

# Staffing Committee

**Dorset County Council**



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|--------------------------|--|
| Date of Meeting          | 26 November 2018   |
| Officer                  | Service Director Organisational Development  |
| <b>Subject of Report</b> | <b>Redundancy Costs – Quarterly Report</b>   |
| Executive Summary        | <p>Costs relating to individual redundancies are approved by Corporate 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 30 September 2018 (Quarter 2).</p> |
| Impact Assessment:       | <p>Equalities Impact Assessment:</p> <p>No separate EqIA is required for this report although restructuring exercises where relevant are subject to EqIA considerations.</p>   |
|                          | <p>Use of Evidence:</p> <p>This report is based on data from redundancy dismissals effective from 1 July to 30 September 2018.</p>   |
|                          | <p>Budget:</p> <p>There are no direct cost implications arising from this report, as costs shown have already been agreed by the Corporate Director. The report shows the costs, savings and average payback periods relating to redundancy dismissals in the period.</p>  |

## Redundancy Costs – Quarterly Report

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|---------------------------|---|
|                           | <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"><li>1. Consider the costs reported in respect of redundancies and severance packages in excess of £100,000.</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: Tracy Scott, Principal HR &amp; OD Adviser<br/>Tel: 01305 224619<br/>Email: <a href="mailto:t.scott@dorsetcc.gov.uk">t.scott@dorsetcc.gov.uk</a></p>   |

## Redundancy Costs – Quarterly Report

### 1. Introduction

1.1. Corporate 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 Corporate 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 July to September 2018

2.1. The table below shows the total cumulative costs associated with redundancy dismissals effective during the second quarter of the financial year, from 1 July to 30 September 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) |
|----------------|---|-----------|---|--------------------|---------------------------|-----------------|----------------------|---------------------------------|
| July 2018      | Adult & Community                           | 6         | 3   | £70,705            | £30,267                   | £100,972        | £123,462             | 7                               |
| August 2018    | Children's Services                         | 2         | 0   | £10,837            | £0                        | £10,837         | £37,688              | 5                               |
|                | Environment & the Economy                   | 2         | 1   | £34,300            | £4,905                    | £39,205         | £70,780              | 7                               |
| September 2018 | Children's Services                         | 3         | 0   | £33,936            | £0                        | £33,936         | £90,596              | 5                               |
|                | Environment & the Economy                   | 2         | 1   | £14,965            | £31,223                   | £46,188         | £77,992              | 10                              |
| <b>Totals</b>  |   | <b>15</b> | <b>5</b>                                    | <b>£164,743</b>    | <b>£66,395</b>            | <b>£231,138</b> | <b>£400,518</b>      | <b>7</b>                        |

## Redundancy Costs – Quarterly Report

- 2.2. The total savings for the second quarter is approximately £170,000 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 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 £27,457. 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 Corporate Director, after consultation with the Cabinet Member for the Directorate, the Cabinet Member for Workforce and Group Finance Manager.
- 3.2 During the period, no cases exceeded £100,000.

### **4. Future Considerations**

- 4.1. Although there continues to be press coverage, there is still no decision 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.
- 4.2. A Private Members Bill is currently being considered by the House of Commons (Public Sector Exit Payments (Limitation) Bill 2017 – 19). Updates will be provided to the committee as necessary.

**Jonathan Mair**  
**Service Director Organisational Development**

26 November 2018