



# Dorset Fire Authority

MEETING	Dorset Fire Authority
DATE OF MEETING	10 February 2015
OFFICER	Chief Fire Officer
SUBJECT OF THE REPORT	Enhanced Redundancy - Review of Multiplier
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 0 to 3.46.</p> <p>The redundancy multiplier for Wiltshire and Swindon Fire Service is 1.75 for voluntary redundancy and no multiplier for compulsory redundancy, and was time limited until 31 March 2015. This was further reviewed at their Staffing Committee on 22 January 2015 where it was agreed to extend it for a further year.</p> <p>The redundancy multiplier for Dorset Fire and Rescue Service (DFRS) was reviewed in February 2013, at which time it was reduced from 2.5 to 1.75. The multiplier rate is used for both voluntary and compulsory redundancies. The rate was further reviewed in June 2014 where it was agreed to remain in place at that rate until 31 March 2015 given decisions had been made in respect of transferring staff and a potential combination, both of which may result in staff redundancies. As these matters were known and on the horizon there would be risks associated with reducing the multiplier at this time.</p>
RISK ASSESSMENT	<p>In December 2013 the DFA agreed a business case to set up a Joint Command and Control Centre (JCCC). As the 1.75 was the multiplier to be applied at the time this decision was made, the 1.75 redundancy multiplier must be applied to any redundancies of DFRS staff that may arise out of the JCCC project, where redundancy applies, due to TUPE (Transfer of Undertakings Protection of Employment Regulations) regulations as this was the multiplier in place at DFRS at the time of the decision. Should the JCCC project slip, it is possible that, should the</p>

	<p>multiplier be reduced at this (or subsequent) reviews, there could be two multiplier rates in use, one for DFRS staff that are being made redundant due to the JCCC project and the other for the remainder of DFRS staff. Similarly, in terms of the broader combination, the DFA could be challenged for making detrimental changes to terms and conditions when a TUPE transfer is on the horizon. Under TUPE Regulations, it stipulates that an individual's terms and condition transfer with the individual and cannot be changed if the change is connected to the transfer.</p>
<p><b>COMMUNITY IMPACT ASSESSMENT</b></p> <p><i>Note: If the matrix indicates negative impacts on the community or staff, an equality impact assessment (EIA) will need to be completed.</i></p>	<p>The community who will expect financial prudence. However, there is a litigation risk associated with altering the redundancy multiplier at this point in time given that the potential merger is in the public domain.</p>
<p><b>BUDGET IMPLICATIONS</b></p>	<p>If either multiplier is reduced, there would be cost savings associated with this reduction should redundancies need to be made.</p>
<p><b>RECOMMENDATIONS</b></p>	<p>It is recommended that Members:</p> <ol style="list-style-type: none"> <li>1. Maintain the 1.75 redundancy multiplier for both compulsory and voluntary arrangements until a new combined policy supersedes it.</li> <li>2. Maintain the policy that redundancy payments should be calculated on the basis of 'actual' salary.</li> <li>3. Maintain the policy that compensation payments should not generally be made to employees who are allowed to retire on the grounds of efficiency, but that in exceptional circumstances a one-off payment may be paid where this has been approved by the DFA.</li> <li>4. A further report in respect of a joint discretion on enhanced redundancy is developed as part of the Dorset and Wiltshire combination process.</li> </ol>
<p><b>BACKGROUND PAPERS</b></p>	<p>None</p>
<p><b>APPENDICES</b></p>	<p>A: NJC circular 8/13</p>
<p><b>REPORT ORIGINATOR AND CONTACT</b></p>	<p>Jane Staffiere, Temporary Director of HR Tel: (01305) 252671</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 0 to 3.46.
- 1.2 At its meeting on 27 September 2012, the DFA received a report setting out proposals for reviewing the level of multiplier applied should DFRS find it necessary to make voluntary and/or compulsory redundancies.
- 1.3 At this time, Members requested more detailed data in respect of the multipliers used within other local authorities and districts. It was also agreed that this matter be discussed at the RRP Board in January 2013 prior to returning to DFA for decision.
- 1.4 Following consideration at the RRP Board, a further paper was discussed at the DFA meeting in February 2013.
- 1.5 At this time Members considered the multiplier in use in other Dorset Authorities and Districts, and resolved to:
  - ◆ Reduce the multiplier from 2.5 to 1.75, with this change taking effect from 1 April 2013.
  - ◆ Support the recommendation that the same level of multiplier be applied for compulsory and voluntary redundancy.
  - ◆ Support the recommendation that the DFA retain its policy that redundancy payments should be calculated on the basis of 'actual' salary.
  - ◆ Support the recommendation that the DFA retain its policy that compensation payments should not generally be made to employees who are allowed to retire on the grounds of efficiency, but that in exceptional circumstances a one-off payment may be paid where this has been approved by the Fire Authority.
  - ◆ Review the level of the multiplier on an annual basis.

## 2. Annual Review in 2014

- 2.1 The multiplier rate was further reviewed in June 2014. It was agreed to maintain the 1.75 rate until 31 March 2015. This was because decisions had been made in respect of transferring staff into the Joint Command and Control Centre, and the potential combination at that time, both of which may result in staff redundancies. As these matters were known and on the horizon there would be risks associated with reducing the multiplier at this time.

### 3. Reporting of Redundancies

- 3.1 Any redundancies (voluntary or compulsory) that are agreed, are reported annually to the Dorset Fire Authority in the June meeting, as part of the annual update on approvals of premature retirements and sick leave.

### 4. Wiltshire's Position

- 4.1 The redundancy multiplier for Wiltshire and Swindon Fire Service is 1.75 for voluntary redundancy and no multiplier for compulsory redundancy, and was time limited until 31 March 2015. This was further reviewed at their Staffing Committee on 22 January 2015 where it was agreed to extend it for a further year.

### 5. Summary

- 5.1 Members have previously discussed the merits of setting differing multipliers depending on voluntary and compulsory redundancy and decided to keep the multiplier at the same rate. The assumption of this report is that Members wish to retain this position, given the Wiltshire combination proposals are in the public domain, and as a consequence of TUPE Regulations DFRS could face litigation risks by lowering terms and conditions of staff at this time.
- 5.2 It is recommended that redundancy payments should continue to be calculated on the basis of 'actual' salary rather than constrained to statutory redundancy pay (current maximum payment is £464 per week), given the consequence of TUPE Regulations highlighted above.
- 5.3 It is also recommended that compensation payments continue not to be generally made to employees who are allowed to retire on the grounds of efficiency, but that in exceptional circumstances a one-off payment may be paid where this has been approved by the Fire Authority. These payments are very rare, but provide Members with some flexibility in extraordinary circumstances to make payments if necessary (eg severance payments of Directors with particular types of employment contracts).
- 5.4 Moving forward, it is recommended that a joint discretion is developed on enhanced redundancy as part of the Dorset and Wiltshire combination process, and this is reported to Members.

**DARRAN GUNTER**  
Chief Fire Officer

2 February 2015