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**ARGYLL AND BUTE COUNCIL**

**COUNCIL**

**CUSTOMER SERVICES**

**27 NOVEMBER 2014**

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**COSTS AND SAVINGS FROM EARLY DEPARTURES FROM COUNCIL  
EMPLOYMENT 2013/14**

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**1.0 EXECUTIVE SUMMARY**

This report provides Council with information on the costs and savings associated with early departure from council employment due to early retirement or redundancy between April 2013 and March 2014.

This information is published as part of the Council's compliance with the Audit Scotland recommendations in its report 'Bye Now, Pay Later'.

The costs of early departures has been £1,000,448, the annual savings are £1,029,220 and the savings over a 3 year period are £2,087,212.

It is recommended that Council note the costs and savings associated with early departures.

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**2.0 INTRODUCTION**

- 2.1 The purpose of this report is to outline to Council the employee costs associated with redundancies that have taken place between 1 April 2013 and 31 March 2014 and managed by the HR team.

**3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Council note the contents of the report.

**4.0 DETAIL**

- 4.1 An integral part of the Council's transformation process has been a series of service reviews, which were largely completed by March 2013. There have, however, been some ongoing reviews in the reporting period which have resulted in posts being deleted from the Council's staffing establishment.
- 4.2 This report relates to those employees who left the Council's employment during the reporting period and does not include accruals for future, planned redundancies.
- 4.3 28 Employees were given voluntary redundancy and 17 employees were made compulsory redundant. 10 employees facing redundancy were successfully redeployed into other posts.
- 4.4 The report complies with the reporting recommendations made by Audit Scotland in their report 'Bye Now, Pay Later' that annual reporting is made to Councils outlining the costs of early departures.
- 4.5 The Council operates a policy of looking at a 3 year payback of redundancy costs, evidence of this has to be approved by finance to approve the process.
- 4.6 The annual salary savings are £1029220 inclusive of 25% employee on-costs for employers NI and pension contributions. See table below.

<b>Redundancies</b>			
Annual salary savings + 25% oncosts	Cost of redundancy (including compensatory added years to pension for 3 years)	Savings made over 3 year period	Ongoing savings after year 3
£1,029,220	£1,000,448	£2,087,212	£1,029,220

## **5.0 CONCLUSION**

- 5.1 The process undertaken by the HR team has been completed on time and has resulted in the Council successfully achieving savings over a 3 year period as below:
- 5.2 The HR team has focused its activities on ensuring that we deliver on the Council's key objective as set out in the Redundancy Policy, which is to minimize compulsory redundancy as much as possible. This can be seen in the final outturn.

## **6.0 IMPLICATIONS**

- 6.1 Policy This paper complies with the council's Redundancy Policy
- 6.2 Financial Significant savings to the council's wage bill have been made
- 6.3 Legal All policies and procedures relating to redundancy are reviewed to ensure continuing compliance with the relevant legislation
- 6.4 HR It is widely recognised that there can be a negative impact on morale of employees who remain in employment on the completion of a significant redundancy exercise. HR will support managers in improving morale.
- 6.5 Equalities Equality Impact Assessments are conducted as part of the Service Review Process.
- 6.6 Risk None
- 6.7 Customer Service None

**Executive Director of Customer Services**

**Policy Lead Dick Walsh**

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**For further information contact:** Jane Fowler, Head of Improvement and HR,  
Aileen, McCosh, Senior HR Officer