

AGENDA ITEM NO.7

STAFF COMMITTEE

Date **30 APRIL 2012**

Title **SUMMARY OF SERVICE REVIEWS AND EFFICIENCY SAVINGS**

1. PURPOSE/SUMMARY

The purpose of this report is to inform members of the financial savings generated by the staffing reviews approved by this Committee over the past two years together with a summary of costs associated with those reviews.

2. KEY ISSUES

- The Council has been required to make significant ongoing savings over the last two years and the staffing reviews approved by this Committee have been the major contributor to these savings.
- Since February 2010, cumulative savings of £8.93 million will have been achieved from the approved reviews up to the end of 2013/14.
- Termination costs – ie. Redundancy/Compensation payments and additional Pension costs, payable to the Pension Fund, for the immediate payment of pension benefits to those officers aged over 55 – associated with these reviews have totaled £1.68 million.
- Net cumulative savings to the Council for the four year period 2010/11 – 2013/14 is £7.25 million.
- The reviews have been conducted to ensure minimum impact on key front line services and priorities.
- This is a considerable achievement and demonstrates the focus from Cabinet, Staff Committee and Officers in delivering the required savings.
- Further ongoing savings are forecast to be required over the medium term and further reviews will be submitted to this Committee as necessary in the future.

3. RECOMMENDATION

It is recommended that the contents of this report be noted.

Wards Affected	All
Forward Plan Reference No. (if applicable)	
Portfolio Holder(s)	Cllr Alan Melton, Leader and Portfolio Holder, Policy and Resources Cllr John Clark, Portfolio Holder, Quality Organisation
Report Originator	Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant Sam Anthony, Head of HR & OD
Contact Officer(s)	Paul Medd, Chief Executive Rob Bridge, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant Sam Anthony, Head of HR & OD
Background Paper(s)	Staff Committee Reports February 2010 – March 2012

1 BACKGROUND

- 1.1 Members will be aware of the considerable financial challenges the Council has faced during the last two years and will continue to face over the medium term. These challenges required the Council to make significant ongoing savings.
- 1.2 In order to achieve the level of savings required, a number of staffing reviews have been conducted over the past two years and presented to this Committee for approval.
- 1.3 All of the reviews have been conducted in accordance with the overriding principles determined by Members, namely:
- There should be minimum impact on key front line services and priorities, in terms of quality of service delivery;
 - Every effort should be made to minimise redundancies and therefore termination costs.

2 SUMMARY OF FINANCIAL EFFECTS OF SERVICE REVIEWS

- 2.1 For the period February 2010 to March 2012, this Committee has considered and approved a number of service reviews. These have resulted in cumulative savings, up to the end of 2013/14, of £8.93 million, as detailed in the table below:

Year	Savings Per Annum £	Cumulative Savings £
2010/11	319,285	319,285
2011/12	2,243,021	2,562,306
2012/13	3,176,310	5,738,616
2013/14	3,195,310	8,933,926

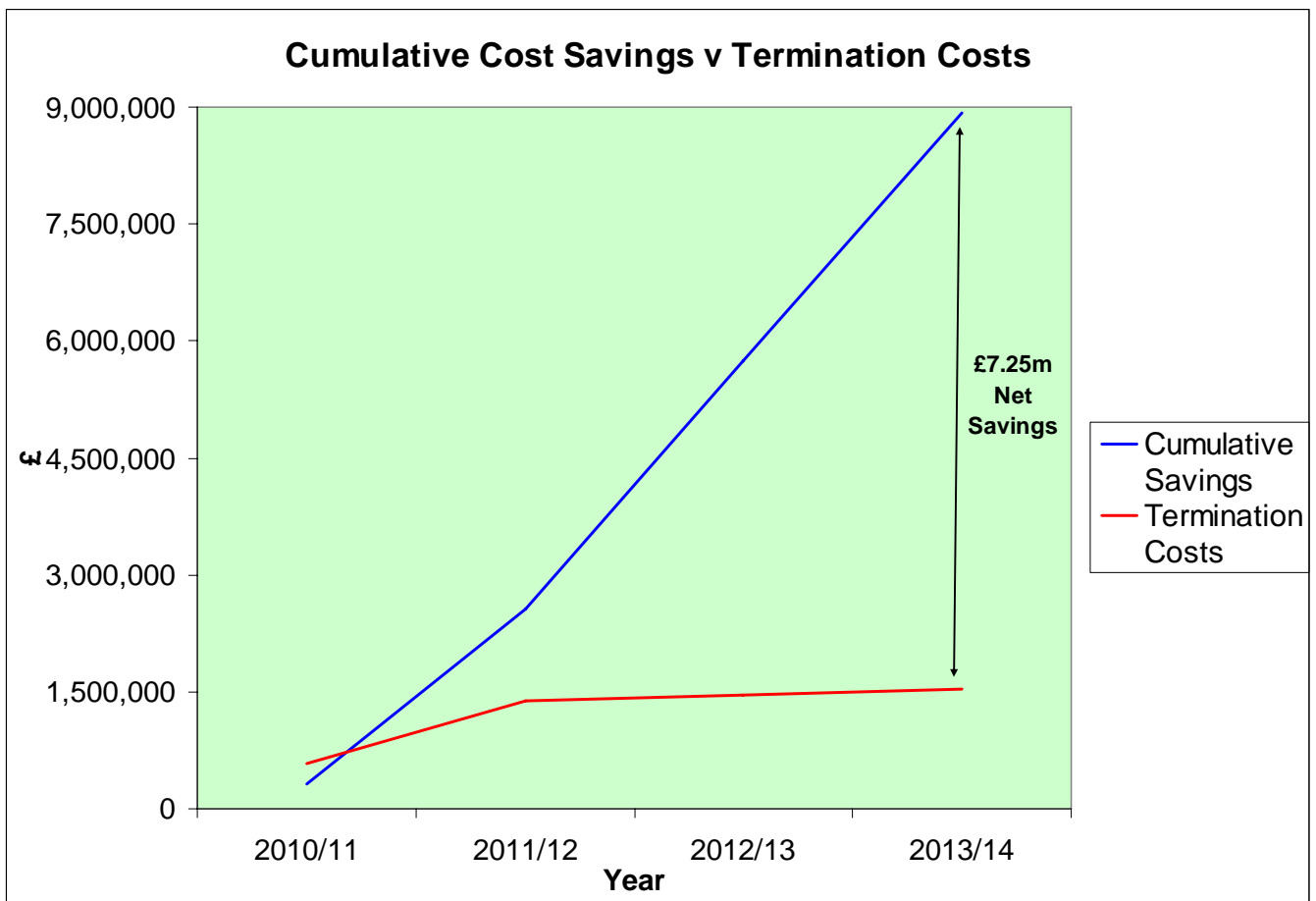
By the end of 2013/14, staffing costs will have reduced by around £3.2 million per annum as a consequence of these reviews.

- 2.2 Although every effort is made to minimise redundancies (e.g. by freezing vacancies and using secondments), unfortunately, due to the scale of savings required, a number of compulsory redundancies have occurred over the last two years. In addition, several requests for voluntary redundancy and early retirement have been approved, with each request being considered on an individual basis, with consideration given to the overall ongoing financial savings generated for the Council.
- 2.3 This has resulted in the Council incurring costs associated with the termination of an officers' employment with the Council. These termination costs consist of redundancy costs, compensation payments and additional pension costs, payable to the pension fund, for the immediate payment of pension benefits to those officers aged over 55. Termination costs will vary by individual depending on their age and length of service.
- 2.4 The actual termination costs associated with the reviews over the last two years, are £1.68 million. This compares with the potential maximum costs, as detailed within the various reports, of £3.13 million.

2.5 The impact of these reviews on staffing levels within the Council is shown in the table below:

	31 March		
	2010	2011	2012
Full-Time Equivalents (FTE's)	487	448	397
Headcount (including casuals)	694	657	571
Headcount (excluding casuals)	625	597	483

2.6 The net cumulative savings to the Council over the four year period 2010/11 to 2013/14 is £7.25 million. This is displayed in the graph below:



2.7 This is a considerable achievement and demonstrates the focus from Cabinet, Staff Committee and Officers in delivering the required savings. However, the Council continues to face financial pressures and further ongoing savings are forecast to be required over the medium term. Further reviews may be necessary in the future and these will be submitted to Committee at the appropriate time.