

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

18 JANUARY 2024

Report by Director of Business Operations and Partnerships

SUMMARY OF EARLY RETIREMENT/REDUNDANCY COSTS TO
31 MARCH 2023

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 2022 to 31 March 2023.

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 2022 to 31 March 2023.

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 2022-23 statutory accounts.

9. The total charge accounted for in the Strain on the Fund cost from Strathclyde Pension Fund for the period April 2022 to March 2023 is £115,104.23.

10. During this report period there have been 12 instances of early retiral/redundancy and a summary is provided in Appendix A. 2 of these instances was due to the end of a temporary contract, with the individual being legally entitled to a redundancy payment as their contract had exceeded 2 years' service.

11. From Appendix A the initial costs of processing the early retirals/redundancies was £406,317.52 resulting in net annual savings of £531,074.57. From these figures the initial outlay to process the early retirals/redundancies will be recovered in 0.85 years with savings in excess of £531K per annum being achieved thereafter.

RECOMMENDATION

12. 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.

Louise Pringle
Director of Business Operations and Partnerships

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COSTS/SAVINGS OF EARLY RETIRALS/REDUNDANCIES FROM 1/4/22 TO 31/3/23

Redundancy Approvals and Costs for Audit Committee 1st April 2022 to 31st March 2023

Department	Headcount	FTE	Payment in Lieu of Notice	Restructuring cost	Redundancy	A/Y Lump Sum	Strain on Fund	Employers National Insurance	Total One Off Costs	Annual Yearly Pension	Savings
Combined figures across all Departments and Partnership areas	12	11.54	0	£50,490.32	£272,399.49	£6,541.38	£115,104.23	£12,272.42	£406,317.52	£2,753.52	£531,074.57

Annual saving achieved of 0.85 years based on dividing one off costs by savings.

Savings are calculated based on salary including on-costs minus restructuring costs minus ongoing annual pension

Employers National Insurance contributions are paid where individual amounts exceed £30k

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