

BUDGET AND PERFORMANCE MONITORING SCRUTINY PANEL

25 JANUARY 2011

BRIEFING NOTE FROM THE DIRECTOR OF CORPORATE RESOURCES

MEDIUM TERM FINANCIAL STRATEGY 2012/13 – 2015/16 **CORPORATE ITEMS – STAFFING**

Purpose

1. The purpose of this report is to respond to a request received from the Leader of the Labour Group for:
 - (a) information on employees whose remuneration, taxable expenses and severance was £50,000 or more in 2009/10 and 2010/11 and
 - (b) information on the proposed 2012/13 to 2015/16 Medium Term Financial Strategy (MTFS) as it relates to the estimated cost of redundancies;

Employees earning over £50k

2. The Taxpayers' Alliance used information from the accounts of all Midlands Councils to produce a report on middle and senior management pay. This showed an increase in the number of staff earning more than £50,000.
3. The statutory accounts are required to follow the CIPFA Code of Practice for Local Authority Accounting which states that "authorities shall disclose the number of employees whose remuneration in the year was greater or equal to £50,000, grouped in rising bands of £5,000."
4. These figures for 2009/10 and 2010/11 are set out in Appendix A. The figures that are listed in our accounts include County Council staff, school staff and staff whose severance payments meant that their total package is above £50,000.
5. Of the 554 employees earning more than £50,000 in 2010/11 there are 15 relate to the inclusion of redundancy payments with the remuneration, 411 are schools staff and 128 are County Call based staff.
6. The overall increase in staff earning more than £50,000 relates entirely to staff in schools. If school staff and the impact of redundancy payments are excluded, the number of County Council staff earning more than £50,000 has gone down by 15, to 128 between 2009/10 and 2010/11 - a reduction of just over 10 per cent. Over the same period the number of school based staff earning more than £50,000 has gone up by 43 (12%) to 411.

Provision for redundancies within the MTFS

7. The number of redundancies in 2010/11 and 2011/12 is estimated to be around 500 costing £7.4m.
8. The provision for potential redundancies within the MTFS is based on the estimated number of full time equivalent posts that will be required to be reduced based on saving plans. It is estimated that 1,000 posts will be removed. It is difficult to estimate the exact cost as it depends on a number of variables including the extent to which the reductions can be managed through vacancies and the pay and years of service of the employee.
9. The earmarked reserve for Invest to Save/Severance costs is estimated to be £25m at the end of this year. However, this is subject to Cabinet consideration of the year end outturn.

Recommendation

10. Members of the Panel are asked to consider the information contained in this briefing note and any views they may wish to make.

Officer to Contact

Brian Roberts, Director of Corporate Resources

Tel: 0116 305 7830

E-mail: brian.roberts@leics.gov.uk

Chris Tambini, Head of Strategic Finance, Corporate Resources

Tel: 0116 305 6199

E-mail: chris.tambini@leics.gov.uk

Appendices

Appendix A