



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 18/13

MEETING	Dorset & Wiltshire Fire and Rescue Authority
DATE OF MEETING	9 February 2018
SUBJECT OF THE REPORT	Enhanced Redundancy – Review of Multiplier
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For approval
EXECUTIVE SUMMARY	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. It is now necessary for Members to review the redundancy multiplier. This paper recommends maintaining the current position as a means of helping to reduce compulsory redundancies.
RISK ASSESSMENT	Enhanced redundancy payments act as an incentive for individuals opting for voluntary redundancy which helps to avoid the need for making compulsory redundancies. However, this approach needs to be balanced with the financial operating environment and the need for financial prudence.
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.
RECOMMENDATIONS	<p>It is recommended that Members:</p> <ol style="list-style-type: none"> 1. Maintain the existing redundancy multiplier 2. Support the recommendation that the same level of multiplier be applied for compulsory and voluntary redundancy 3. Retain the policy position that redundancy payments should be calculated on the basis of 'actual' salary 4. Agree to review the redundancy multiplier every two years.
BACKGROUND PAPERS	None
APPENDICES	None
REPORT ORIGINATOR AND CONTACT	<p>Jenny Long, Director of People Services Email: jenny.long@dwfire.org.uk Telephone: 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.
- 1.2 In September 2015, and in preparation for the staff transition process required for combination, the then Shadow Policy and Resources Committee considered a report regarding the differing arrangements of each legacy organisation in relation to the redundancy multiplier.
- 1.3 Mindful of the likelihood of redundancies, and to maintain good industrial relations, Members resolved that for a two-year transitional period post combination a redundancy multiplier of 1.75 be used for voluntary and compulsory redundancies.
- 1.4 The two-year transitional period ends in March 2018 and it is now necessary for Members to review the redundancy multiplier.
- 1.5 During the combination the redundancy multiplier acted as an effective workforce planning tool, as it incentivised individuals to consider applying for voluntary redundancy. This meant that the number of compulsory redundancies were kept to a minimum and general staff morale was better managed during a particularly challenging time of change.

2. Multiplier in Use in other Dorset & Wiltshire Local Authorities

- 2.1 Table 1 below outlines the level of the multiplier in use in other authorities within the Dorset and Wiltshire localities. The information demonstrates that authorities within the vicinity have very different and wide-ranging redundancy multipliers in place. Compared to these organisations the 1.75 multiplier already in place puts this Authority in a ‘mid-range’ position.

Organisation	Week’s pay Calculation	Multiplier
Dorset County Council	Actual pay	1.5
Bournemouth Borough Council	Actual pay	No Multiplier
Borough of Poole	Actual pay	Bespoke The maximum statutory payment based on length of service (regardless of age) is paid; which in most cases provides an enhanced rate
Borough of Swindon	Actual pay	No Multiplier

Wiltshire Council	Actual pay	2.5 for voluntary redundancy Statutory rates for compulsory redundancy
Dorset Police	Actual pay	2.25
Devon & Cornwall Police	Actual pay	2
Cornwall FRS	Actual pay	1.75
Devon & Somerset FRS	Actual pay	1
Avon FRS	Actual pay	2.5
Gloucestershire FRS	Actual pay	1.75
Hampshire FRS	Actual pay	2

Table 1: multiplier rates within neighbouring organisations

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. However, in light of current discussions regarding changes to service delivery arrangements and our commitment to managing any resulting changes through 'retirements/natural wastage' it is not considered prudent, or in the interests of good industrial relations, for Members to progress this matter at this time.

5. Consultation with UNISON

- 5.1 UNISON are aware that the two-year transitional period ends in March 2018. Whilst they recognise and understand the need for financial prudence, they wish to

maintain the current position as a means of helping avoid compulsory redundancies and maintaining staff morale.

6. Draft Public Sector Exit Payment Regulations 2016

- 6.1 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.
- 6.2 On the 26 September 2016, the Government issued its response 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. However, nothing concrete has materialised and there continues to be a level of uncertainty with regard to the introduction of the regulations and the associated timescales.

7. Summary and Key Points

- 7.1 Members agreed that the current redundancy multiplier be reviewed two years after combination. This paper recommends maintaining the current position of a 1.75 multiplier as a measure to help avoid compulsory redundancies.

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