

READING BOROUGH COUNCIL

TO:	PERSONNEL COMMITTEE		
DATE:	8 DECEMBER 2016	AGENDA ITEM:	3
TITLE:	REDUNDANCY MULTIPLIER		
LEAD MEMBER	CLLR LOVELOCK	PERSONNEL COMMITTEE CHAIR	
SERVICE:	CORPORATE SUPPORT SERVICES	WARDS:	BOROUGHWIDE
AUTHOR:	WARREN KING	TEL:	74500
JOB TITLE:	INTERIM HR AND PAYROLL SERVICES MANAGER	E-MAIL:	Warren.king@reading.gov.uk

1. PURPOSE OF REPORT

To seek Personnel Committee's approval of the introduction of a new discretionary redundancy multiplier rate.

2. RECOMMENDATIONS

That Personnel Committee agree to the introduction of a new discretionary redundancy multiplier of X1, or another multiplier, to take effect for any formal redundancy consultations that commence on or after 1 April 2017.

3. BACKGROUND

- 3.1 On 1 October 2015, Personnel Committee agreed to commence a period of consultation to amend the current, discretionary x2 multiplier for redundancies that occur in the Council. The proposal was to reduce the current discretionary multiplier to x1.
- 3.2 The Council reduced the discretionary multiplier from x3 to x2 in 2011.
- 3.3 Formal consultation took place with staff and Trade Unions in July and August 2016 and there were 68 responses from individuals as well as collective responses from Unite and Unison. Without exception,

every response felt that the proposal was unnecessarily harsh, particularly on long serving members of staff.

- 3.4 The Council also currently applies a discretion to pay calculate redundancy pay using actual week's pay instead of capping a week's pay at the statutory maximum of £479. There is no proposal at the current time to reduce this discretion.

4. FINANCE

- 4.1 The Council does not explicitly budget for redundancy costs. Instead, in recent years it has included a general £800k pa addition to the Organisational Change Reserve, but that was suspended in 2015/16 and 2016/17 as a budget measure.
- 4.2 Historic cost of redundancies in the accounts include a mix of redundancy, and voluntary release payments, including early Pension release costs. The pension release cost would not change. Earlier fairly broad "best case scenario" assessments of the possible saving from moving to a multiplier of 1 rather than 2 were based on these historic costs and around 700 redundancies. Looking forward we might expect costs to be lower.
- 4.3 Through 2016, the average enhancement to redundancy payments (calculated on the last 23 redundancies approved by Personnel Committee) based on the x2 multiplier has been £6,867. The total cost of enhancements of a X2 multiplier for 2016 is therefore £157,941.
- 4.4 Going forward, the table below shows the costs (based on 2016 redundancy payments) of x2 and x1 multipliers.

Number of redundancies	X2 multiplier (based on 2016 redundancies)	X1 multiplier
50	£687,000	£343,500
100	£1,374,000	£687,000
200	£2,748,000	£1,374,000
300	£4,122,000	£2,061,000

5. IMPLEMENTATION

- 5.1 Following approval, steps will commence to provide all staff with 3 months' notice of any change to the discretion.
- 5.2 Any formal redundancy consultations that commence prior to the end of the 3 month period will have the current x2 multiplier applied to them,

6. EQUALITY IMPACT ASSESSMENT

- 6.1 Although any reduction would have a greater effect on women than men this is a result of the percentage difference between the number of women and men in our employment, not as a result of women being selected/volunteering for redundancy compensation.