

REPORT TO: Policy and Resources Committee - 29 October 2012

REPORT ON: Dundee City Council - Voluntary Early Retirement/Voluntary Redundancy Scheme

REPORT BY: Head of Human Resources

REPORT NO: 410-2012

1 PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek approval to reintroduce the Voluntary Early Retirement/Voluntary Redundancy Scheme and invite applications from employees. It is also intended to promote the Flexible Retirement Scheme as an alternative to full early retirement. Both would assist the Council to meet the savings necessitated by budget reductions over the next two years.

2 RECOMMENDATION

- 2.1 It is recommended that approval is given to reintroduce the Voluntary Early Retirement/Voluntary Redundancy Scheme, attached as Appendix 1, and also to promote Flexible Retirement.

3 FINANCIAL IMPLICATIONS

- 3.1 It is estimated that the Council will require to achieve savings of circa £18m over the next 2 years. It is not possible to identify the level of savings which will be achieved from this scheme as it will depend on the level of take up and the individual posts involved. It is anticipated, however, that approval of the scheme will enable the Council to continue to rationalise and restructure its services in order to achieve net savings from 2013/14 onwards. It must be stressed that all decisions to approve an application for Voluntary Early Retirement/Voluntary Redundancy will be based solely on what is in the best financial interests of the Council.
- 3.2 Any "strain on the fund" and "added years" costs arising from early payment of pensions will be funded from salary savings. There may be net additional costs in 2012/13 due to up front "strain on the fund" costs which will enable gross salary savings to be achieved from 2013/14 onwards. These costs will be funded from General Fund balances. Similarly any redundancies will be met from General Fund balances.

4 MAIN TEXT

- 4.1 Reference is made to Article VIII of the minute of meeting of the Policy and Resources Committee of 26 April 2010, wherein approval was given to Report No 227-2010 "Dundee City Council - Voluntary Early Retirement/Voluntary Redundancy Scheme". The scheme was open to applications and where savings could be achieved, provided for employees meeting defined criteria to receive up to five added years pensionable service on a sliding scale linked to years of service with the Council. Applications had to be made by 31 August 2010.
- 4.2 Reference is also made to Article V of the Minute of the Meeting of the Policy and Resources Committee of 14 November 2011 wherein approval was given to AN180-2011. Approval was given to reintroduce the Voluntary Early Retirement/Voluntary Redundancy Scheme with up to 5 added years pensionable service, as detailed in report 227-2010, and the closing date for applications was 14 December 2011. AN180-2011 also took account of the abolition of the default retirement age.
- 4.3 In view of the success of the scheme in contributing towards the Council's efficiency savings, it is considered appropriate to re-open the scheme to applications from eligible employees. In light of the Council's projected financial position, the Chief Executive, Director of Corporate Services and Head of Human Resources, as part of the usual decision making process based on cost and service provision, will consider all applications, including new applications from employees who have previously been refused because their departments required their posts to be filled. The continuing need to find savings makes it likely that some of these posts will not be able to be filled. Whilst the eligibility criteria for early retirement is for employees aged 50 and above, operational and financial considerations will be the key criteria for approval/refusal of applications. Applicants in the 50-55 age group with long service are unlikely to be approved on financial grounds. However, there may be some operational exceptions to this.
- 4.4 In addition, reference is made to Article VIII of the Recess Sub-Committee of 1 August 2011, wherein approval was given to AN120-2011 "Voluntary Early Retirement/Voluntary Redundancy Scheme". In order to facilitate the implementation of the Changing For The Future projects and in other appropriate circumstances, the Chief Executive was given delegated authority to consult relevant heads of departments and apply the provisions in Report No 227-2010 as an incentive, in order to facilitate departmental reviews, restructurings, rationalisations and efficiency savings, etc. Accordingly, the Chief Executive will continue to apply the provisions where appropriate.
- 4.5 To further facilitate budget savings and in addition to reintroducing the Voluntary Early Retirement/Voluntary Redundancy Scheme, it is proposed to promote flexible retirement. Flexible retirement allows an employee, who meets the age requirement, to request to reduce the number of hours he/she works, and to authorise the release of the accrued pension benefits; or to reduce the grade of the post he/she occupies, ie to be redeployed to a lower graded post, and to authorise the release of accrued pension benefits.

Flexible retirement may suit an employee's personal circumstances and may facilitate a saving in situations where the post remains to be filled, albeit on a part time basis or at a lower grade. Requests will be considered in the usual manner and will only be granted where there is a saving or no cost to the Council and the revised income of the application (ie reduced salary added to pension payment) does not exceed current salary.

5 POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti Poverty, and Risk Management. An Equality Impact Assessment has been carried out and will be made available on the Council website <http://www.dundee.gov.uk/equanddiv/equimpact/>

There are no major issues.

6 CONSULTATIONS

- 6.1 The Chief Executive, Director of Corporate Services and Head of Democratic and Legal Services have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

- 7.1 Equality Impact Assessment.

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Head of Human Resources

19 October 2012

DUNDEE CITY COUNCIL

VOLUNTARY EARLY RETIREMENT/VOLUNTARY REDUNDANCY SCHEME

Where efficiencies can be achieved through improved methods of working or restructuring of services, eligible employees, who apply, may be allowed to leave their employment early with added years pension entitlement **or** a statutory redundancy payment.

Scheme Principles

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.
- 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.
- Approval will be required from the Head of Department, Chief Executive and Director of Corporate Services. There will be no right of appeal against their decisions.
- The closing date for applications under this scheme will be **30 November 2012**

Eligible Employees

- A Members of the Local Government Pension Scheme aged 50 and over but under 65.
- B Members of the Local Government Pension Scheme aged under 50.
- C Non members of the Local Government Pension Scheme.
- D Members of the Local Government Pension Scheme aged 65 and over.

Entitlements

- 1 Pension with added years of service - option applicable to A above.
- 2 Statutory redundancy payment and pension without added years - option applicable to D and option applicable to A above
- 3 Statutory redundancy payment - applicable to B and C above.

ENTITLEMENTS EXPLAINED:-

Entitlement 1

- Approved applicants opting for added years will be required to sign a compromise agreement/COT3 agreeing to their redundancy payment entitlement being incorporated into added years of service and will receive their pension immediately, with added years as follows:-

Number of years pensionable service	Number of added years
Less than 10	1
10 but less than 15	2
15 but less than 20	3
20 but less than 30	4
30+	5

Added years are subject to maximum service not exceeding 40 years or the total service that could be attained by age 65. The Council will arrange and pay for the provision of independent legal advice to employees on their rights and options.

Entitlement 2

- Approved applicants opting for a statutory redundancy payment without added years (eg if they already have 40 years' service) will be entitled to a statutory redundancy payment of up to 30 weeks' pay (limited to statutory maximum £430 per week), depending on age and length of service, as detailed in the Ready Reckoner for Statutory Redundancy Payments. (See Appendix 1.)
- In addition, they will receive their pension entitlement immediately with no added years.

Entitlement 3

- Approved applicants will be entitled to a statutory redundancy payment of up to 30 weeks' pay (limited to statutory maximum £430 per week), depending on age and length of service, as detailed in the Ready Reckoner for Statutory Redundancy Payments. (See Appendix 1.)

NB *Depending on departmental circumstances, approved applicants may be offered an early termination date, or be required to continue working pending the introduction of alternative arrangements and/or restructuring. However, it is anticipated that the majority would be released by the end of financial year 2012/13.*

REDUNDANCY READY RECKONER FOR CALCULATING THE NUMBER OF WEEK'S PAY DUE

Read off your age and number of complete years' service. The table will then show how many weeks' pay you are entitled to.

	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
17	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	1	1½	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	1	1½	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	1	1½	2	2½	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	1	1½	2	2½	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	1	1½	2	2½	3	3½	-	-	-	-	-	-	-	-	-	-	-	-	-
23	1½	2	2½	3	3½	4	4½	-	-	-	-	-	-	-	-	-	-	-	-
24	2	2½	3	3½	4	4½	5	5½	-	-	-	-	-	-	-	-	-	-	-
25	2	3	3½	4	4½	5	5½	6	6½	-	-	-	-	-	-	-	-	-	-
26	2	3	4	4½	5	5½	6	6½	7	7½	-	-	-	-	-	-	-	-	-
27	2	3	4	5	5½	6	6½	7	7½	8	8½	-	-	-	-	-	-	-	-
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½	-	-	-	-	-	-	-
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½	-	-	-	-	-	-
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½	-	-	-	-	-
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½	-	-	-	-
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½	-	-	-
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½	-	-
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½	-
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
60+	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30