

TAYSIDE FIRE AND RESCUE BOARD
REPORT BY THE CHIEF FIRE OFFICER

23 AUGUST 2010

VOLUNTARY EARLY RETIREMENT SCHEME
VOLUNTARY REDUNDANCY SCHEME
SUPPORT STAFF

Abstract

The purpose of the report is to seek Members approval for a proposed Voluntary Early Retirement/Voluntary Redundancy Scheme which would facilitate rationalisation and restructuring of Tayside Fire and Rescue's service delivery to achieve efficiencies and savings necessitated by budget reductions over future years.

1 RECOMMENDATION

It is recommended that approval is given to the Voluntary Early Retirement/Voluntary Redundancy Scheme attached as Appendix 1 and that current arrangements for dealing with early retirements for the efficiency of the service or on the grounds of voluntary redundancy be augmented to incorporate the sliding scale of added years relative to pensionable service.

2 PURPOSE OF REPORT

2.1 Tayside Fire and Rescue requires to achieve substantial savings over the next three years. It is not possible to identify the level of savings which will be achieved from this scheme as it will depend on the level of take up and the individual posts involved. It is anticipated, however, that approval of the scheme will assist Tayside Fire and Rescue to rationalise and restructure its services contributing to the achievement of any required savings.

2.2 There will be costs associated with the implementation of these schemes. These will include "strain on the fund" costs, "added years" costs and redundancy costs. Attempts will be made to contain these costs within the approved budget, however if this is not possible they may be met from General Fund balances where this is consistent with the Board's overall Reserves Strategy. These costs will be offset by future salary savings. It is anticipated that net financial savings will be achievable within three years in the majority of cases. In exceptional circumstances this may be increased to a maximum of five years.

3 BACKGROUND

3.1 Reference is made to Report No FB/10/07 which set out the medium-term financial outlook for the period 2011-2014. This report identified that significant savings and efficiency would be required over the financial years 2011/12, 2012/13 and 2013/14.

In order to achieve such savings, it is anticipated that service provision will require to be reviewed and restructured.

- 3.2** The Chief Fire Officer and senior managers of Tayside Fire and Rescue have met with the trade unions to discuss the difficulties that lie ahead in balancing budgets over the next three years. This is likely to entail a reduction in jobs. However, it is hoped that this can be achieved by natural staff turnover. There is always turnover of employees and not all leavers will be replaced. Furthermore, where efficiencies can be made through improved methods of working or restructuring of services, eligible employees, whose posts would not require to be filled, either directly or indirectly, could be allowed to leave their employment early.
- 3.3** In order to facilitate this process, it is proposed to introduce a Voluntary Early Retirement/Voluntary Redundancy Scheme as shown in Appendix 1. This scheme will be embedded in the organisation's policies and will be used as and when required. Approval of applications would be recommended from, firstly, the individual's Head of Department, and approval ultimately given by the Chief Fire Officer in consultation with the Treasurer. All decisions would take account of the financial implications for Tayside Fire and Rescue and approval would be subject to the retention of sufficient numbers of employees with the skills required to provide effective levels of service. Depending on departmental circumstances, approved applicants may be offered an early termination date, or be required to continue working pending the introduction of alternative arrangements and/or restructuring. The window for applications under the proposed scheme would be dictated by Tayside Fire and Rescue and may be opened for specific groups of staff at particular times. Thereafter should Tayside Fire and Rescue consider further applications for early retirement/redundancy, the number of added years offered would be reduced as detailed in Appendix 1 "Additional Information".

It should be noted that the enhancements detailed within this report only apply to members of the Local Government Pension Scheme. A separate report covering members of the firefighters pension and new firefighters pension schemes will be presented to the Board at a future meeting.

- 3.4** Tayside Fire and Rescue has existing arrangements in place to deal with occasional early retirements of employees in the interests of the efficiency of the service. In these circumstances, employees are awarded added years determined by their years of pensionable service.

In view of the financial circumstances and potential costs, it is considered that the current sliding scale of added years relative to pensionable service for early retirals in the interests of the efficiency of the service or on the grounds of voluntary redundancy should be augmented in line with the proposed Voluntary Early Retirement/Voluntary Redundancy Scheme, as detailed in Appendix 1.

4 FINANCIAL IMPLICATIONS

It is currently unknown the level of savings Tayside Fire and Rescue requires to achieve over the next three years. It is not possible to identify the level of savings which will be achieved from this scheme as it will depend on the level of take up and

the individual posts involved. It is anticipated, however, that approval of the scheme will enable Tayside Fire and Rescue to rationalise and restructure its service in order to achieve net savings.

5 CONSULTATION

The Clerk and Treasurer have been consulted in the preparation of this Report.

6 CONCLUSION

This scheme will assist Tayside Fire and Rescue in making the necessary monetary savings required in future years.

S Hunter
Chief Fire Officer

Background Papers

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

Fire and Rescue Headquarters
DUNDEE

TAYSIDE FIRE AND RESCUE

VOLUNTARY EARLY RETIREMENT/VOLUNTARY REDUNDANCY SCHEME

Where efficiencies can be achieved through improved methods of working or restructuring of services, eligible employees, who apply, may be allowed to leave their employment early with added years pension entitlement **or** a statutory redundancy payment.

Scheme Principles

In considering applications, the following principles will apply:-

- There is no entitlement to early retirement/voluntary redundancy and it may not be possible to approve all applications.
- Approval will be subject to the retention of sufficient numbers of employees with the necessary skills to maintain an effective level of service and all decisions will also take account of the financial implications for Tayside Fire and Rescue.
- Recommendation will be required from the Head of Department, with approval from the Chief Fire Officer in consultation with the Treasurer.

Eligible Employees

- A Members of the Local Government Pension Scheme aged 50 or over and under 65.
- B Members of the Local Government Pension Scheme aged under 50.
- C Non members of the Local Government Pension Scheme aged under 65.

Entitlements

- 1 Pension with added years of service - option applicable to A. above.
- 2 Statutory redundancy payment and pension without added years - option applicable to A. above.
- 3 Statutory redundancy payment - applicable to B and C above.

ENTITLEMENTS EXPLAINED:-

Entitlement 1

- Approved applicants opting for added years will be required to sign a compromise agreement/COT3 agreeing to their redundancy payment entitlement being incorporated into added years of service and will receive their pension immediately, with added years as follows:-

<u>Number of years pensionable service</u>	<u>Number of added years</u>
Less than 10	1
10 but less than 15	2
15 but less than 20	3
20 but less than 30	4
30+	5

Added years are subject to maximum service not exceeding 40 years or the total service that could be attained by age 65. Tayside Fire and Rescue will arrange and pay for the provision of independent legal advice to employees on their rights and options.

Entitlement 2

- Approved applicants opting for a statutory redundancy payment without added years (eg if they already have 40 years' service) will be entitled to a statutory redundancy payment of up to 30 weeks' pay (limited to statutory maximum £380 per week), depending on age and length of service, as detailed in the Ready Reckoner for Statutory Redundancy Payments. (See Appendix 1.)
- In addition, they will receive their pension entitlement immediately with no added years.

Entitlement 3

- Approved applicants will be entitled to a statutory redundancy payment of up to 30 weeks' pay (limited to statutory maximum £380 per week), depending on age and length of service, as detailed in the Ready Reckoner for Statutory Redundancy Payments. (See Appendix 1.)

NB *Depending on departmental circumstances, approved applicants may be offered an early termination date, or be required to continue working pending the introduction of alternative arrangements and/or restructuring.*

ADDITIONAL INFORMATION

Applications for the above scheme will not be accepted outwith specific windows which will be dictated by Tayside Fire and Rescue, thereafter, should further applications be considered for early retirement/redundancy, the number of added years offered, if any, would be decided at the time.

REDUNDANCY READY RECKONER FOR CALCULATING THE NUMBER OF WEEKS' PAY DUE

Read off your age and number of complete years' service. The table will then show how many weeks' pay you are entitled to.

Service (years)	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age (years)																			
20	1	1	1	1	-														
21	1	1½	1½	1½	1½	-													
22	1	1½	2	2	2	2	-												
23	1½	2	2½	3	3	3	3	-											
24	2	2½	3	3½	4	4	4	4	-										
25	2	3	3½	4	4½	5	5	5	5	-									
26	2	3	4	4½	5	5½	6	6	6	6	-								
27	2	3	4	5	5½	6	6½	7	7	7	7	-							
28	2	3	4	5	6	6½	7	7½	8	8	8	8	-						
29	2	3	4	5	6	7	7½	8	8½	9	9	9	9	-					
30	2	3	4	5	6	7	8	8½	9	9½	10	10	10	10	-				
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11	11	11	-			
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12	12	12	-		
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13	13	13	-	
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14	14	14	-
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15	15	15
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16	16
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17
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	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
62	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
63	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
64	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

