

REPORT TO: Policy & Resources Committee - 13 June 2011

REPORT ON: Voluntary Early Retirement/Voluntary Redundancy Scheme

REPORT BY: Director of Finance and Head of Personnel

REPORT NO.: 224-2011

1 PURPOSE OF REPORT

- 1.1 To advise the Policy & Resources Committee of the uptake by employees of the Council's Voluntary Early Retirement/Voluntary Retirement Scheme.

2 RECOMMENDATION

- 2.1 It is recommended that the Policy & Resources 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 are estimated to be £6.633m in 2012/13 and beyond. In terms of the Council's revenue budget, the full financial impact of the schemes does not accrue until 2012/13 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 At its meeting on 26 April 2010 the Policy and Resources Committee approved Report No 227-2010 'Voluntary Early Retirement/Voluntary Redundancy Scheme' by the Head of Personnel. The scheme (attached as Appendix 1) stated that where efficiencies could be achieved through improved methods of working or restructuring of services, eligible employees, who applied, could be allowed to leave their employment early with added years pension entitlement or a statutory redundancy payment.
- 4.2 Following its approval employees were informed of the scheme and eligible employees invited to apply for initial estimates. Upon receipt of the estimate employees had the option to progress their applications for consideration by their Heads of Department and thereafter final consideration by the Chief Executive, Director of Finance and Head of Personnel. The final decision was to take account of cost and impact on service provision.
- 4.3 Applications required to be submitted by 31 July 2010. However, the closing date was extended by a further month to take account of the peak annual leave period.
- 4.4 A number of applications were categorised as "long term deferrals" where it was not possible to approve the application as the post required to remain filled, but there was a possibility that the application might be reconsidered at a later date should the post be a suitable redeployment opportunity for an employee requiring redeployment as a

result of organisational change. Long term deferrals also include applications from employees whose service area is under review or is expected to be reviewed in the near future.

- 4.5 The trade unions have been kept informed of the number of applicants and applications approved by regular updates from the Head of Personnel. Establishment changes, where necessary, have been progressed subject to the usual consultation arrangements.

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

Initial Estimates requested (Form 1 VER/Form 1VR)	989
Applications progressed and considered by the Chief Executive, Director of Finance, Head of Personnel	517
Approvals	256
Refusals	122
Long Term deferrals	106
Deferrals	15
Declined Offer	16
No further action - employee resigned	<u>2</u>
	<u>517</u>

- 4.6 Appendix 2 summarises the financial implications of the Voluntary Early Retirement/Voluntary Redundancy Scheme by department.

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.dundecity.gov.uk/equanddiv/equimpact/>

There are no major issues.

6 CONSULTATION

- 6.1 The Chief Executive and Depute Chief Executive (Support Services) have been consulted in the preparation of this report.

7 BACKGROUND PAPERS

- 7.1 Equality Impact Assessment.

Marjory M Stewart
Director of Finance

26 May 2011

I M M Martin
Head of Personnel

26 May 2011

Appendix 1**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.
- The closing date for applications under this scheme will be 31 July 2010.

Eligible Employees

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

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 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 £380 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 £380 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 2010/11.*

ADDITIONAL INFORMATION

Applications for the above scheme will not be accepted after 31 July 2010 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.

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

Appendix 1 (Contd)**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
Age (years)																			
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

2010/11	<u>Strain on Fund</u> £	<u>Added Years</u> £	<u>Statutory Redundancy</u> £	<u>Sub-Total</u> £	<u>Salary Savings</u> £	<u>Net (Cost)/ Savings</u> £
Education	(361,278)	(53,783)	(126,444)	(541,505)	178,660	(362,845)
Social Work	(500,909)	(77,249)	(104,342)	(682,500)	31,822	(650,678)
City Development	(243,770)	(79,549)	(55,281)	(378,600)	307,791	(70,809)
Leisure & Communities	(579,608)	(101,204)	(147,599)	(828,411)	263,740	(564,671)
Waste Management	(173,438)	(19,590)	(71,857)	(264,885)	74,986	(189,899)
Env Health & Trading Stds	(157,841)	(18,684)	0	(176,525)	70,181	(106,344)
Chief Executive	(104,942)	(17,104)	0	(122,046)	53,109	(68,937)
Public Relations	(28,002)	(12,952)	0	(40,954)	22,471	(18,483)
Personnel	(54,676)	(7,182)	0	(61,858)	3,473	(58,385)
Information Technology	(216,576)	(24,852)	(9,790)	(251,218)	124,134	(127,084)
Support Services	(142,871)	(15,334)	(17,357)	(175,562)	71,961	(103,601)
Architectural Services	(127,552)	(55,352)	(32,680)	(215,584)	203,336	(12,248)
Finance General	(23,958)	(5,111)	(31,793)	(60,862)	50,428	(10,434)
Finance Revenues	(324,933)	(19,534)	(99,168)	(443,635)	86,574	(357,061)
Dundee Contract Services	(269,727)	(71,180)	(45,522)	(386,429)	248,112	(138,317)
Housing	(19,056)	(19,819)	(36,367)	(75,242)	89,120	13,878
Total	(3,329,137)	(598,479)	(778,200)	(4,705,816)	1,879,898	(2,825,918)

2011/12	<u>Strain on Fund</u> £	<u>Added Years</u> £	<u>Statutory Redundancy</u> £	<u>Sub-Total</u> £	<u>Salary Savings</u> £	<u>Net (Cost)/ Savings</u> £
Education	(3,738)	(16,706)	(4,855)	(25,299)	911,957	886,658
Social Work	(61,228)	(26,716)	(53,100)	(141,044)	251,443	110,399
City Development	(166)	(22,821)	(12,931)	(35,918)	413,090	377,172
Leisure & Communities	(64,158)	(36,208)	(10,830)	(111,196)	1,256,640	1,145,444
Waste Management	0	(8,816)	0	(8,816)	447,446	438,630
Env Health & Trading Stds	0	(3,818)	(11,400)	(15,218)	192,241	177,023
Chief Executive	(1,622)	(23,608)	0	(25,230)	211,051	185,821
Public Relations	0	(4,005)	0	(4,005)	107,266	103,261
Personnel	(109,185)	(10,740)	0	(119,925)	89,771	(30,154)
Information Technology	(38,350)	(14,749)	(11,400)	(64,499)	303,186	238,687
Support Services	0	(4,129)	0	(4,129)	106,711	102,582
Architectural Services	(140,144)	(54,445)	0	(194,589)	725,741	531,152
Finance General	(30,639)	(7,060)	0	(37,699)	124,337	86,638
Finance Revenues	0	(6,427)	(11,400)	(17,827)	377,501	359,674
Dundee Contract Services	0	(20,557)	0	(20,557)	593,406	572,849
Housing	(12,407)	(15,021)	0	(27,428)	254,617	227,189
Total	(461,637)	(275,826)	(115,916)	(853,379)	6,366,404	5,513,025

2012/13 onwards	<u>Strain on Fund</u> £	<u>Added Years</u> £	<u>Statutory Redundancy</u> £	<u>Sub-Total</u> £	<u>Salary Savings</u> £	<u>Net (Cost)/ Savings</u> £
Education	0	(16,470)	0	(16,470)	922,997	906,527
Social Work	0	(24,919)	0	(24,919)	357,409	332,490
City Development	0	(22,821)	0	(22,821)	435,671	412,850
Leisure & Communities	0	(33,377)	0	(33,377)	1,305,010	1,271,633
Waste Management	0	(6,157)	0	(6,157)	471,867	465,710
Env Health & Trading Stds	0	(3,818)	0	(3,818)	209,723	205,905
Chief Executive	0	(8,918)	0	(8,918)	238,638	229,720
Public Relations	0	(4,005)	0	(4,005)	107,266	103,261
Personnel	0	(4,544)	0	(4,544)	99,181	94,637
Information Technology	0	(8,974)	0	(8,974)	315,944	306,970
Support Services	0	(4,129)	0	(4,129)	106,711	102,582
Architectural Services	0	(27,119)	0	(27,119)	882,311	855,192
Finance General	0	(3,141)	0	(3,141)	145,659	142,518
Finance Revenues	0	(6,427)	0	(6,427)	385,274	378,847
Dundee Contract Services	0	(20,557)	0	(20,557)	593,406	572,849
Housing	0	(8,140)	0	(8,140)	259,490	251,350
Total	0	(203,516)	0	(203,516)	6,836,557	6,633,041