

EAST RENFRESHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE26 SEPTEMBER 2019Report by Deputy Chief ExecutiveSUMMARY OF EARLY RETIREMENT/REDUNDANCY COSTS TO
31 MARCH 2019**PURPOSE OF REPORT**

1. The purpose of this report is to provide the Audit and Scrutiny Committee with a summary of early retirement/redundancy costs from 1 April 2018 to 31 March 2019.

RECOMMENDATION

2. The Audit and Scrutiny Committee is requested to note the content of the report covering early retirements/redundancies within the report period and the related projected savings.

BACKGROUND

3. The Council recognises as good practice that on an annual basis elected members should receive summary information on the number, costs and forecast savings on early retirement and redundancy costs where decisions are delegated to officers.

4. The Local Government Pension Scheme (Scotland) Regulations 1998 permit pension scheme administering authorities to charge employing authorities for the costs incurred by early payment of pension benefits to employees who retire early in various circumstances; such sums are known as "strain on the fund" costs.

5. Strathclyde Pension Fund invoices the council as the costs are incurred. This report covers the period from 1 April 2018 to 31 March 2019.

REPORT

6. Redundancies continue to be assessed using a process based on a financial business case. Where the organisation chooses to grant an early retirement or voluntary redundancy the financial business case for the restructure needs to show that the costs can be recovered within acceptable timescales with ongoing tangible savings being achieved thereafter.

7. It should be noted that some redundancies are paid due to legal requirement and there is no business case, this can be due to a number of factors: termination of a temporary contract with no long term funding, termination of temporary contract where the employee had continuous service from another public sector body covered by the RMO (Redundancy Modification Order) or deletion of a post.

8. For statutory purposes leavers are included in the year in which the decision was taken and the non-recurring charges within this report are aligned with the information contained in the 2018-19 statutory accounts.

9. The total charge accounted for the Strain on the Fund cost from Strathclyde Pension Fund for the period April 2018 to March 2019 is £605,416.23.

10. During the period between April 2018 and March 2019 the Council has continued to undertake targeted restructuring and a number of change projects which resulted in a number of voluntary redundancies and early retirements and the end of a number of temporary contracts to support the reductions in budget levels.

11. During this report period there have been 41 instances of early retiral/redundancy and a summary of these is provided at Appendix A. There were 27 instances in Education, 8 in Environment, 6 in Corporate and Community Services, Chief Executive's Office and HSCP.

12. From Appendix A the initial costs of processing the early retirements/redundancies was £1,812,898.55 resulting in net annual savings of £1,292,149. From these figures the initial outlay to process the early retirements/redundancies will be recovered in 1.4 years with savings in excess of £1,292K per annum being achieved thereafter.

RECOMMENDATION

13. The Audit and Scrutiny Committee is requested to note the content of the report and the explanations provided for early retirements/redundancies within the report period and the related projected savings.

Deputy Chief Executive
September 2019

Report Author:
Sharon Dick, Head of HR, Customer and Communications - Tel: 0141 577 4079
Email: Sharon.Dick@eastrenfrewshire.gov.uk

COSTS/SAVINGS OF EARLY RETIRALS/REDUNDANCIES FROM 1/4/18 TO 31/3/19

PROTECT+

CONFIDENTIAL
Redundancy Costs Audit Committee 1st April 2018 to 31st March 2019



Department	Head-Count	FTE Total	P.I.L.O.N	Redundancy	A/Y Lump Sum	Strain on Fund	Total 0/0 Costs	A/Y Pension	Savings
CCS/CEO/HSCP	6	6.0	£0.00	£204,106.01	£7,554.78	£24,108.23	£235,769.02	£4,317.00	£274,648.88
Education	27	18.9	£815.06	£598,154.95	£7,981.09	£393,921.42	£1,000,872.52	£1,193.42	£634,710.13
Environment	8	7.6	£0.00	£388,870.43	£0.00	£187,386.58	£576,257.01	£0.00	£382,789.99
Housing Revenue Account	0	0.0	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Council Total	41	32.5	£815.06	£1,191,131.39	£15,535.87	£605,416.23	£1,812,898.55	£5,510.42	£1,292,149.00

BLANK PAGE