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## **EARLY RETIREMENT/VOLUNTARY SEVERANCE**

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### **Report by Chief Executive Scottish Borders Council**

**30 March 2017**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 **This report seeks approval for 12 applications for staff who have requested to leave Live Borders through the early retirement/ voluntary severance programme.**
- 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 Live Borders were allocated management fee savings as part of SBC's 2017/18 Financial planning process, reflecting the local government settlement. To enable that level of saving to be achieved in the 2017/18 financial year, Live Borders sought support from SBC to open the ER/VS programme for a limited period of time with any one-off costs being funded by SBC. Live Borders opened the ER/VS scheme to their employees, at the same time as undertaking a review of their management structure and methods of delivery.
- 1.4 In January 2017, 32 applications were received of which 12 are supported by the Councils Corporate Management Team.
- 1.5 Should the 12 applications be agreed, total one-off costs of £ 338,670 will be incurred and total direct recurring employee cost savings of £320,334 will be delivered each full year, providing an overall payback period of 1.06 years. Savings from the 12 applications are considered necessary to allow Live Borders to meet its savings target for 2017-18.

#### **2 RECOMMENDATIONS**

- 2.1 **It is recommended that the Council approves the 12 applications as detailed in Table 1 of paragraph 4.1 in this report, with the associated costs being met from the Council's ER/VS budget for 2016/17 of £ 338,670.**

### 3 EARLY RETIREMENTS AND VOLUNTEERS FOR SEVERANCE

3.1 At its meeting of 19<sup>th</sup> 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.

#### 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 giving costs and FTE equivalent is summarised below in Table 1 along with proposed leaving dates. A post will be deleted on each occasion in order to achieve the permanent savings and enable implementation of proposed structure.

Table 1 – Application Summary

Post Title	Annual Saving	Severance Cost	Strain on Fund	cost of release	Payback in years	Actual Hours	FTE	Proposed leaving Date
Senior Duty Manager	£33,331	£22,006	£18,708	£40,714	1.22	37	1.00	31.3.17
Admin Assistant	£16,238	£10,721	£19,439	£30,160	1.86	21	0.57	31.3.17
Senior Clerical Officer	£16,308	£11,344	£4,614	£15,958	0.98	28	0.76	31.3.17
Curator	£34,226	£24,211	£0	£24,211	0.71	28	0.76	31.3.17
Libraries and Information Assistant	£20,384	£14,420	£0	£14,420	0.71	35	0.95	31.3.17
Assistant Librarian	£31,294	£14,389	£9,541	£23,930	0.76	35	0.95	31.3.17
Visual Arts Officer	£20,725	£25,272	£0	£25,272	1.22	35	0.95	31.3.17
Communities	£35,725	£24,429	£6,389	£30,818	0.86	35	0.95	31.3.17

Librarian								
Performing Arts Co-ordinator	£25,670	£14,224	£46,773	£60,997	2.38	21	0.57	31.3.17
Senior Librarian	£21,392	£15,132	£1,132	£16,264	0.76	17.5	0.47	31.3.17
Duty Manager	£22,257	£12,027	£0	£12,027	0.54	37	1.00	31.3.17
Marketing & Operations Manager (HoH)	£42,783	£21,193	£22,707	£43,899	1.03	35	0.95	30.6.17
<b>Total</b>	<b>£320,334</b>	<b>£209,368</b>	<b>£129,302</b>	<b>£338,670</b>	<b>1.06</b>	<b>365</b>	<b>9.85</b>	

## 5 IMPLICATIONS

### 5.1 Financial

- (a) The purpose is to facilitate the reduction in overall employment costs to Live Borders. As detailed above, an assessment has been made of potential savings and considered against the estimated costs incurred and overall efficiency in terms of non-financial benefits. It has been confirmed that there is sufficient funding available within the Council's 2016/17 ER/VS budget to meet the cost of these applications.
- (b) In total, £320,334 of direct recurring employee cost savings will be delivered to Live Borders in each full year including 2017/18 should the above 12 applications be accepted.
- (c) The financial payback associated with each of the proposals above varies between 0.54 years and 2.38 years, however the overall payback period for all staff is 1.06 years. This is a key proposal to meet the budget savings requirement for Live Borders. The associated costs of £338,670 will be met by SBC through the 2016/17 ER/VS provision.
- (d) As part of the 2017/18 Financial planning process a management fee reduction of £521k was agreed with Live Borders. From the increased funding allocation announced by the Scottish Government in early February Scottish Borders Council allocated £200k to Live Borders which will be used to support savings delivery.

### 5.2 Risk and Mitigations

- (a) The risks to Live Borders output and performance arising from the proposed resource reductions has been considered, evaluated and managed as part of the restructuring and relevant planning process to enable the CEO and Executive Team of Live Borders to support the ER/VS applications. It should be noted that the decision to restructure is within the remit of the Live Borders Board.
- (b) If approval to proceed with the ER/VS is not given, the savings for Live Borders in 2017/18 will not be fully realised in

the financial year 2017/18.

- (c) As part of the monitoring of ER/VS decisions it is important that Members are aware of the impact on the composition of pension scheme membership, arising through people granted ER/VS leaving the service of Live Borders.
- (d) Should the balance of pension fund membership change substantially due to ER/VS 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 the Service Provision Agreement**

There are no changes to be made to the Service Provision Agreement arising from the recommendations in this report.

## **6 CONSULTATION**

- 6.1 Within Live Borders, the Executive Team and HR Manager have been consulted and their comments have been incorporated into this final report.

Within Council, 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)**

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**Background Papers:** Nil

**Previous Minute Reference: Council August 2010**

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