
EARLY RETIREMENT/VOLUNTARY SEVERANCE

Report by Chief Executive

Scottish Borders Council

28 June 2018

1 PURPOSE AND SUMMARY

- 1.1 **This report seeks approval for 1 application for 1 member of staff who has requested to leave the Council through the early retirement/ voluntary severance programme. This volunteer has the support of the Chief Executive, Executive 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 May 2018, 1 application was received which is supported by the relevant Service Director. Should the application be agreed, a total one-off cost of £34,942 will be incurred and total direct recurring employee cost savings of £12,474 will be delivered each full year, providing an average payback period of 2.8 years which is a viable proposition for the Council.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Council approves this application as detailed in table 1 within the report, with the associated costs being met from the early retirement/voluntary severance budget for 2018/19.**

3 EARLY RETIREMENTS AND VOLUNTEERS FOR SEVERANCE

3.1 At its meeting of 19th 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 application, costs and FTE equivalent is summarised below in Table 1 with proposed leaving dates.

Table 1 – Application Summary

Service	Post title	Annual Saving	Severance Cost	Strain on Fund	Payback	FTE reduction or replacement	Proposed leaving Date
Planning	Lead Officer Natural Heritage	£12,474	£34,942	Nil	2.8	-2fte Grade 10a +1fte Grade 11a +1fte Grade 8a (no net change)	14 September 2018
Total		£12,474	£34,942	Nil			

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 Service and considered against the estimated costs incurred and overall efficiency in terms of non-financial benefits. There is sufficient funding available within the 2018/19 Early Retirement / Voluntary Severance budget to meet the cost of these applications.

- (b) In total, £12,474 of direct recurring employee cost savings will be delivered in each full year with partial savings in year 1 2018/19, should the above application 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

Service	Employee cost savings nearest £
Planning	12,474
Total	12,474

- (c) The financial payback is 2.8 years, which is a viable proposition for the Council. The associated costs of £34,942 will be met by the 2018/19 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 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 2018/19.
- (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)

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Background Papers: Nil

Previous Minute Reference: Nil

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