

EAST RENFRESHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE23 SEPTEMBER 2021Report by Deputy Chief ExecutiveSUMMARY OF EARLY RETIREMENT/REDUNDANCY COSTS TO
31 MARCH 2021**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 2020 to 31 March 2021.

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. Please note all figures are pre audit and subject to change.

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 2020 to 31 March 2021.

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 2020-21 statutory accounts.

9. The total charge accounted for the Strain on the Fund cost from Strathclyde Pension Fund for the period April 2020 to March 2021 is £8,097.23.

10. During the period between April 2020 and March 2021 the Council significantly reduced the amount of restructuring and change projects due to COVID-19.

11. During this report period there have been 5 instances of early retiral/redundancy and a summary of these is provided at Appendix A. 2 of these instances were due to the end of temporary contracts with the individuals being legally entitled to a redundancy payment as their contract had exceeded 2 years.

12. From Appendix A the initial costs of processing the early retirals/redundancies was £124,001.74 resulting in net annual savings of £139,900.89. From these figures the initial outlay to process the early retirals/redundancies will be recovered in 0.9 years with savings in excess of £139K 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 retirals/redundancies within the report period and the related projected savings.

Deputy Chief Executive
September 2021

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COSTS/SAVINGS OF EARLY RETIRALS/REDUNDANCIES FROM 1/4/20 TO 31/3/21

PLEASE NOTE THESE FIGURES ARE PRE-AUDIT AND MAY BE SUBJECT TO CHANGE

Redundancy Approvals & Costs Audit Committee 1st April 2020 to 31st March 2021

	Head-Count	FTE Total	Pay in Lieu of Notice	Redundancy	Added Years Lump	Strain on Fund	Additional Employers NI	Total One Off Costs	Added Years Pension	Savings Year 1
Council Total	5	4.2	£0.00	£111,932.33	£0.00	£8,097.23	£3,358.19	£124,001.74	£0.00	£139,900.89

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