

**To: Finance, Resources and Customer Services Policy Board**

**On: 8 June 2023**

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**Report by: Director of Finance and Resources**

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**Heading: Report on the Voluntary Redundancy/Early Retirements Scheme**

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## **1. Summary**

- 1.1. An annual report detailing the number of employees leaving through the voluntary redundancy or voluntary early retirement schemes (VR/VER), and associated financial implications for the Council, is presented to the Board in June.
  - 1.2. This report provides an update for the period from 1 April 2022 to 31 March 2023 confirming that 37 employees (34.8 FTE) have left the Council through voluntary redundancy or early retirement in that period.
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## **2. Recommendations**

- 2.1 Members are asked to note the report.
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## **3. Background**

- 3.1. This report provides details of the workforce planning arrangements to support the delivery of service changes, predominantly linked to the Council's financial sustainability workstreams, over 2022/23. Expressions of interest in VR/VER from across the workforce were reviewed to assess the impact of any proposed reduction in headcount on services and the remaining workforce, including the cost to the Council of early release. As part of the Council's 2022/23 budget strategy, VR/VER has been utilised to achieve service changes and savings.

- 3.2. The Chief Executive, in consultation with the Head of People and Organisational Development, is authorised to determine all requests received from employees for VR/VER under the schemes.
- 3.3. During the financial year 2022/23, a total of 37 employees (34.80 FTE) accepted voluntary redundancy or early retirement in the interests of the efficiency of the service.
- 3.4. The financial costs and savings of these decisions are detailed in Appendix A. An assessment is carried out in each VR/VER exercise to confirm the length of time for savings to accrue. For the 37 individuals being released in 2022/23, this averages at just under 26 months.
- 3.5. In determining requests for VR/VER, the Chief Executive and the Head of People and Organisational Development, in conjunction with the appropriate service Director, continue to take into account the potential to implement efficiencies and support the modernisation of the Council's workforce in addition to the financial savings to be gained. Consideration was given to both the one-off costs of VR/VER, and the additional ongoing annual costs and in these cases it has been deemed to be of benefit to the Council for VR/VER to be agreed.
- 3.6. Appendix A contains details of the number of employees leaving the Council through either VR/VER in the interests of the efficiency of the service. It includes the following terms:
- Redundancy Payment: the total lump sum redundancy payments paid to employees leaving the Council.
  - Enhanced Element of Pension (Annual Compensation): where the employee is a member of the Pension Fund and is awarded compensatory added years, the Council requires to pay on a monthly basis to the Pension Fund an amount that covers the costs associated with these added years.
  - Enhanced Element of the Lump Sum: where an employee is a member of the Pension Fund and is awarded compensatory added years, the Council requires to pay the lump sum directly to the employee as a one-off payment.
  - Strain / Factored Costs: where an employee is a member of the Pension Fund and retires early on grounds of efficiency / redundancy, the Council requires to pay to the Pension Fund a 'strain on the fund' charge for early payment of retirement benefits or where the employee would otherwise have suffered an actuarial reduction to their benefits for early retirement; this strain on the fund charge is paid as a one-off payment.

- **Pay in Lieu of Notice:** where an employee has not received the appropriate notice of their employment terminating, a payment in lieu of notice is paid by the Council.
- **Full Year Savings:** these will accrue from the release of staff under the scheme.

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### **Implications of this report**

1. **Financial** – as detailed in Appendix 1 of report
2. **HR & Organisational Development** – as detailed in the report
3. **Community Planning** – none arising from this report
4. **Legal** - none arising from this report
5. **Property/Assets** - none arising from this report
6. **Information Technology** - none arising from this report
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none arising from this report
9. **Procurement** – none arising from this report
10. **Risk** – none arising from this report
11. **Privacy Impact** - none arising from this report
12. **Cosla Policy Position** - none arising from this report
13. **Climate Risk** - none arising from this report

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## VOLUNTARY REDUNDANCY/EARLY RETIREMENT SCHEME/EFFICIENCY OF THE SERVICE

## APPENDIX 1

Financial Implications 1 April 2022 - 31 March 2023

Service	No of Employees	FTE	Total Annual Salary	Redundancy	Enhanced Element of Pension	Enhanced Element of Lump Sum	Strain / Factored Costs	Payment in Lieu of Notice	Full Year Savings
Finance and Resources	20.00	18.80	£ 548,629	£ 222,285	£ 32,286	£ 10,762	£ 388,727	£ -	£ 360,517
Communities and Housing	17.00	16.00	£ 708,809	£ 358,637	£ 79,759	£ 26,585	£ 1,139,987	£ -	£ 708,809
	<b>37.00</b>	<b>34.80</b>	<b>£ 1,257,437</b>	<b>£ 580,922</b>	<b>£ 112,045</b>	<b>£ 37,347</b>	<b>£ 1,528,714</b>	<b>£ -</b>	<b>£ 1,069,325</b>