

**The Highland Council**  
**Resources Committee**

**27 May 2015**

Agenda Item	<b>23</b>
Report No	<b>RES/50/15</b>

**Early Retirement/Voluntary Severance Scheme**

**Report by Depute Chief Executive/Director of Corporate Development**

**Summary**

This report proposes a revised ER/VS Scheme following consideration by the Staff Partnership Forum (SPF) on 6 February 2015 and 15 May 2015.

**1. Background**

- 1.1 The Staff Partnership Forum (SPF) comprises Elected Members and Trade Union representatives and is the agreed forum for progressing discussions around corporate objectives and initiatives as part of the Staff Engagement and Partnership Framework. At the SPF on 6 February 2015 proposals for a revised ER/VS scheme were discussed in the light of imminent changes in pension regulations and the need to ensure that the scheme is both attractive (for staff) and affordable (for the Council) in view of the significant reductions in posts over the next 4 years.
- 1.2 In response to feedback from the trade unions, both at the SPF meeting on 6 February 2015 and a subsequent meeting with the trade unions on 24 February 2015, revised proposals were prepared which were submitted to the SPF on 15 May 2015.
- 1.3 The revised proposals which were considered and supported by the SPF on 15 May 2015 are contained in section 2 below.

**2. Proposals**

**2.1 Changes to Option 1 of the Scheme**

The current scheme provides 2 options available for some staff. Option 1 provides Compensatory Added Years (CAY's) and is available to those staff in the pension scheme who are aged 55 or over (or aged 50 or over and were in the pension scheme on 5/4/06). Option 2 is available to all staff and provides a one-off lump sum compensation (including statutory redundancy payment).

For Option 1, the proposal which was submitted to the SPF was to reduce the maximum added years from 5 to 2 years as an interim measure as once

the pension regulations are revoked, Option 1 would be deleted automatically from the scheme. It is possible that the Teachers regulations could be revoked at a different time from the LGPS regulations. As this is a discretionary element in both regulations it is recommended that there should be one future implementation date for Option 1 to be deleted.

When Option 1 is removed staff retiring on redundancy or efficiency grounds will still be able to access their pensions with the Council bearing the cost of early release, subject to the staff satisfying the required qualifying age and service requirements as per the pension regulations

**Recommendation:** *For Option 1, maximum added years should be reduced from 5 years to 2 years in cases of redundancy or efficiency grounds (as per the attached table) and Option 1 should be deleted from the ER/VS scheme with effect from the first date that either the LGPS or the Teachers' pension regulations for CAY's are revoked.*

## 2.2 Changes to Option 2

For Option 2, the proposal which was submitted to SPF was to reduce maximum compensation from 66 to 60 weeks (based on statutory redundancy payments entitlement multiplied by a factor of 2) in cases of redundancy (as per the attached table).

It is proposed that payments would be based on **service only**, as per the current scheme, and the maximum statutory redundancy entitlement (x2) would be applied to all staff (regardless of age) as per the proposed changes to Option 2 in the attached table. This would still meet the requirement to be more affordable and will be fairer for employees. For example, an employee aged 40 with 20 years' service will get the same as an employee aged 61 with 20 years' service.

**Recommendation:** *For Option 2, compensation, in redundancy cases, should be based on service only and be based on maximum statutory redundancy entitlement (x2) for all staff as per the proposed changes to Option 2 in the attached table.*

## 2.3 Efficiency Cases

For Option 1, in terms of efficiency retirements, CAY's would continue to be at the discretion of the Early Retirement Sub - Committee up to whatever maximum is decided (2 years if agreed as per 2.1 above).

For Option 2 it is proposed that maximum compensation would be 60 weeks for efficiency cases ie the same as redundancy cases as per the attached table.

**Recommendation:** *The proposed changes for Option 2 as per the attached table should also apply in efficiency cases.*

### **3. Other Considerations**

- 3.1 The SPF on 15 May 2015 considered and supported the renaming of the ER/VS Scheme to the **Employment Release Scheme** and the Early Retirement Sub-Committee, the **Employment Release Sub-Committee** as the Council no longer operates a default retirement age and not all departures are related to employees retiring. It was also confirmed that the Employment Release Sub-Committee would consider all efficiency and redundancy (voluntary and compulsory) cases. Apart from the proposed renaming, the only changes to the current scheme are the 3 changes detailed in Section 2 above.

### **4. Implications**

#### **4.1 Financial**

Any financial costs relating to efficiency or redundancy cases will be submitted and considered by the Employment Release Sub-Committee.

- 4.2 There are no legal, equalities, climate change, carbon clever, Gaelic or rural implications.

### **5. Recommendations**

- 5.1 Resources Committee approves the revised proposals and the recommendations as set out in Section 2 of the report and approves the renaming of the Scheme and the Sub-Committee as per Section 3 of the report.
- 5.2 It is recommended that the effective date for the 3 changes to the scheme and the renaming of the scheme and Sub-Committee is 1 June 2015.

**Signature:**

**Designation:** Depute Chief Executive/Director of Corporate Development

**Author:** John Batchelor, Head of People & Performance

**Date:** 15 May 2015

Service	Option 1 Added Years		Option 2 - Lump Sum (inc Stat. Redundancy)	
	Current	Proposed	Current (weeks)	Proposed
				(weeks)
1	0	0	5	0
2	0	0	10	6
3	0	0	15	9
4	0	0	20	12
5	1	0	30	15
6	1	0	30	18
7	1	0	30	21
8	1	0	30	24
9	1	0	30	27
10	2	0	40	30
11	2	1	40	33
12	2	1	40	36
13	2	1	40	39
14	2	1	40	42
15	3	1	50	45
16	3	1	50	48
17	3	1	50	51
18	3	1	50	54
19	3	1	50	57
20	4	1	66	60
21	4	2	66	60
22	4	2	66	60
23	4	2	66	60
24	4	2	66	60
25	5	2	66	60
26	5	2	66	60
27	5	2	66	60
28	5	2	66	60
29	5	2	66	60
30	5	2	66	60
31	5	2	66	60
32	5	2	66	60
33	5	2	66	60
34	5	2	66	60
35	5	2	66	60
36	4	2	66	60
37	3	2	66	60
38	2	2	66	60
39	1	1	66	60
40+	0	0	66	60