

**REPORT TO:** Policy and Resources Committee - 26 November 2012

**REPORT ON:** Voluntary Early Retirement/Voluntary Redundancy Scheme

**REPORT BY:** Director of Corporate Services

**REPORT NO:** 441-2012

## **1 PURPOSE OF REPORT**

- 1.1 To advise the Committee of the uptake by employees of the reintroduction of the Council's Voluntary Early Retirement/Voluntary Retirement Scheme in November 2011, and other targeted applications..

## **2 RECOMMENDATION**

- 2.1 It is recommended that the Committee notes the information contained within the report regarding the uptake of the scheme.

## **3 FINANCIAL IMPLICATIONS**

- 3.1 The total net salary savings, relating to posts approved to date under the reintroduced scheme, are estimated to be £1.569m in 2013/14 and beyond. In terms of the Council's revenue budget, the full financial impact of the reintroduced scheme does not accrue until 2013/14 due to initial "one-off" severance costs and part-year effects. The costs and savings by department are detailed in Appendix 2.

## **4 MAIN TEXT**

- 4.1 Approval was given to reintroduce the Voluntary Early Retirement/Voluntary Redundancy Scheme (AN180-2011) at a meeting of the Policy and Resources Committee on 14 November 2011 and the closing date for applications was 14 December 2011.
- 4.2 In addition, the Recess Sub Committee, on 1 August 2011, approved 120-2011 which, in order to facilitate the implementation of the Changing for the Future Projects in other appropriate circumstances, the Chief Executive was given delegated authority to consult relevant heads of departments and apply the provisions in Report No 227-1010 as an incentive, order to facilitate departmental reviews, restructurings, rationalisations and efficiency savings, etc.
- 4.3 Applications were made following the same process as when the Scheme was introduced and, as before, these were considered by the employee's Head of Department in the first instance and thereafter given final consideration by the Chief Executive, Director of Corporate Services and the Head of Human Resources. The final decision was to take account of cost and impact on service provision.
- 4.4 A number of applications were deferred where a review was pending.
- 4.5 The trade unions have been kept informed of the number of approved applications by regular updates from the Head of Human Resources.

4.6 The table below shows the breakdown of the applications received:-

Applications progressed and considered by the Chief Executive, Director of Finance, Head of Personnel	243
Approvals*	67
Refusals	138
Deferrals	35
Declined Offer	1
No further action - employee resigned	2

\* includes 5 approvals of applications deferred from first Scheme.

## 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 CONSULTATION

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

## 7 BACKGROUND PAPERS

7.1 Equality Impact Assessment.

Marjory M Stewart  
Director of Corporate Services

5 November 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 and all decisions will also take account of the financial implications for the Council.
- Approval will be required from the Head of Department, Chief Executive and Director of Finance. There will be no right of appeal against their decisions.
- The closing date for applications under this scheme will be 14 December 2011.

**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:-

<b>Number of years pensionable service</b>	<b>Number of added years</b>
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 £400 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 £400 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 2011/12.***

### **ADDITIONAL INFORMATION**

Applications for the above scheme will not be accepted after 14 December 2011 and, thereafter, should the Council consider further applications for early retirement/redundancy, the number of added years offered would be reduced as below. These enhancements will also be applied to all early retirements in the interests of the efficiency of the service and voluntary redundancies in future.

<b>Number of years pensionable service</b>	<b>Number of added years</b>
Less than 15	1
15 but less than 30	2
30+	3

## REDUNDANCY READY RECKONER FOR CALCULATING THE NUMBER OF WEEKS' 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.

Service (years)	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
<b>Age (years)</b>																			
20	1	1	1	1	-														
21	1	1½	1½	1½	1½	-													
22	1	1½	2	2	2	2	-												
23	1½	2	2½	3	3	3	3	-											
24	2	2½	3	3½	4	4	4	4	-										
25	2	3	3½	4	4½	5	5	5	5	-									
26	2	3	4	4½	5	5½	6	6	6	6	-								
27	2	3	4	5	5½	6	6½	7	7	7	7	-							
28	2	3	4	5	6	6½	7	7½	8	8	8	8	-						
29	2	3	4	5	6	7	7½	8	8½	9	9	9	9	-					
30	2	3	4	5	6	7	8	8½	9	9½	10	10	10	10	-				
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11	11	11	-			
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12	12	12	-		
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13	13	13	-	
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14	14	14	-
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15	15	15
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16	16
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17
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
61	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
62	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
63	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
64	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

**Dundee City Council**  
**Voluntary Early Retirement / Voluntary Redundancy Scheme**  
**Summary of Financial Implications**

<b><u>2011/12</u></b>	<u>Strain on</u> <u>Fund</u> <u>£</u>	<u>Added</u> <u>Years</u> <u>£</u>	<u>Statutory</u> <u>Redundancy</u> <u>£</u>	<u>Sub-Total</u> <u>£</u>	<u>Salary</u> <u>Savings</u> <u>£</u>	<u>Net (Cost)/</u> <u>Savings</u> <u>£</u>
Education	0	0	0	0	0	0
Social Work	(38,852)	(12,873)	0	(51,725)	0	(51,725)
City Development	0	0	0	0	0	0
Environment	(371,976)	(36,369)	(79,273)	(487,618)	0	(487,618)
Chief Executive	(4,317)	0	(4,737)	(9,054)	0	(9,054)
Corporate Services	(14,464)	0	(9,347)	(23,811)	6,255	(17,556)
Housing	0	0	(18,285)	(18,285)	7,908	(10,377)
<b>Total</b>	<b>(429,608)</b>	<b>(49,242)</b>	<b>(111,642)</b>	<b>(590,492)</b>	<b>14,163</b>	<b>(576,330)</b>
<b><u>2012/13</u></b>	<u>Strain on</u> <u>Fund</u> <u>£</u>	<u>Added</u> <u>Years</u> <u>£</u>	<u>Statutory</u> <u>Redundancy</u> <u>£</u>	<u>Sub-Total</u> <u>£</u>	<u>Salary</u> <u>Savings</u> <u>£</u>	<u>Net (Cost)/</u> <u>Savings</u> <u>£</u>
Education	(89,775)	(7,882)	(33,033)	(130,689)	116,882	(13,807)
Social Work	(162,023)	(36,783)	(27,110)	(225,916)	276,194	50,278
City Development	(109,781)	(16,258)	(21,675)	(147,714)	125,411	(22,303)
Environment	(40,709)	(22,731)	0	(63,440)	545,324	481,884
Chief Executive	(16,682)	0	(3,602)	(20,284)	16,886	(3,398)
Corporate Services	(265,605)	(39,576)	(12,900)	(318,081)	201,198	(116,882)
Housing	(90,162)	(5,099)	(40,692)	(135,953)	89,118	(46,835)
<b>Total</b>	<b>(774,736)</b>	<b>(128,328)</b>	<b>(139,012)</b>	<b>(1,042,077)</b>	<b>1,371,013</b>	<b>328,936</b>
<b><u>2013/14 onwards</u></b>	<u>Strain on</u> <u>Fund</u> <u>£</u>	<u>Added</u> <u>Years</u> <u>£</u>	<u>Statutory</u> <u>Redundancy</u> <u>£</u>	<u>Sub-Total</u> <u>£</u>	<u>Salary</u> <u>Savings</u> <u>£</u>	<u>Net (Cost)/</u> <u>Savings</u> <u>£</u>
Education	0	(2,106)	0	(2,106)	149,454	147,348
Social Work	0	(15,733)	0	(15,733)	372,338	356,605
City Development	0	(4,190)	0	(4,190)	148,571	144,381
Environment	0	(14,865)	0	(14,865)	611,278	596,414
Chief Executive	0	0	0	0	19,059	19,059
Corporate Services	0	(6,149)	0	(6,149)	209,286	203,137
Housing	0	(1,330)	0	(1,330)	103,120	101,790
<b>Total</b>	<b>0</b>	<b>(44,374)</b>	<b>0</b>	<b>(44,374)</b>	<b>1,613,106</b>	<b>1,568,732</b>