



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 20/09

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	12 February 2020
SUBJECT OF THE REPORT	Enhanced Redundancy – Review of Multiplier
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For approval
EXECUTIVE SUMMARY	<p>The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 permit an authority to make redundancy payments at an enhanced rate. Commonly referred to as the redundancy multiplier, this discretion enables authorities to multiply the number of weeks' statutory pay by a multiplier which ranges from 1 to 3.46.</p> <p>The regulations also enable 'actual' week's salary to be utilised instead of the 'statutory' week's salary.</p> <p>At the last review in February 2018, the Authority agreed to review these arrangements every two years and therefore a review of these arrangements is due.</p>
RISK ASSESSMENT	No significant risks arise from this report although a reduction in the multiplier may have a detriment to our good industrial relations.
COMMUNITY IMPACT ASSESSMENT	None
BUDGET IMPLICATIONS	If the multiplier is reduced, there would be cost savings associated with this reduction should redundancies need to be made. These savings would be dependent upon individual circumstances.

<p>RECOMMENDATIONS</p>	<p>Members are asked to:</p> <ol style="list-style-type: none"> 1. Agree to reduce the redundancy multiplier from 1.75 to 1.5 2. Support the recommendation that the same level of multiplier be applied for both compulsory and voluntary redundancy 3. Retain the policy position that redundancy payments should be calculated on the basis of 'actual' salary.
<p>BACKGROUND PAPERS</p>	<p>None</p>
<p>APPENDICES</p>	<p>None</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Name: Jenny Long, Director of People Services Email: jenny.long@dwfire.org.uk Tel no: 01722 691311</p>

1. Background

- 1.1 The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 permit an authority to make redundancy payments at an enhanced rate. Commonly referred to as the redundancy multiplier, this discretion enables authorities to multiply the number of weeks' statutory pay by a multiplier which ranges from 1 to 3.46. The regulations also enable 'actual' week's salary to be utilised instead of the 'statutory' weeks' salary.
- 1.2 The current redundancy multiplier is 1.75 and is based on actual salary.
- 1.3 The redundancy multiplier can be utilised as a workforce planning tool, as, in times of reorganisation or restructure, it can incentivise individuals to consider applying for voluntary redundancy. This means that compulsory redundancies can be kept to a minimum. This approach can also assist in maintaining staff morale during challenging times of change.

2. Multiplier in use in neighbouring Local Authorities

- 2.1 The multipliers used within neighbouring authorities are wide-ranging. Compared to these organisations, the 1.75 multiplier puts the Authority in a 'mid-range' position.
- 2.2 However, we need to be mindful of the financial landscape in which we are operating in and the need for financial prudence going forward.
- 2.3 As a result, it is considered appropriate to reduce the current multiplier from 1.75 to 1.5.

3. Differing multipliers for compulsory and voluntary redundancy

- 3.1 Members will be aware that some authorities use different rates depending on whether the redundancy is on a voluntary or compulsory basis. There are pros and cons for these differences in approach, but the assumption of this report is that Members wish to retain the current position in that the same multiplier is used for both voluntary and compulsory redundancy.

4. Redundancy multiplier for operational staff

- 4.1 There is no equivalent of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 in respect of Operational Staff covered by the Firefighters' Pension Schemes which means that technically, authorities are limited to the statutory redundancy arrangements.

- 4.2 Nationally, there have been discussions for many years as to whether the redundancy compensation for uniformed staff could be enhanced. To date, no national guidance has been developed or agreed.
- 4.3 In the absence of national guidance, some fire and rescue services have introduced an enhanced redundancy payment for operational staff, there are no plans to introduce anything at this time. However, should the financial settlement in future years prove a poor one, this may be a necessary step towards achieving a reshaping of service delivery.

5. Draft Public Sector Exit Payment Regulations 2016

- 5.1 The draft Public Sector Exit Payment Regulations were published for consultation in February 2016. These regulations outline the Government's intention to introduce a number of possible reforms to early exit arrangements across the public sector. The original consultation proposed the introduction of a blanket limit to an exit payment of £95,000 for a public-sector worker.
- 5.2 On 26 September 2016, the Government issued its reply to the consultation responses. Since that time there were indications that a fresh consultation on the draft regulations governing the exit payment cap and exit payment recovery would take place in Autumn 2017.
- 5.3 A Public Sector Exit Payments (Limitation) Bill was introduced in the House of Commons on 5 September 2017, which again indicated that a fresh consultation would take place. This did not happen during 2018. The Bill was due to have a second reading, but this also has not taken place.
- 5.4 A further consultation was issued on 10 April 2019 to which the Service responded. A consultation response is not yet available and as a result, there continues to be a level of uncertainty regarding the introduction of the regulations.
- 5.5 However, in 2019-20 no exit arrangements were agreed which would have breached the Government's intended exit cap.

6. Summary and key points

- 6.1 In February 2018, Members agreed that the redundancy multiplier be reviewed every two years.
- 6.2 Following a review, this paper recommends reducing the current redundancy multiplier from 1.75 to 1.5.

February 2020