

REPORT TO: Cabinet

MEETING DATE: 12 March 2013

BY: Executive Director (Support Services)

SUBJECT: Managing the Workforce – Voluntary Early Release Scheme

1 PURPOSE

- 1.1 The purpose of the report is to provide Cabinet members with information in support of the introduction of a Voluntary Early Release Scheme (VERS) that would enable some employees to be released from Council employment by means of voluntary redundancy.

2 RECOMMENDATIONS

- 2.1 Cabinet is asked to approve the proposed Voluntary Early Release Scheme attached as Appendix 1 to this report.

3 BACKGROUND

- 3.1 Since 2010, the Council has applied a wide range of staffing control measures that have collectively been known as Efficient Workforce Management Planning. This programme continues and is part of the recently approved 3 year budget.
- 3.2 In addition to this, and recognising the scale of the financial challenge currently facing the Council, it has been agreed to introduce a Voluntary Early Release Scheme (VERS). The introduction of such a scheme is a significant development for the Council but is a critical component of the financial strategy designed to help the Council achieve the required financial savings. It is also expected that the introduction of the scheme will align with further changes underway which will enable the Council to streamline the workforce and facilitate the necessary organisational changes to deliver priority Council Services in the most cost efficient way possible.

3.3 Through the Council Management Team, a broader Transformation Programme is taking shape, the main aims of which will be to:

- Review management costs
- Transform how we deliver more integrated support services such as admin, policy and strategy
- Enhance the coordination of local area service delivery to address community priorities
- Develop partnership working and integration with other organisations to improve the strategic outcomes for the Council.

3.4 Full details of how the VERS scheme will operate are included within the attached appendix but most importantly, all applications made will be assessed to ensure they best meet the key criteria of business need and affordability.

3.5 The scope of this proposal is that the scheme would be open to employees on permanent contracts who have more than 2 years of service and to anybody who has over 2 years service with the exception of Teachers in schools and Fixed Term Workers.

3.6 The scheme will be time limited, at the sole discretion of the Council and applications will not be automatically accepted: as mentioned earlier two key criteria will apply:

- Business need: the application removes the need for a compulsory redundancy, either because there is the potential for that post to be removed from the structure, or because it provides the opportunity for the redeployment of another employee whose post might be deleted. An assessment of service impact will be required that will enable consideration against priorities outlined in the Council Plan.
- Affordability: any proposal would have to show that the redundancy would generate an overall net saving which can be recouped within a reasonable period of time (generally within 2 years).

It is recognised that the scheme will not be applicable to employees whose skill set and experience are essential to the continued delivery of priority services. In general terms, efforts will be made to identify applications that have minimal impact upon priority services and minimal cost associated with release.

3.7 The final decision to grant early release will be taken by the Chief Executive in association with the Head of Council Resources, respective Executive Directors and Heads of Service and the HR Manager.

4 POLICY IMPLICATIONS

- 4.1 The proposed VERS scheme is in accordance with the Council's Policy on Enhanced Compensation for Redundancies and Early Retirement approved by Council in December 2010.

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 An Equality Impact Assessment has been carried out and no negative impacts have been found.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – The Council is planning to save at least £6 million from its staffing cost budgets over the next two financial years. This includes the Voluntary Early Release Scheme (VERS) outlined above, plus the savings planned under the Efficient Workforce Management Plan (EWMP). Any VERS/EWMP proposals which come forward are likely to be aligned with the Transformation Programme which will be instrumental in how services are delivered in the future. Proposals will be reviewed to compare the potential long term savings against the likely costs. The costs of the proposals are likely to include enhanced redundancy payments and 'one-off' pension strain payments to the Lothian Pension Fund/SPPA. These will be met from the Council's Cost Reduction Fund. In general terms the Council will expect the proposals to have a 'payback' period of less than two years i.e. the costs are less than the savings measured over two years from the date of the redundancy.
- 6.2 Personnel - Initial discussions with the relevant trade unions have indicated they would appreciate this approach as a means to achieve required financial savings and minimise the need for compulsory redundancies.

Due to the potential number of employees leaving the Council under VERS, the Council is required to issue an HR 1 (notification of potential redundancies) to the Department for Business Innovation and Skills copied to the trades unions and to undertake collective consultation with the Trades Unions for a minimum of 30 days. The formal consultation with the trades unions commenced on 28 February 2013.

- 6.3 Other – There will be significant impact upon delivery of services although in assessing business need, every effort will be made to minimise this and as far as possible protect the priorities identified in the approved Council Plan.

7 BACKGROUND PAPERS

- 7.1 Council's Policy on Enhanced Compensation for Redundancies and Early Retirement.
- 7.2 Council Financial Strategy 2013/14 to 2015/16
- 7.3 Administration Budget proposals – approved by Council 12 February 2013

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EAST LOTHIAN COUNCIL

**VOLUNTARY EARLY RELEASE
SCHEME**

MARCH 2013

VOLUNTARY EARLY RELEASE SCHEME

1 Introduction

- 1.1 East Lothian Council has embarked on a savings and efficiency programme to ensure it is able to meet the financial challenges ahead and continue to deliver the business priorities outlined in the Council Plan and Single Outcome Agreement.
- 1.2 As part of the savings and efficiency programme the Council is seeking to introduce a voluntary early release scheme for a limited period, which will help streamline the workforce and facilitate organisational changes that are required.

2 Aim

- 2.1 The scheme has been designed to:
- Realise savings by reducing salary and the associated oncosts to the Council
 - Protect as far as possible priorities identified within the Council Plan.
 - Align with service reviews already within Efficient Workforce Management Plans, enable redeployment and prevent the need as far as possible for compulsory job losses.
 - Ensure that applications for voluntary early release are treated fairly and are considered equitably against a set of appropriate criteria (See section 6).

3 Eligibility

- 3.1 The scheme will be open to employees who have more than 2 years of service with the exception of the following staff groups:
- Teachers in schools
 - Employees who have already resigned/given notice of early retirement
 - Employees who are currently subject to formal procedures which might result in their dismissal
 - Employees on Fixed Term Contracts/externally funded posts
- 3.2 Only where a permanent recurrent financial saving is generated from an employee's departure may an application for voluntary early release be approved with any resultant saving being applied to the relevant service budget with effect from the date of departure.

4 Voluntary Early Release Benefits

4.1 To encourage take up of the voluntary early release scheme, employees will be offered a redundancy payment calculated on the basis of their age and years of continuous local government service. Almost all employees will be covered by either 4.2 or 4.3 below, however advice is available from the VERS helpline should employees require clarification.

4.2 For Local Government, Chief Officer and Craft employees there are two available alternatives. If approved for VERS dependent on the individual's age and whether they are a member of the Lothian Pension Fund or not, these are:

- If a member of Lothian Pension Fund and aged 55 or over (or aged 50 provided they were a member of the local government pension scheme in Scotland on 5 April 2006), the employee will be allowed access to their pension unreduced plus up to 30 weeks' redundancy pay based on age and continuous local government service calculated using their normal contractual weekly pay. (see Appendix (i) for details of the calculation of relevant compensatory payments)

Or

- If not a member of the pension fund or they do not meet the age criteria to access their pension (i.e. they are below age 55 or 50 if in the pension scheme before 5 April 2006) then the employee will receive redundancy pay based on age and continuous local government service up to a maximum of 66 weeks pay at their normal contractual weekly pay. (see Appendix (ii) for details of the calculation of relevant compensatory payments)

4.3 For those who are Teachers or associated professionals, who may be eligible under this VERS scheme, there are two available alternatives dependent on the individual's age and whether they are a member of the Scottish Teachers Pension Fund or not.

- If a member of the Scottish Teachers Pension Fund and aged 55 and have not attained the age of 65 and the post can be deleted from the Councils establishment, the employee will be allowed access to their pension unreduced plus up to 30 weeks' redundancy pay based on age and continuous local government

service calculated using their normal contractual weekly pay. (see Appendix (i) for details of the calculation of relevant compensatory payments)

Or

- If not a member of the pension fund or they do not meet the age criteria to access their pension if the post can be deleted from the Councils establishment then the employee will receive based on age and continuous local government service, a payment of up to a maximum of 30 weeks pay at their normal contractual weekly pay. (see Appendix (i) for details of the calculation of relevant compensatory payments)

4.4 The HR Operations Team can provide more detailed information on compensation payments for employees and will secure pension estimates from Lothian Pension Fund. A telephone helpline has been established on Internal Extension 7757 or externally on 01620 827757. Alternatively employees can contact the e-mail box vers@eastlothian.gov.uk

5 Applications

5.1 The Scheme will be time limited and any access to the scheme will be at the sole discretion of the Council.

5.2 To express an interest in voluntary early release, employees will be asked to complete an application form, which they will need to discuss with their Head of Service and/or Executive Director to obtain an in-principle approval before submitting the request to HR to obtain a confidential quote.

5.3 As part of the in-principle support/refusal the employee's manager will need to assess the impact of the potential early release of the employee and conduct a workload assessment to confirm that, following the employee's release and non-replacement of their post, workload will be manageable.

5.4 HR will acknowledge receipt of all applications and thereafter calculate potential redundancy payments seeking pension estimates for the early release of employees as appropriate and any associated strain costs (i.e. the repayment to the pension fund for the early release of the pension). After the deadline for applications has closed, HR will collate all the applications and associated

redundancy payments/strain costs for initial consideration by the relevant departmental Executive Director and then final approval by relevant members of the Council Management Team (as detailed in 6.2).

- 5.5 A request by an employee to make an application does not guarantee acceptance by the Council. In making a decision whether to accept applications the Council will consider the overall cost benefit and service delivery impact to the Council. In all cases the Council's decision is final and there is no right of appeal.

6. **Selection Procedure**

- 6.1 The criteria for the voluntary release scheme will be based on:

- Business Need: The application removes the need for compulsory redundancy, either because there is the potential for that post to be removed from the establishment, or because it provides the opportunity for redeployment of another employee whose post might be deleted. As set out in Section 5.3, an assessment of workload and service impact will be required that will also enable consideration against priorities outlined in the Council Plan.
- Affordability: the cost of the redundancy must be cost efficient, i.e. it must be recurrent and can be recouped within a reasonable period, normally within 2 years. In any application, savings need to be identified and quantified by the main budget holder; this will normally entail the non-replacement of the post or the creation of a vacancy which will facilitate the redeployment of a member of staff from elsewhere and the deletion of that post.

Therefore a financial assessment will be carried out for each case to:

- Identify the actual costs (including pension strain costs)
- Determine if these costs are affordable and can be met
- Establish the financial and service benefits

- 6.2 The final decision to grant voluntary early release will be taken by the Chief Executive in association with the Head of Council Resources, respective Executive Directors and Heads of Service and the HR Manager. Consideration will be given to:

- Whether or not there is a sound business case;

- The requirement to retain the employee's knowledge, qualifications and experience to meet business needs and maintain organisational balance;
 - Ensuring that the financial and work assessments have been undertaken and are satisfactory and an overall financial benefit is proven.
- 6.3 Where decisions must be taken between competing cases, due regard will be given to the business need, cost and affordability.
- 6.4 Four potential outcomes may result for any employee following receipt of applications:
- The employee is released and the post is deleted.
 - The employee is released but the post or a similar post is identified as necessary and an internal recruitment process is undertaken resulting in the net saving being realised in another area of the business unit/Council. (service review principles apply)
 - The employee is released but a reallocation of the work duties is required.
 - The employee and the post are not considered suitable for voluntary release therefore both are retained.
- 6.5 When a decision has been made HR will confirm the decision that either the application is accepted or rejected in writing to the employee.
- 6.6 Where the employee's application is accepted for voluntary early release, the leaving date will be mutually agreed between the Council and the employee and will be subject to the employee agreeing to waive their rights to pay in lieu of notice.

7. LEAVING DATE

- 7.1 In all cases, the Council's interests will determine the leaving date offered although individuals will be asked upon making an enquiry, to indicate a preferred leaving date. This indicative date is not an agreed date but is required to calculate the benefits to be paid.

8. APPEAL

- 8.1 There will be no Right of Appeal.

**Head of Council Resources
28 February 2013**

STATUTORY REDUNDANCY RECKONER

APPENDIX (i)

Age	Service (Years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
18	1																			
19	1	1½																		
20	1	1½	2																	
21	1	1½	2	2½																
22	1	1½	2	2½	3															
23	1½	2	2½	3	3½	4														
24	2	2½	3	3½	4	4½	5													
25	2	3	3½	4	4½	5	5½	6												
26	2	3	4	4½	5	5½	6	6½	7											
27	2	3	4	5	5½	6	6½	7	7½	8										
28	2	3	4	5	6	6½	7	7½	8	8½	9									
29	2	3	4	5	6	7	7½	8	8½	9	9½	10								
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11							
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12						
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13					
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14				
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15			
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16		
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½	
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18	
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½	
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24	
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½	
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25	
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½	
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26	
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½	
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27	
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½	
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28	
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½	
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29	
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½	
61* [2]	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	

61* [2] – The same figures should be used when calculating the redundancy payment for a person aged 61 and above

ENHANCED REDUNDANCY RECKONER

APPENDIX (ii)

Service (Years)																				
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Age																				
18	2																			
19	2	3																		
20	2	3	4																	
21	2	3	4	5½																
22	2	3	4	5½	7															
23	3	4	5½	7	8	9														
24	4	5½	7	8	9	10	11													
25	4	7	8	9	10	11	12	13												
26	4	7	9	10	11	12	13	14	15											
27	4	7	9	11	12	13	14	15	16½	18										
28	4	7	9	11	13	14	15	16½	18	19	20									
29	4	7	9	11	13	15	16½	18	19	20	21	22								
30	4	7	9	11	13	15	18	19	20	21	22	23	24							
31	4	7	9	11	13	15	18	20	21	22	23	24	25	26						
32	4	7	9	11	13	15	18	20	22	23	24	25	26	27½	29					
33	4	7	9	11	13	15	18	20	22	24	25	26	27½	29	30	31				
34	4	7	9	11	13	15	18	20	22	24	26	27½	29	30	31	32	33			
35	4	7	9	11	13	15	18	20	22	24	26	29	30	31	32	33	34	35		
36	4	7	9	11	13	15	18	20	22	24	26	29	31	32	33	34	35	36	37	
37	4	7	9	11	13	15	18	20	22	24	26	29	31	33	34	35	36	37	38½	
38	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	36	37	38½	40	
39	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	37	38½	40	41	
40	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	37	40	41	42	
41	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	37	40	42	43	
42	4	7	9	11	13	15	18	20	22	24	26	29	31	33	35	38½	41	43	45	
43	7	9	11	13	15	18	20	22	24	26	29	31	33	35	35	40	42	44	46	
44	7	10	12	14	16½	19	21	23	25	27½	30	32	34	36	38½	41	43	45	47	
45	7	10	13	15	18	20	22	24	26	29	31	33	35	37	40	42	44	46	48	
46	7	10	13	16½	19	21	23	25	27½	30	32	34	36	38½	41	43	45	47	49½	
47	7	10	13	16½	20	22	24	26	29	31	33	35	37	40	42	44	46	48	51	
48	7	10	13	16½	20	23	25	27½	30	32	34	36	38½	41	43	45	47	49½	52	
49	7	10	13	16½	20	23	26	29	31	33	35	37	40	42	44	46	48	51	53	
50	7	10	13	16½	20	23	26	30	32	34	36	38½	41	43	45	47	49½	52	54	
51	7	10	13	16½	20	23	26	30	33	35	37	40	42	44	46	48	51	53	55	
52	7	10	13	16½	20	23	26	30	33	35	38½	41	43	45	47	49½	52	54	56	
53	7	10	13	16½	20	23	26	30	33	35	40	42	44	46	48	51	53	55	57	
54	7	10	13	16½	20	23	26	30	33	35	40	43	45	47	49½	52	54	56	58	
55	7	10	13	16½	20	23	26	30	33	35	40	43	46	48	51	53	55	57	59	
56	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	52	54	56	58	60½	
57	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	55	57	59	62	
58	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	56	58	60½	63	
59	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	56	59	62	64	
60	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	56	59	63	65	
61*[2]	7	10	13	16½	20	23	26	30	33	35	40	43	46	49½	53	56	59	63	66	

61* [2] – The same figures should be used when calculating the redundancy payment for a person aged 61 and above