

REPORT TO: POLICY AND RESOURCES COMMITTEE - 29 OCTOBER 2012

REPORT ON: VOLUNTARY EARLY RETIREMENT, PHASED RETIREMENT OR WIND DOWN SCHEME FOR TEACHING STAFF AND ASSOCIATED PROFESSIONALS

REPORT BY: DIRECTOR OF EDUCATION

REPORT NO: 401-2012

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval for a voluntary early retirement scheme for teachers and associated professionals, to take effect from the end of academic session 2012-2013.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee:-
- i. approves the voluntary early retirement scheme for teaching staff aged 55 years and over with effect from 11 August 2013, as outlined in Section 4 and the appendix to this report;
 - ii. approves the additional encouragement for teaching staff, who meet the criteria, to be considered for phased retirement or winding down; and
 - iii. in agreeing to the scheme notes that the Director of Education will maintain teacher numbers in line with pupil numbers.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The financial implications of this scheme will vary depending upon the circumstances of individual applicants and therefore it is not possible to be precise at this stage. By offering this scheme it would be hoped this will create opportunities for newly qualified staff.
- 3.2 As teachers will be required to sign a compromise agreement (COT/3) before accepting any offer, the Council will arrange for a firm of solicitors to give free independent legal advice to employees. The cost to the council for this advice will be in the region of £75 per employee.

4.0 MAIN TEXT

- 4.1 There are currently 252 teachers who will be aged 55 - 60 years, as at 11 August 2013. This proposal would allow teachers in this age group, in all sectors, to apply for consideration for voluntary early retirement. Teachers within this age band can also be considered for phased retirement and winding down employment opportunities where they meet the criteria of the scheme. The breakdown is as follows:

Age	Numbers
55	55
56	62
57	49
58	41
59	45
Total	252

- 4.2 Staff aged 55 but under 57 would be offered a service enhancement of 3 years. Staff aged 57 but under 59 would be offered up to 3 years' enhancement. Staff aged 59 and over would be offered 1 year's enhancement, provided that in all cases this would not result in an accrual of service of more than 40 years.
- 4.3 Staff aged 60 or over, are entitled to retire. However, consideration may be given to members of staff aged 60 but under 65, to grant up to a maximum of 1 year's enhancement, where a saving would result for the Department. There are 90 members of teaching staff in this category.
- 4.4 There are currently 54 members of staff who are subject to conservation or assimilation of salary ie. receiving a salary in excess of the current grade for their post. This is broken down as follows -

Lifetime conservation = 26

Assimilation = 22

Cash conservation = 6

Discussion are currently ongoing at both national and local levels to look at options for managing this situation, including offering VER schemes, allowing individuals who meet the criteria to leave to be replaced by a teacher on the appropriate point of the scale, if required.

- 4.5 There are currently 6 members of teaching staff aged 55 or over who are not in the pension scheme and therefore cannot apply for early retiral with enhancement. It is therefore proposed that applications will be sought from them and if approved they will be allowed to leave and receive a statutory redundancy payment.
- 4.6 This proposal would help the department in the following ways:
- increase the employment opportunities for probationers and those in the early years of their teaching career, and help Dundee City Council to be seen as an employer of choice
 - assist with the release of teachers who have lifetime conservation or assimilation of salary, following the adoption of 'A Teaching Profession for the 21st Century' and those on cash conserved salaries following job sizing changes.

- assist with the SNCT agreement to seek alternative options for members of staff affected by the removal of lifetime conservation with effect from 2016
- reduce the overall salary budget for the department
- assist in restructuring the workforce to cope with the demands of curricular change
- help reduce absence statistics
- actively seeking applications from members of staff who meet the SPPA criteria for phased retirement or winding down, will allow staff to make informed decisions as they end their careers without leaving employment completely
- improve the morale of the workforce
- assist the Director of Education meet the budgetary savings required in the following years; to maximise these savings, all promoted vacancies would, in the first instance, be ring-fenced to current Dundee City Council teachers

4.7 Approval of applications for early retirement, phased retirement and winding down would be subject to the voluntary early retirement scheme principles outlined in the attached Appendix 1. A summary of the qualifying principles for phased retirement and wind down is attached as Appendix 2.

4.8 Early retirals would be effective from 11 August 2013.

4.9 Phased retirements and wind down arrangements would be effective from 12 August 2013.

5.0 POLICY IMPLICATIONS

5.1 This report has been screened for any implications in respect of sustainability, strategic environment assessment, anti-poverty, equality impact assessment and risk management. An equality impact assessment has been carried out and will be placed on the Council website: www.dundee.gov.uk/equanddiv/equimpact/.

5.2 There are no major issues.

6.0 CONSULTATION

6.1 This report has been subject to consultation with the Chief Executive, Director of Corporate Services and the Head of Democratic and Legal Services. The trade unions have also been consulted.

7.0 BACKGROUND PAPERS

7.1 Equality Impact Assessment.

Michael Wood
Director of Education

MW/JR/DD

15 October 2012

Appendix 1

EDUCATION DEPARTMENT - VOLUNTARY EARLY RETIREMENT, PHASED RETIREMENT OR WIND DOWN SCHEME FOR TEACHING STAFF AND ASSOCIATED PROFESSIONALS

SCHEME PRINCIPLES

This scheme is open to all permanent teachers who meet the age of 55+ years as at 11 August 2013, and who are members of the Scottish Teachers Superannuation Scheme.

All early retirements granted will be effective from the end of session 2012-13.

Teachers will be offered reimbursement of actuarial reduction of pension (mandatory compensation) and up to three added years' service (discretionary compensation), up to a maximum of 40 years' service and a maximum of age 65 as follows:

Age at 11 August 2013	Enhancement
55 but under 57	3 years' enhancement
57 but under 59	Up to 3 years' maximum enhancement
59 and over	1 year's enhancement

Staff who are not members of the Scottish Teachers Superannuation Scheme - no enhancement is available but staff will receive a statutory redundancy payment.

In considering applications, the following principles will apply:-

- There is no entitlement to early retirement/redundancy and it may not be possible to approve all applications.
- Teacher numbers will be maintained in line with pupil numbers.
- Approval will be subject to the retention of sufficient numbers of employees with the necessary skills to maintain an effective level of service to the citizens of Dundee and all decisions will also take account of the financial implications for the Council.
- Applications for phased retirement and wind down will be subject to the exigencies of maintaining service delivery
- Individual applications will be subject to consideration by - Head of Education, Head of Support Services, Finance Manager and recommendations subject to final approval by the Director of Education. The Chief Executive, Director of Corporate Services and the Head of Democratic and Legal Services will also be consulted.
- The timeline for the scheme is attached as Appendix 3.

Approved early retirement applicants will be required to sign a compromise agreement/COT3, which safeguards both the applicant and the Council in reaching an agreed position. The Council will make provision for independent legal advice to be made available.

Appendix 2

Phased retirement (drawing part of your benefits whilst continuing in service)

After age 55 you can apply to take phased retirement without having a break in employment provided that your pensionable salary reduces by 20% or more for at least 12 months. The Scottish Public Pensions Agency (SPPA) recommend full discussion with your employer prior to commencing this arrangement. The maximum you can draw under this arrangement is 75% of your total benefits. The remaining service, which must be at least 25%, will be aggregated with any subsequent service you accrue and used in future benefit calculations. The benefits taken will be actuarially reduced if they are taken before your Normal Pension Age (NPA).

Full information regarding the Scottish Teachers Superannuation Scheme is available via the SPPA website:

http://www.sppa.gov.uk/index.php?option=com_content&view=category&layout=blog&id=54&Itemid=106

Winding Down employment

Winding Down is a phased retirement option which, if you are approaching retirement age, offers you the opportunity to continue in employment on a part-time basis whilst protecting your overall final retirement benefits entitlement.

You cannot elect to enter winding down employment earlier than four years prior to NPA. You must have a minimum of 25 years teaching service (i.e. you must have had a contract to teach for at least 25 years) of which the last 10 years must have been full-time service. A break of up to five years will count as qualifying service, but will not count in the calculation for benefits.

Winding Down incorporates the following features:

- Your part-time contract must be set at a minimum of 0.5 full time equivalent, but could be for more
- Each year you serve under the part-time contract will count as one full year for pension benefits calculation purposes
- Your pensionable salary, for benefit calculation purposes, will be the salary that you received in the 365 days prior to entering winding down employment, index linked to actual point of retirement
- Your contributions and your employers contributions will be based on actual salary and it is possible for Winding Down contracts to end after your NPA subject to a maximum length of four years.

Appendix 3

DATE	ACTION
29 October 2012	Committee Decision
1 November 2012	E-mail issued to all teaching staff aged 55 or over at 11 August 2013
24 November 2012	Closing date for teaching staff to make an application to receive an estimate for retirement, wind down or phased retirement
21 December 2012	Staff who have applied for an estimate will receive the information by this date
11 January 2013	Closing date for teaching staff to ask for application to be taken to next stage
31 January 2013	Management for confirm decisions
15 February 2013	Final date for teaching staff to accept offer
16 February 2013 onward	Final paperwork issued to those teaching staff who have accepted offer eg. compromise agreement
11 April 2013	Preferred date for pension paperwork to be in hands of Scottish Public Pensions Agency to guarantee payment in August 2013
11 May 2013	Final date for pensions paperwork to be in hands of Scottish Public Pensions Agency to guarantee payment in August 2013
11 August 2013	Retiral date
12 August 2013	Start date for phased retirement or wind down contracts