
EARLY RETIREMENT/VOLUNTARY SEVERANCE

Report by Chief Executive

SCOTTISH BORDERS COUNCIL

10 November 2016

1 PURPOSE AND SUMMARY

- 1.1 This report seeks approval for 2 applications for staff who have requested to leave the Council through the early retirement/voluntary severance programme. These volunteers have the support of the Chief Executive, Depute Chief Executives and Service Directors.**
- 1.2 Council agreed a revised policy for both compulsory redundancy and early retirement/voluntary severance schemes in August 2010. The scheme was open to all staff, except teachers. It was extended to teachers for the period between January and March 2015. As part of the Council's Financial and People plans the early retirement/voluntary severance scheme is being operated with a focused approach to seeking applications from staff in areas where specific budget reductions have been identified.
- 1.3 In November 2016, 2 applications have been received which are supported by the relevant Depute Chief Executive or Service Director. Should both applications be agreed, total one-off costs of £ 72,151 will be incurred and total direct recurring employee cost savings of £ 56,231 will be delivered each full year, providing an average payback period of 1.3 years which is an attractive proposition for the Council.

2 RECOMMENDATIONS

- 2.1 I recommend that the Council approves both applications as detailed in table 1 within the report, with the associated costs being met from the early retirement/voluntary severance budget for 2016/17 of £72,151.**

3 EARLY RETIREMENTS AND VOLUNTEERS FOR SEVERANCE

3.1 At its meeting of 19 August 2010, Scottish Borders Council agreed a revised policy for both compulsory redundancy and early retirement/voluntary severance schemes, including the creation of a budget provision to fund such applications in future years. Following this, the Executive agreed that in order to enable the Council to deliver an affordable balanced financial plan for 2012/13 and beyond, this revised policy would be open to all staff indefinitely and teachers as required, which would allow the organisation to reduce its overall staff numbers. From January 2016, applications are only being considered from staff in certain areas who have been invited to apply.

3.2 Definitions

(a) Early Retirement:

Voluntary retirements in the interests of efficiency for staff over the age of 50 who can access pension

(b) Voluntary Severance:

Where staff are allowed to volunteer to leave the organisation with a compensation payment. This payment is based on age and length of service and may be paid alongside early retirement.

4 PROPOSALS

4.1 A summary of the approved applications by department, costs and FTE equivalent is summarised below in Table 1 with proposed leaving dates.

Table 1 – Application Summary

| Dept | Post title | Annual Saving | Severance Cost | Strain on Fund | Payback | FTE reduction or replacement | Proposed leaving Date |
|------------------|-------------------------------|----------------|----------------|----------------|---------|---|-----------------------|
| Place | Senior Roads Planning Officer | £25,889 | £23,587 | £28,110 | 2 | 1 fte indirect replacement with Modern Apprentice | 30/11/2016 |
| Chief Executives | Insurance Officer | £30,342 | £20,454 | 0 | 0.67 | 0.8 fte reduction | 23/12/2016 |
| Total | | £56,231 | £44,041 | £28,110 | | | |

5 IMPLICATIONS

5.1 Financial

(a) The purpose of this exercise is to facilitate the reduction in overall employment costs to the Council. As detailed above, an assessment has been made of potential savings in each Department and considered against the estimated costs incurred and overall efficiency in terms of non-financial benefits. There is sufficient

funding available within the 2016/17 Early Retirement / Voluntary Severance budget to meet the cost of these applications.

- (b) In total, £ 56,231 of direct recurring employee cost savings will be delivered in each full year with partial savings in year 1 2016/17, should both of the above applications be accepted. A breakdown of the expected net annual staffing savings by department is detailed in Table 2 below.

Table 2 – Expected full year employee cost savings

| Department | Employee cost savings nearest £ |
|-------------------|--|
| Place | 25,889 |
| Chief Executives | 30,342 |
| Total | 56,231 |

- (c) The financial payback associated with each of the proposals above varies however; the average payback period for both staff is 1.3 years, which is an attractive proposition for the Council. The associated costs of £72,151 will be met by the 2016/17 Early Retirement/Voluntary Severance provision.

5.2 Risk and Mitigations

- (a) The risks to service output and performance arising from the proposed resource reductions has been considered, evaluated and managed as part of the relevant Services' people planning process to enable the relevant Depute Chief Executive or Service Director to support the early retirement / voluntary severance applications.
- (b) If approval to proceed with the voluntary severance is not given, the savings will not start to be realised in the financial year 2016/17.
- (c) As part of the monitoring of Early Retirement/Voluntary Severance decisions it is important that members are aware of the impact on the composition of pension scheme membership, arising through people granted Early Retirement/Voluntary Severance leaving the service of the Council.
- (d) Should the balance of pension fund membership change substantially due to Early Retirement/Voluntary Severance decisions there may be a need to change the funding strategy of the pension fund towards more income generating investments.
- (e) The Local Government pension fund continues to keep the composition of membership under review to ensure that the future funding strategy is optimised with respect to the relative number of active scheme members to pensioners drawing benefits.

5.3 Equalities

An Equalities Impact Assessment has been carried out on this proposal and it is anticipated that there are no adverse equality implications.

5.4 Acting Sustainably

There are no economic, environmental or social effects.

5.5 Carbon Management

There are no effects on the Council's carbon emissions.

5.6 Rural Proofing

Not applicable

5.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Scheme of Administration or the Scheme of Delegation arising from the recommendations in this report.

6 CONSULTATION

6.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and their comments have been incorporated into the final report.

Approved by

**Tracey Logan
Chief Executive**

Signature

Author(s)

| Name | Designation and Contact Number |
|---------------|--------------------------------|
| Clair Hepburn | Chief Officer HR |

Background Papers: Nil

Previous Minute Reference: Council August 2010

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