

EAST RENFRESHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE24 SEPTEMBER 2020Report by Deputy Chief ExecutiveSUMMARY OF EARLY RETIREMENT/REDUNDANCY COSTS TO  
31 MARCH 2020**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 2019 to 31 March 2020.

**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 2019 to 31 March 2020.

**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 2019-20 statutory accounts.

9. The total charge accounted for the Strain on the Fund cost from Strathclyde Pension Fund for the period April 2019 to March 2020 is £609,926.95.

10. During the period between April 2019 and March 2020 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 92 instances of early retiral/redundancy and a summary of these is provided at Appendix A. There were 66 instances in Education, 13 in Environment, 13 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 £1,740,507.18 resulting in net annual savings of £1,507,486.37. From these figures the initial outlay to process the early retirements/redundancies will be recovered in 1.2 years with savings in excess of £1,507K 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 2020

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

**COSTS/SAVINGS OF EARLY RETIRALS/REDUNDANCIES FROM 1/4/19 TO 31/3/20****Redundancy Approvals & Costs Audit Committee 1st April 2019 to 31st March 2020**

Department	Headcount	Full Time Equivalent Total	Pay in Lieu of Notice	Redundancy	Annual Yearly Lump Sum	Strain on Fund	Additional Employers National Insurance	Total One Off Costs	Annual Yearly Pension	Savings
CCS, CEO & HSCP	13	12	£0.00	£363,632.80	£13,184.82	£306,494.93	£0.00	£683,312.55	£4,123.41	£514,182.76
Education	66	18.8	£3,396.45	£130,578.87	£1,752.66	£148,007.87	£552.00	£284,287.85	£0.00	£408,264.58
Environment	13	13.0	£0.00	£604,364.19	£13,118.44	£155,424.15	£0.00	£772,906.78	£4,222.00	£585,039.03
Housing Revenue Account	0	0.0	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Council Total</b>	<b>92</b>	<b>44.2</b>	<b>£3,396.45</b>	<b>£1,098,575.86</b>	<b>£28,055.92</b>	<b>£609,926.95</b>	<b>£552.00</b>	<b>£1,740,507.18</b>	<b>£8,345.41</b>	<b>£1,507,486.37</b>

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