

To: Finance, Resources and Customer Services Policy Board

On: 7 June 2017

Report by: Alan Russell, Director of Finance and Resources

Heading: Report on the Voluntary Redundancy/Early Retirements Schemes

1. Summary

- 1.1. Reports detailing the numbers of employees leaving the service through the voluntary redundancy or early retirement schemes (VR/VER) and associated financial implications for the Council are presented to Board annually.
 - 1.2. This report provides an update for the period from 1 April 2016 to 31 March 2017 confirming that 14 employees (13.4 fte) have left the service through voluntary redundancy or early retirement or efficiency of the service.
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2. Recommendations

- 2.1 To note the report.
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3. Background

- 3.1. This report provided details of the workforce planning arrangements to support the delivery of the necessary budget savings over 2016/17. Expressions of interest in voluntary redundancy/early retirement from across the workforce were reviewed to assess the impact of any proposed reduction in headcount on services and the rest of the workforce, including the cost to

the Council of early release. As part of the Council's 2016/17 budget strategy VR/VER has been utilised to achieve service changes and savings.

- 3.2. The Chief Executive, in consultation with the Head of HR, OD & Workforce Strategy, is authorised to determine all requests which are received from employees for voluntary redundancy/early retirement under the schemes.
- 3.3. During the financial year 2016-2017 a total of 14 employees (13.4 fte) accepted voluntary redundancy/early retirement or early retirement in the interests of the efficiency of the service.
- 3.4. The financial costs and savings linked to the early release of these staff members is detailed in Appendix A. An assessment is carried out in each VR/VER exercise to confirm the length of time for savings to accrue (payback period). On an isolated basis, the assessment for the 14 individuals released in 2016/17 provides an average payback period of 34 months. However, the release of these employees was linked to the implementation of Better Council Change Programme projects that spanned both 2015/16 and 2016/17. When assessed in the context of the overall programme of savings across the financial years the payback period is broadly in line with the benchmark value for money assessment of approximately two years.
- 3.5. In deciding on requests for voluntary redundancy/early retirement, the Chief Executive and the Head of HR, OD & Workforce Strategy, 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 voluntary redundancy / early retirement and the additional ongoing annual costs and in these cases it has been deemed to be of benefit to the Council for voluntary redundancy/early retirement to be agreed.
- 3.6. Appendix A contains the following information:-

The number of employees leaving the Council through either voluntary redundancy / voluntary early retirement or early retirement in the interests of the efficiency of the service.

Redundancy Payment - the total lump sum redundancy payments paid to employees leaving the service.

Enhanced Element of Pension (Annual Compensation) - where the employee is a member of the Pension Fund and is awarded compensatory added years

by Renfrewshire Council, it requires to pay on a monthly basis to the Pension Fund the amount which 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 by Renfrewshire Council, it requires to pay the lump sum directly to the employee as a one off payment.

Strain / Factored Costs - where an employee is retired early on grounds of efficiency / redundancy and is a member of the Pension Fund, 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. The 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.

Implications of this report

1. Financial

As outlined in Appendix A of the report

2. HR & Organisational Development

As detailed in the report.

3. Community Plan Implications

4. Jobs and the Economy – provides a workforce planning solution to support the delivery of the necessary budget savings.

5. Legal - None

6. Property / Assets - None

7. Information Technology - None

8. Equality & Human Rights - All decisions have been considered in this context.

9. Health & Safety - None

10. Procurement - None

11. **Risk** - None

12. **Privacy Impact** – None

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VOLUNTARY REDUNDANCY / EARLY RETIREMENT SCHEME / EFFICIENCY OF THE SERVICE APPENDIX A

Financial Implications 1 April 2016 - 31 March 2017

Service	No. 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
Chief Executives, Finance and Resources, Development and Housing, Children's Services	12	11.40	£389,885.25	£163,599.49	£18,921.15	£56,763.39	£709,104.62		£327,491.72
Education - Teachers	2	2	£130,346.34		£8,994.71	£26,984.13	-	-	£9,664.93
TOTALS	14	13.4	£520,201.59	£163,599.49	£27,915.86	£83,747.52	£709,104.62	-	£337,356.64