

REPORT TO: POLICY AND RESOURCES COMMITTEE - 14 NOVEMBER 2011

REPORT ON: VOLUNTARY EARLY RETIREMENT SCHEME FOR TEACHING STAFF AND ASSOCIATED PROFESSIONALS

REPORT BY: DIRECTOR OF EDUCATION

REPORT NO: 507-2011

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide feedback on the report agreed by the Policy and Resources Committee held on 10 February 2011 regarding the voluntary early retirement scheme for teachers, and to suggest further proposals to take effect at the end of academic session 2011-2012.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee:-
- i. continues the voluntary early retirement scheme for teaching staff aged 55 years and over with effect from 12 August 2012, as outlined in Section 4 and the appendix to this report; and
 - ii. instructs the Director of Education to monitor the effect of this scheme on service delivery and report to Education Committee the actual impact, and, if appropriate, bring back further proposals for subsequent years.
 - iii. note the costs and savings arising from the Voluntary Early Retirement scheme for financial years 2010-11 and 2011-12.

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 and the potential removal of excess staff within some of our schools.
- 3.2 There will be additional costs associated with the early retirements in terms of payments needed to be made to SPPA. As a guide to the estimated cost, the average cost of releasing a teacher under the 2010-11 scheme was £4,800 in year one with ongoing annual costs of £1,300. The average net salary savings, after taking account of the replacement teacher costs amounted to £12,500 per post. This means on average each post subject to Voluntary Early Retirement scheme has achieved a saving of £11,200. It should be noted that this saving reduces each year as replacement teachers progress through the salary scale.

- 3.3 The estimated cost of releasing a teacher under the 2011-12 scheme was £7,000 in year one with ongoing annual costs of £2,000. The average net salary savings, after taking account of estimated replacement teacher costs amounts to £9,700 per post. This means on average each post subject to Voluntary Early retirement scheme has achieved a saving of £7,700. It should be noted that this saving reduces each year as replacement teachers progress through the salary scale.
- 3.4 Appendix 2 provides a summary of the costs and savings arising from both the previous schemes that have run during 2010-11 and 2011-12.
- 3.5 The financial implications for the 2012-13 scheme maybe higher due to the additional enhancements being offered.
- 3.6 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 Dundee City Education Department teacher to pupil ratio remains one of the more generous allocations compared to other Local Authorities. There are still however situations within some of our schools where we have excess teachers.
- 4.2 Arising from the report agreed at the Policy and Resources Committee on 10 February 2011, 116 teachers expressed an interest in voluntary early retirement, 64 received an offer and 49 accepted and left employment in August 2011.
- 4.3 There are currently 263 teachers who will be aged 55 - 60 years, as at 12 August 2012. This proposal would allow teachers in this age group, in all sectors, to apply for consideration for voluntary early retirement. The breakdown is as follows:

Age	Numbers
55	64
56	53
57	50
58	48
59	48
Total	263

- 4.4 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.
- 4.5 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.
- 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
 - reduce excess staffing numbers in schools, especially in the secondary sector
 - assist with the release of teachers who have lifetime conservation or 3-year cash conservation of salary, following the adoption of 'A Teaching Profession for the 21st Century'
 - 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
 - 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 Appendix 2 provides a summary of the costs and savings arising from both the previous schemes that have run during 2010-11 and 2011-12
- 4.8 Approval of applications for early retirement would be subject to the voluntary early retirement scheme principles outlined in the attached Appendix 1.
- 4.9 Early retirals would be effective from 12 August 2012.

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, Depute Chief Executive (Support Services) and Director of Finance. The trade unions have also been consulted.

7.0 BACKGROUND PAPERS

- 7.1 Equality Impact Assessment.

Michael Wood
Director of Education

MW/JR/DD

3 November 2011

Appendix 1

EDUCATION DEPARTMENT - VOLUNTARY EARLY RETIREMENT 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 12 August 2012, and who are members of the Scottish Teachers Superannuation Scheme.

All early retirements granted will be effective from the end of session 2011-12.

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 12 August 2012	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

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 and all decisions will also take account of the financial implications for the Council.
- Individual applications will be subject to consideration by - Head of Education, Human Resources Manager, Finance Manager and recommendations subject to final approval by the Director of Education. The Chief Executive, Depute Chief Executive and Director of Finance will also be consulted.
- The closing date for applications under the scheme will be 20 December 2011.

Approved 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

SUMMARY OF EARLY RETIREMENT FINANCIAL COSTS AND SAVINGS

	Number	Salary saving £'000	Less lump sum costs £'000	Less on-going pension costs £'000	Less Replacement salary costs £'000	Net savings £'000
2010-11 Early Retirement scheme						
Financial Year 2010-11- retirements August 2010 - part year	90	2,656	360	75	1,891	330
Full year 2011-12 onwards		4,250		120	3,125	1,005
2011-12 Early Retirement scheme						
Financial year 2011-12 - retirements August 2011 - part year	49	1,878	285	59	1,581	(47)
Full year 2012-13 onwards		3,004		95	2,529	380