

Comisiwn y Cynulliad Assembly Commission

NAFWC 2014 (Part 1)
Voluntary Early Retirement/Severance Scheme

Cynulliad
Cenedlaethol
Cymru
National
Assembly for
Wales



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Voluntary Early Retirement/Severance Scheme

This paper has been prepared for consideration by the National Assembly for Wales Commission. It has been deemed suitable for publication after such consideration in line with the Commission's rules for conduct of business. Premature publication or disclosure of the contents of this paper is not permitted as this might prejudice the Commission's deliberations

1.0 Purpose and summary of issues

- 1.1. To seek Commission approval to run a voluntary retirement/voluntary severance scheme amongst Assembly Commission staff at a maximum cost of £0.4m to come from existing 2010-11 budgets.
- 1.2. The intention is to provide the opportunity for staff to seek early retirement or voluntarily to leave the service of the Assembly as a step towards achieving the 20-25% budgetary cuts that will be necessary by 2014-2015.
- 1.3. As expenditure under this scheme may be deemed to be 'novel or contentious' the Chief Executive is required to consult with the Commission before authorising expenditure on such matters.

2.0 Recommendations

- 2.1. That the Commission agrees the proposals. For reasons outside our control, timing is tight and it would be helpful if Commissioners could respond by 2 August.

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3.0 Discussion

- 3.1. Recently the UK Government announced its proposed changes to the Civil Service Compensation Scheme (CSCS) and confirmed that the original scheme would remain in operation until mid October this year. Immediately following this, and without giving us any indication of their plans, the Welsh Assembly Government notified its staff on 14 July that the existing scheme would be open for them to apply for early retirement/early severance with immediate effect. The Management Board has carefully considered the risks and benefits of using the existing scheme during this short window and is in favour of giving staff the option of leaving early ahead of those changes being introduced.**
- 3.2. Allowing a limited number of staff to leave this year means that we can start to make savings in our budgets much earlier than otherwise able through natural turnover. Whilst there is an upfront cost, savings begin to accrue immediately and will therefore result in greater savings being achieved over the next four years than would otherwise have been the case. We would need to ensure focused investment in training and development so that, if appropriate, we can fill the posts that become vacant with people from within the organisation.**
- 3.3. People will leave through voluntary Flexible Early Retirement (FER) or voluntary Flexible Early Severance (FES), under the terms of the current Civil Service Compensation Scheme. There is a clear distinction between both:**
- Early Retirement applies for employees aged 50 or over;**
 - Early Severance applies for employees aged under 50.**
- 3.4. The benefits payable depend on the specific pension scheme that individual employees are in, within the umbrella Civil Service Pensions Scheme.**
- 3.5. In considering an application for FER/FES, the following selection criteria will be used:**

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- Our ability to continue to deliver the necessary services following the departure of the individual;
- Cost/payback against Commission budgets;
- Overall affordability within the current year.

3.6 It is not possible to produce accurate cost estimates as costs and savings can vary significantly depending on the specific circumstances – grade and length of service – of individual members of staff. There would be a net additional cost in 2010-11 needed to fund early departures. We estimate that it would be possible to fund up to £0.4 million within existing budgets by further re-prioritising spend this year and propose that we set this as cap for expenditure on the scheme. The departures are likely to produce savings estimated at over £1m per annum.

3.7 Provisional information has been issued to staff, making it clear that the scheme is subject to Commission approval and a copy of this information is attached. The proposed timetable for issuing advice, reminders and closure is set out below.

On or before 13 August	People who are seriously interested in applying should register their interest via e-mail. Requests for estimates submitted to pension administrator as received.
13 August – 3 September	Estimates received from pension administrators and issued to individuals.
6-10 September	Decisions made on applications
17 September	Individuals notified and return acceptance form to pension administrators to ensure prompt payment of pension/compensation

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22 October	Last day of service
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