

Cabinet

28 July 2020

Redundancy Multiplier

For Decision

Portfolio Holder: Cllr P Wharf, Corporate Development and Change

Local Councillor(s): N/A

Executive Director: Aidan Dunn, Executive Director for Corporate Development

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Report Status: Public

Recommendation:

It is recommended that Cabinet agree to the current 1.75 redundancy multiplier being extended until 31st March 2021, to ensure parity between those that have already been subject to organisational change and those due to be at risk of redundancy as we move through the remainder of the financial year.

This would reintroduce alignment with the additional protection arrangements and the review of terms and conditions.

Consultation would take place before 31 March 2021 on the intention of reducing the multiplier thereafter.

Reason for Recommendation:

1. Executive Summary

- 1.1 At the point at which Dorset Council was formed the Shadow Executive Committee agreed to the introduction of a single redundancy multiplier for all employees transferring into the new council. This introduced parity

across all employees transferring into the council, as previously the former County Council offered a lower level of enhancement (1.5 times) than the former District and Borough Councils (1.75 times)

- 1.2 The higher level of enhancement was agreed until 30 September 2020, after which it was expected to be brought into the line with the level of redundancy multiplier in place for newly appointed employees (1.25 times).
- 1.3 It was anticipated that the convergence of services would have been completed by the date upon which the multiplier would have reduced, ensuring that all employees affected by organisational change as a consequence of local government reorganisation would be treated the same.
- 1.4 There have been some delays in progressing some convergence activity which could lead to employees receiving less redundancy compensation if the existing level of multiplier is not extended beyond its current end date.

2. Financial Implications

- 2.1 The average cost of a redundancy payment in Dorset Council during 2019/20 was £38,880. This level of payment was typically higher than would ordinarily be the case as it was significantly influenced by the number of senior managers made redundant as part of Tranche 1a of the Transitional Structures Review. If senior management roles released as part of Tranche 1a of the review are removed, the average payment reduces to £26,061.
- 2.2 With no current proposals to restructure senior manager roles in any of the planned reviews over the remainder of the financial year it would seem sensible to use the figure of £26,061 as the average cost of redundancy payments. The difference in the average cost of redundancies between 1 October 2020 and 31 March 2021, if the higher level of multiplier is retained, is therefore in the region of £7,500 per redundancy payment.
- 2.3 It is not possible at this stage to make any accurate predictions of likely numbers of redundancies over this period.

3. Climate implications

- 3.1 Not applicable

4. Other Implications

4.1 Not applicable

5. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: Low

Residual Risk: Low

6. Equalities Impact Assessment

6.1 The proposal does not include any detriment to any employee or member of the public.

7. Appendices

7.1 None

8. Background Papers

8.1 None

9. Background

9.1 Statutory redundancy compensation for eligible DC employees is enhanced using a redundancy multiplier and for those on SCP 6 or below calculated using a minimum weekly wage, both of which are subject to regular review.

9.2 At its meeting of 17th December 2018, the Shadow Executive Committee agreed that the redundancy multiplier for employees who TUPE transferred into Dorset Council on 1 April 2019 would be 1.75 times the statutory redundancy pay formula (based on actual pay). This introduced parity across all transferring employees, as there was previously a difference in multiplier between the former County Council (1.5 times the statutory pay formula) and former District and Borough Councils (1.75 times).

9.3 The 1.75 multiplier was agreed for an initial period of 18 months from 1 April 2019, after which time it was anticipated a lower multiplier would be implemented, subject to trade union consultation. The minimum reference salary will remain in place indefinitely.

- 9.4 The redundancy multiplier agreed for employees who commenced employment with Dorset Council on or after 1 April 2019 is 1.25 times the statutory redundancy pay formula (based on actual pay). The minimum reference salary still applies.
- 9.5 The Shadow Executive Committee agreed to the 1.75 multiplier for an 18-month period to enable a consistent approach to be applied, for a reasonable period of time, during when it was expected there would be considerable restructuring. It was also anticipated that this rate, as offered for a fixed period, would also make the offer of voluntary redundancy more attractive for many of our existing employees. This was included as one of the TUPE measures agreed for existing staff.
- 9.6 Whilst considerable progress has been made with conversion activity across many areas there remain areas of the council where planned restructuring and remodelling has not been taken forward, where implementation of outcomes is unlikely to be before 1 October 2020, most notably:
- Housing
 - Superfast Broadband Team and Project Management Office
 - Community and Public Protection
 - Environment and wellbeing, incl. Harbours, Coast and Countryside
 - Fleet
 - Dorset travel
 - Parking
 - TICs
 - Economic regeneration
- 9.7 A number of the above reviews have been delayed as a consequence of the COVID-19 pandemic, as leadership capacity has been diverted to other areas of priority.
- 9.8 Not all of the above restructuring activity will result in employees being made redundant, but at this stage it is difficult to be certain in all areas.
- 9.9 The original agreement of a protected higher redundancy multiplier for transferring employees for a period of 18 months aligned the timescales with the planned cessation of extended protections provided to employees who were subject to a change of terms and conditions as a consequence of organisational change and the proposed implementation of the outcomes of the review of terms and conditions.
- 9.10 SLT have recently agreed that the additional protections afforded to transferring employees moving to Dorset Council terms and conditions following organisational change will be extended to 31 March 2021, to

ensure that employees having recently moved to new terms and conditions (mostly colleagues in The Place and People – Children directorates) have access to a greater period of additional protections.

- 9.11 The review of terms and conditions has been hampered by our efforts to respond to the COVID-19 pandemic, introducing difficulty to engage with Senior Leadership colleagues and trade union representatives to help move this forward. It is now anticipated that this review will not be completed until early 2021.

Footnote:

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.