

REPORT TO: Policy and Resources Committee – 19 August 2013

REPORT ON: Voluntary Early Retirement/Voluntary Redundancy Scheme

REPORT BY: Director of Corporate Services

REPORT NO: 342/2013

1. PURPOSE OF REPORT

To seek approval to reintroduce a Voluntary Early Retirement/Voluntary Redundancy Scheme (VER/VR) for financial year 2013/14. The scheme will continue to be employee led but the focus will change from an individual application based approach to a Director/Head of Department planned approach, with employees who meet the criteria for the scheme having greater certainty that if they choose to accept an offer, it will be approved.

2 RECOMMENDATION

2.1 The Committee is asked to approve the revised approach to VER/VR, attached as Appendix 1. The new approach will continue to promote the options of Flexible Retirement and also other Flexible Working options for staff.

2.2 Approval is also sought to grant the Chief Executive delegated powers to grant approval for applications made outwith this date, as part of Changing for the Future and departmental reviews.

3 FINANCIAL IMPLICATIONS

3.1 It is not possible to identify the level of savings which will be achieved as this will be dependent on uptake. All decisions to offer and approve applications for Voluntary Early Retirement/Voluntary Redundancy will be made 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 2013/14 to fund these upfront costs to enable gross salary savings from 2014/15 onwards. These additional costs and any redundancy costs will be funded from General Fund balances.

4 MAIN TEXT

4.1 Over the last 3 financial years, the Council VER/VR Scheme has been offered to members of staff meeting specific criteria with respect to age, service and cost basis. The breakdown of applications received and the actual numbers allowed to leave is as follows:-

Year	Applications - Received	Approved	Deferred	Refused
2010/11	524	295		194
2011/12	246	80	23	138
2012/13	173	39	26	105

4.2 The scheme has been successful in terms of ongoing financial savings to the Council of £9.339m per annum but the feedback from some staff and trade unions is that expectations are often raised when the scheme is launched, but over the years, less staff have been allowed to leave. This is borne out by the figures shown above.

4.3 The administrative workload for departmental staff to calculate and process all the documentation for the individual applications is considerable, particularly when it is obvious early on that a particular applicant is unlikely to meet the criteria set down or it is known that an applicant is only asking out of curiosity.

5.0 Proposal

5.1 With the creation of the Corporate Business Support Section (CBSS), the task of administering any new VER/VR scheme will be undertaken by staffs that have transferred to this new section, working together with the Pensions team. Following an initial discussion with Human Resources and CBSS colleagues about handing over the administration of this task, it was acknowledged that any new scheme could be administered and targeted in a different way, in that Directors would be provided with a list of individuals who would meet the cost criteria for their consideration as to whether services could be redesigned. An informed discussion with individual employees who meet the criteria will then take place, with an offer made for the employee to consider. The employee will have 4 weeks to make a decision.

5.2 The benefits of this type of approach are –

- All the preparatory work would be done in advance by selecting all members of staff who meet the age criteria and by running a report, would show the 'strain on the fund' costs
- The report would be further refined to only show individuals who would meet the criteria to be offered the opportunity to leave
- The report would then be shared with Directors/Heads of Service, who would be asked to identify those individuals that could be allowed to leave in a planned and managed way, with in some cases, longer lead in dates allowing for some succession planning
- The potential savings would be easier to identify for budgetary purposes
- The streamlining of administration time etc. for CBSS and Pensions would be beneficial
- Individuals would not have their hopes raised
- Individuals would not be making speculative requests

5.3 Communication with trade unions and staff detailing the revised approach has been and will continue to be undertaken with clear assurances that while the revised approach is a department led targeted one, the scheme itself remains voluntary, with the final decision as to whether to accept, remaining with the employee.

5.4 It is proposed to launch the new scheme in August 2013 with a closing date for applications of 30 October 2013.

5.5 It is also proposed to remind members of staff about the other options available to them allowing individuals to continue to work but reduce their hours of work. There are 2 options – formal Flexible Retirement and applying for Flexible Working. Heads of Department are asked to look favourably on these applications and redesign workloads accordingly.

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 is attached to this report.

6 **CONSULTATION**

- 6.1 The Chief Executive, Head of Democratic and Legal Services, Head of Human Resources and the Trade Unions have been consulted on the terms of this report.

7 **BACKGROUND PAPERS**

- 7.1 None

Marjory M Stewart
Director of Corporate Services

8 August 2013

Appendix 1

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VOLUNTARY EARLY RETIREMENT/VOLUNTARY REDUNDANCY SCHEME

Using a targeted approach, where efficiencies can be achieved through improved methods of working or restructuring of services, eligible employees, who accept an offer from their Director/Head of Service, will 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.
- 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.
- Approved applicants will be required to sign a settlement 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.
- Approval will be required from the Head of Department, Chief Executive, Director of Corporate Services and Head of Human Resources.. There will be no right of appeal against their decisions.
- The closing date for applications under this scheme will be 30 October 2013. Employees will be given 4 weeks to consider the offer.
- The Chief Executive will have delegated powers to grant approval for applications made outwith this date, as part of Changing for the Future and departmental reviews.

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 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 2013/14

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

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Equality Impact Assessment Tool

Part 1 Description / Consultation

Is this a Rapid Equality Impact Assessment (RIAT) ?	YES NO Please circle
Is this a Full Equality Impact Assessment (EQIA)?	YES NO Please circle
Date of assessment 1 August 2013	Title of document being assessed Report No xx/2013 Voluntary Early Retirement/Voluntary Redundancy Scheme
Committee report number	
1) This is a new policy, procedure, strategy or practice being assessed (If yes please tick box) <input type="checkbox"/>	This is an existing policy, procedure, strategy or practice being assessed? (If yes please tick box) <input checked="" type="checkbox"/>
2) Please give a brief description of the policy, procedure, strategy or practice being assessed.	Voluntary Early Retirement/Voluntary Redundancy Scheme (VER/VR Scheme)
3) What is the intended outcome of this policy, procedure, strategy or practice?	Revised VER/VR Scheme. Age is a determining factor in qualifying for pension entitlements.
4) Please list any existing documents which have been used to inform this Equality and Diversity Impact Assessment.	Report 227-2010 DCC - VER/VR Scheme AN180-2011 VER/VR Scheme Report 224-2011 VER/VR Scheme Report 441-2012 VER/VR Scheme
5) Has any consultation, involvement or research with protected characteristic communities informed this assessment? If yes please give details.	No
6) Please give details of council officer involvement in this assessment. (E.g. names of officers consulted, dates of meetings etc)	Janet Robertson - August 2013 Marjory Stewart - August 2013 David Dorward - August 2013 Roger Mennie - August 2013
7) Is there a need to collect further evidence or to involve or consult protected characteristics communities on the impact of the proposed policy? (Example: if the impact on a community is not known what will you do to gather the information needed and when will you do this?)	No

Part 2 Protected Characteristics

Which protected characteristics communities will be positively or negatively affected by this policy, procedure or strategy?

NB Please place an X in the box which best describes the "overall" impact. It is possible for an assessment to identify that a positive policy can have some negative impacts and visa versa. When this is the case please identify both positive and negative impacts in Part 3 of this form.

If the impact on a protected characteristic communities are not known please state how you will gather evidence of any potential negative impacts in box Part 1 section 7 above.

	Positively	Negatively	No Impact	Not Known
Ethnic Minority Communities including Gypsies and Travellers	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
People with a disability	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
Age	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
Lesbian, Gay and Bisexual	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
Socio-economic	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
Pregnancy & Maternity	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>
Other (please state)	<input type="checkbox"/>	<input type="checkbox"/>	✓ <input type="checkbox"/>	<input type="checkbox"/>

Part 3 Impacts / Monitoring

<p>1) Have any positive impacts been identified? (We must ensure at this stage that we are not achieving equality for one strand of equality at the expense of another)</p>	<p>If yes please give further details N/A</p>
<p>2) Have any negative impacts been identified? (Based on direct knowledge, published research, community involvement, customer feedback etc. If unsure seek advice from your departmental Equality Champion.)</p>	<p>If yes please give further details N/A</p>
<p>3) What action is proposed to overcome any negative impacts? E.g. involving community groups in the development or delivery of the policy or practice, providing information in community languages etc. see Good Practice on DCC equalities web page</p>	<p>Please give further details N/A</p>
<p>4) Is there a justification for continuing with this policy even if it cannot be amended or changed to end or reduce inequality without compromising its intended outcome? (If the policy that shows actual or potential unlawful discrimination you must stop and seek legal advice)</p>	<p>If yes please give further details N/A</p>
<p>5) Has a 'Full' Equality Impact Assessment been recommended? (If the policy is a major one or is likely to have a major impact on protected characteristics communities a Full Equality Impact Assessment may be required) Seek advice from your departmental Equality lead.</p>	<p>If yes please give further details No</p>
<p>6) How will the policy be monitored? (How will you know it is doing what it is intended to do? e.g. data collection, customer survey etc.</p>	<p>Please give details Data collection Further reports if required</p>

Part 4 Contact information

Name of Department or Partnership: Corporate Services

Type of Document

Human Resource Policy	<input type="checkbox"/>
General Policy	<input checked="" type="checkbox"/>
Strategy/Service	<input type="checkbox"/>
Change Papers/Local Procedure	<input type="checkbox"/>
Guidelines and Protocols	<input type="checkbox"/>
Other	<input type="checkbox"/>

Contact Information

Manager Responsible		Author Responsible	
Name	Marjory Stewart	Name	Janet Robertson
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Signature of author of the policy: J Robertson

Date: 8 August 2013

Signature of Director: M Stewart

Date: 8 August 2013

Name of Director: Marjory Stewart

Date of next policy review: August 2013