



People, Policy & Performance

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TO: ALL MEMBERS AND SUBSTITUTES
OF THE EMPLOYMENT PANEL

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Mr David Williams

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DW/LT

19 October 2007

Dear Sir/Madam

RE: REPORT PPP.80/07 – PENSIONS DISCRETIONS

At the meeting of the Employment Panel on 17th October, a sheet illustrating costs of enhanced redundancy payments was tabled at the meeting. Unfortunately there were some errors in this. I attach a copy of the corrected figures for your papers.

Report PPP 80/07 also contained some errors on page 4 (paragraphs 3.2 and 3.3) in the illustration of costs. They should have read

3.2 During the five years April 2002 – March 2007 we made eight people redundant and did not renew the fixed term contracts of two employees with over two years service (the point at which redundancy becomes payable). If we had applied the proposed policy to these employees the costs would have been:

- Costs under the current policy were £403,498
 - Costs if the proposed policy had been in operation would have been £264,602.

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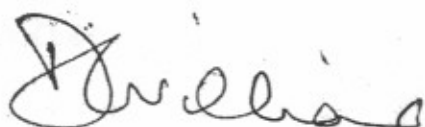


INVESTOR IN PEOPLE

3.3 A further illustration is given here as indicative costs. A manager and Supervisor, both mid fifties, over 35 years service, one with a salary in the mid £20,000 and one in the mid £30,000 range. The cost under the current policy would have been £105,144 and under the proposed policy it would have been £78,420.

I apologise for this error.

Yours faithfully



Head of Personnel and Development

ADDITIONAL INFORMATION

Paragraph 3.2 – Costs

| Illustration | Additional Cost of current policy | Additional cost if a multiplier of three times the statutory redundancy payment is used | Additional cost if a multiplier of 2.5 times the statutory redundancy payment is used | Differences |
|--|-----------------------------------|--|--|---|
| Last 5 years in Carlisle City Council – employees leaving due to redundancies and end of temporary contract | £403,498 ¹ | £317,521 | £264,602 | £85,977 saving if a multiplier of 3 is used £138,896 saving if a multiplier of 2.5 is used |
| A manager and supervisor , mid 50s, over 35 years of service, salary in range £30,000 and £20,000 respectively | £105,144 | £94,104 | £78,420 | £11,040 saving if a multiplier of 3 is used £26,724 saving if a multiplier of 2.5 is used |

¹ Assuming an average life expectancy of 82 years