
	Children's Services	1	0	£9,498	£0	£9,498	£24,865	5
	Environment & the Economy	1	0	£406	£0	£406	£3,625	2
May 2018	Adult & Community	3	2	£39,089	£569	£39,657	£95,773	5
June 2018	Adult & Community	1	1	£26,569	£1,678	£28,247	£39,559	9
	Children's Services	2	0	£5,480	£0	£5,480	£54,391	2
	Environment & the Economy	1	1	£21,413	£24,459	£45,872	£35,444	16
Totals		10	4	£111,876	£26,706	£138,581	£268,355	6

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- 2.2. The total savings for the first quarter is approximately £129,774 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.
- 2.4. The total saving for the period as a result of the reduction in the multiplier from 1.75 to 1.5, effective from 1 April 2017, is £18,646. Two of the redundancy payments in the period were subject to the minimum reference salary, also effective from 1 April 2017.

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, the Cabinet Member for Workforce and Finance Manager.
- 3.2 During the period, there are no cases that exceeded £100,000.

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 Organisational Development

12 September 2018