

# Staffing Committee

**Dorset County Council**



Date of Meeting	28 January 2019
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 October to 31 December 2018 (Quarter 3).</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 October to 31 December 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 Staffing Committee. 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>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>
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## Redundancy Costs – Quarterly Report

### 1. Introduction

1.1. Corporate Directors or the Staffing Committee 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 October to December 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 October to 31 December 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)
October 2018	Environment & the Economy	6	4	£159,209	£161,604	£320,813	£259,208	15
November 2018	Environment & the Economy	15	13	£407,356	£653,944	£1,061,300	£635,829	21
December 2018	Adult & Community Services	3	3	£116,001	£244,921	£360,922	£256,634	17
	Environment & the Economy	6	4	£129,220	£19,494	£148,713	£200,447	9
<b>Totals</b>		<b>30</b>	<b>24</b>	<b>£811,786</b>	<b>£1,079,963</b>	<b>£1,891,749</b>	<b>£1,352,118</b>	<b>17</b>

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- 2.2. It is normally the case that costs are lower than the overall savings but we are in an unusual position this quarter where the costs are higher than the savings by £539,631. This is due to one case where the costs outweigh the savings to be achieved. However, this was a compulsory redundancy that could not be avoided.
- 2.3. It is expected that costs should be recoverable within a maximum period of two years, unless there are exceptional circumstances. There is one case with a payback period of just over 2 years in the Environment and Economy Directorate in October 2018. This redundancy was approved as part of a package of 10 redundancies, with an overall reduction of 10.62 FTE which was part of a Directorate wide restructure which removed budget pressures of £412,500 in financial year 2018/19 (full year effect of £990k). This case was approved by Staffing Committee on 12 September 2018.
- 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 £135,298. Thirteen 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 In 2013, the County Council considered new requirements set out as part of the Localism Act 2011 which aimed to ensure transparency of large severance packages. A range of information is provided in the public domain via Dorsetforyou in order to aid the level of transparency in respect of such severance packages which are considered to be those exceeding £100,000.
- 3.2 The £100,000 threshold is calculated including the total cost of salary paid in lieu, redundancy compensation, pension entitlements, holiday pay and any bonuses, fees or allowances paid. Each of these components are clearly identified for decision makers whose role is to ensure that any decision offers maximum value for money whilst protecting the interests of the local taxpayer. Where the costs of the severance package exceed £100,000 specific justification for the proposed spend is included as part of the business case.
- 3.3 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 there are five cases where the severance package (redundancy and capitalised pension cost) exceeds £100,000. One case within Environment, Infrastructure and Economy was approved by Staffing Committee, three cases (two Environment, Infrastructure and Economy and one Adult & Community Services) were approved by the Corporate Director after consultation with the Cabinet Member for the Directorate and Cabinet Member for Workforce. The remaining one case within Chief Executives was agreed by Full County Council.

### **4. Future Considerations**

- 4.1. 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

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cap, as referred to in previous reports to the committee. Updates will be provided to the committee as necessary.

- 4.2. A Private Members Bill is currently being considered by the House of Commons (Public Sector Exit Payments (Limitation) Bill 2017 – 19)

## **Service Director Organisational Development**

7 January 2019