
EARLY RETIREMENT/VOLUNTARY SEVERANCE

Report by Chief Executive

Scottish Borders Council

31 March 2016

1 PURPOSE AND SUMMARY

- 1.1 **This report seeks approval for 11 applications for 10 staff (1 member staff with 2 contracts) who have requested early retirement and voluntary severance. 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 voluntary severance/early retirement 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 Councils Financial and People plans the voluntary severance/ early retirement 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 March 2016 11 applications have been received which are supported by the relevant Depute Chief Executive or Service Director. Should all 11 applications be agreed, total one-off costs of £350,245 will be incurred and total direct recurring employee cost savings of £228,318 will be delivered each year, demonstrating an average payback period of 1.4 years which is an attractive proposition for the Council.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Council approves the current 11 applications as detailed in table 1 within the report, with the associated costs being met from the voluntary severance/early retirement budget for 2016/17 of £350,245.**

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 voluntary severance/early retirement 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 Following Council approval offers will be confirmed to individuals. The leaving date for all postholders will be 31 May 2016. 11 applications have been approved in principal, reducing FTE posts by 7.24. A summary of the approved applications by department and FTE equivalent is summarised below in Table 1 below.

Dept	Post title	Annual Saving	Severance Cost	Strain on Fund	Payback	FTE reduction or replacement
People	Librarian	£19,283	£12,122	£26,054	1.98	0.53
People	*Home School Link Worker	£20,520	£13,317	£14,250	1.34	0.63
People	* Home School Link Worker	£10,662	£6,919	£6,031	1.21	0.33
People	Additional Needs Assistant	£13,310	£8,637	£11,034	1.48	0.55
People	Additional Needs Assistant	£12,420	£5,245	£311	0.45	0.60
People	Additional Needs Assistant	£14,779	£3,607	£8,021	0.79	0.62
People	Additional Needs Assistant	£14,566	£7,624	£7,663	1.05	0.70
People	Additional Needs Assistant	£11,579	£3,592	£6,681	0.89	0.57
People	Additional Needs Assistant	£14,738	£9,085	£20,452	2.00	0.71
People	Horticultural Instructor	£46,305	£26,969	£147,719	3.77	1.00
People	Early Years Collaborative Programme Manager	£50,156	£4,913	£0.00	0.10	1.00
Totals		£228,318	£102,030	£248,215	1.4 Average years	7.24
*1 member of staff with 2 posts = 11 staff with 10 applications						

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, £228,318 of direct recurring employee cost savings will be delivered in year 1, should all of the above 11 applications be accepted. A breakdown of the expected net annual staffing savings by department is detailed in Table 2 below.

Table 2 – Expected employee cost savings Year 1

Department	Employee cost savings nearest £
People	228,318
Total	228,318

- (c) The financial payback associated with each of the proposals above varies however; the average payback period for all staff is 1.4 years, which is an attractive proposition for the Council. The associated costs of £350,245 will be met by the 2016/17 Early Retirement/Voluntary Severance provision.

5.2 Risk and Mitigations

- (a) If approval to proceed with the voluntary severance is not given, the savings will not start to be realised from the beginning of the financial year 2016/17.
- (b) 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 scheme membership, arising through people granted Early Retirement/Voluntary Severance leaving the service of the Council.
- (c) 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.
- (d) 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

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: Council August 2010

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Erick Ullrich can also give information on other language translations as well as providing additional copies.

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