

## BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

### Report of the Executive Director – Core Services

#### **SELECTIVE VOLUNTARY EARLY RETIREMENT AND VOLUNTARY SEVERANCE SCHEMES**

#### **1. Purpose of Report**

- 1.1 The purpose of this report is to seek approval for amendments to the Selective Voluntary Early Retirement and Voluntary Severance Schemes.

#### **2. Recommendations**

- 2.1 **Members approve the amendments with effect from 5 September 2018.**

#### **3. Introduction**

- 3.1 The Selective Voluntary Early Retirement and Voluntary Severance Schemes form part of the Managing Change Policy and enable the Council to reduce the size of its workforce whilst at the same time compensating eligible employees by either immediate payment of pension and/or redundancy payment.

- 3.2 The Local Government Pension Scheme currently provides an entitlement for anyone over the age of 55 who is made redundant to receive early payment of their pension payments.

- 3.3. Voluntary Severance is available to employees subject to approval who are unable to access their Local Government Pension Scheme benefits either because they are under the age stipulated by the Local Government Pension Scheme (currently age 55 or over) or they are not members of the pension scheme.

Employees who take Voluntary Severance are entitled to receive a redundancy payment subject to having a minimum of two years continuous service either with the Council or with another body recognised under the Modifications Order.

- 3.4 The Selective Voluntary Early Retirement Scheme provides for two options:

- SVER resulting from a reorganisation (Proposal A)
- SVER in the efficiency of the service (Proposal B)

- 3.5. In respect of proposal A, with the exception of compulsory redundancy, the cost of the early retirement i.e. salary savings must be equal to or greater than the costs associated with the early retirement i.e. additional pension costs (known as strain costs), redundancy payments, pay in lieu of notice. These costs are calculated over the first full 3 years following retirement.

- 3.6. In respect of proposal B, Selective Voluntary Early Retirement in the efficiency of the service is entirely different to retirement on the grounds of redundancy. Retirement on these grounds will only be granted in exceptional circumstances. Where there is a case for release in the efficiency of the service, robust evidence will need to be provided in the following areas:

- Poor health/stress which does not fall into the scope of the 3 tiers of the ill health pension scheme, or
- Breakdown in trust and confidence which falls short of a breach in contract or,
- Inability to adapt and respond effectively to the pace of change in the organisation.

In these circumstances the package does not include a redundancy payment and whilst there is no requirement to achieve the savings as in proposal A, an assessment should be made of any cashable and non-cashable savings.

#### **4. Consideration of Alternative Approaches**

##### **4.1 Do not make amendments to the schemes**

- 4.1.1 This option could result in the Council been unable to manage its workforce effectively which could impact on service delivery.

#### **5. Proposal and Justification**

- 5.1 To alter proposal B to allow the discretion to make an ex- gratia payment, not exceeding the cost of redundancy in circumstances where the proposal forms part of a wider restructure and the associated costs (known as strain costs, see 5.3.), ex- gratia payment, pay in lieu of notice will generate an overall net costs saving over the first full 3 years following retirement.

#### **6. Implications for local people / service users**

- 7.1 None arising from this report

#### **7. Financial Implications**

- 7.1 Dependant on the number of employees. Individual costs savings forms will be assessed on a case by case basis and certified by finance.

#### **8. Employee Implications**

- 8.1 The implementation of the revised schemes will affect all eligible employees in the council and employees in maintained schools.

#### **9. Legal Implications**

- 9.1 Legal services have been consulted on the changes.

#### **10. Communications Implications**

- 10.1 The revised schemes will be available on the HR intranet site.

#### **11. Consultations**

- 11.1 The Trade Unions have been consulted.
- 11.2 The Senior Management Team has been consulted and support the recommendations contained within this report.

**12. Promoting Equality and Diversity and Social Inclusion**

12.1 The Scheme applies to all employees in accordance with the Local Government Pension Scheme and Redundancy (Severance) Schemes.

**13. Risk Management Issues**

13.1 None

**14. List of Appendices**

Appendix 1 – Amended Selective Voluntary Early Retirement and Voluntary Severance Scheme attached.

**15. Background Papers**

15.1 All background and working papers are available for inspection in Human Resources.

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**Date: 7 August 2018**