

# Report

Report to:	<b>Finance and Corporate Resources Committee</b>
Date of Meeting:	<b>11 December 2019</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Early Retirement, Voluntary Severance and Switch 2</b>
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## 1. Purpose of Report

### 1.1. The purpose of the report is to:-

- ♦ advise on early retirements, voluntary severances, re-employment of early retirees and re-deployments during the period 1 April 2019 to 30 September 2019

## 2. Recommendation(s)

### 2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the early retirements, voluntary severances, re-employment of early retirees and redeployment of employees on the Switch 2 register during the period 1 April 2019 to 30 September 2019 be noted.

## 3. Background

### 3.1. The Council analyses the number of employees being released through early retirement and voluntary severance and all of the associated costs. This forms part of the ongoing monitoring process derived from the Audit Scotland report, "Bye now pay later". This report provides information on the Council's position for the 6 month period from 1 April 2019 to 30 September 2019.

## 4. Current Position

### **Early Retirements (Efficiency of the Service/Voluntary Redundancy) and Voluntary Severance**

- 4.1. During the period 1 employee was granted early retirement on the grounds of efficiency of the service, this was the result of a service specific review as shown on the table overleaf.
- 4.2. Voluntary severance is dealt with by way of a discretionary payment that can be granted in situations where an employee is not eligible to retire under the Local Government Pension Scheme regulations due to their age or length of service; is not a member of the Local Government Pension Scheme, or where, in exceptional circumstances, an employee has reached retirement age and where a severance payment would be more beneficial than the award of Compensatory Added Years.

<b>No. of employees</b>	<b>One- off costs</b>	<b>Annual Costs</b>	<b>Net Annual Savings*</b>
1	£24,108.93	£4,881.09	£86,761.03

\*Net annual savings taking account of annual costs. Costs detailed include capitalisation costs.

#### 4.3. Trend Analysis

<b>Annual Period</b>	<b>1/4/14-31/3/15</b>	<b>1/4/15-31/3/16</b>	<b>1/4/16-31/3/17</b>	<b>1/4/17-31/3/18</b>	<b>1/4/18 – 31/3/19</b>	<b>1/4/19 – 30/9/19*</b>
<b>No. of Early Retirements/ Voluntary Severances</b>	35	9	4	12	0	1

\*denotes 6 month period

- 4.4. During the period 1 April 2019 to 30 September 2019, 1 employee was granted early retirement or voluntary severance as a result of a service specific review. This is an increase in comparison to the number of early retirements approved between 1 April 2018 and 31 March 2019.

### 5. Early Retirements – Ill Health

- 5.1. In terms of early retirement on the grounds of ill-health, there are no capitalisation costs to the Council. During the 6 month period from 1 April 2019 to 30 September 2019, 26 requests were made for ill health retirement and the following retirements were approved:-

<b>Resource</b>	<b>No. of Early Retirements on ill health grounds</b>
Community and Enterprise	4
Education	6
Finance and Corporate	2
Housing and Technical	4
Social Work	5
<b>Total</b>	<b>21</b>

- 5.2. The Local Government Pension Scheme regulations allow for 2 tiers of ill health retirement in situations where the member's ill-health or infirmity of mind or body renders them permanently incapable of discharging efficiently the duties of their current employment. Tier 1 relates to members with no reasonable prospect of obtaining gainful employment before their state pension age. Tier 2 relates to members with a reasonable prospect of obtaining gainful employment before their state pension age.
- 5.3. During the 6 month period, 21 ill health retirements were granted under the provisions of tier 1 and tier 2 of the Local Government Pension Scheme and the Scottish Teachers' Pension Scheme and 5 resulted in no award being granted.

#### 5.4. Annual Trend Analysis

<b>Annual Period</b>	<b>1/4/15-31/3/16</b>	<b>1/4/16-31/3/17</b>	<b>1/4/17 - 31/3/18</b>	<b>1/4/18 – 31/3/19</b>	<b>1/4/19 – 30/9/19*</b>
<b>No. of ill-health retirements</b>	12	28	37	46	21

\*denotes 6 month period

- 5.5. During the period 1 April 2018 to 31 March 2019, the number of ill health retirements granted increased by 9 compared to the previous year, due to an increase in employees meeting the criteria. Based on the figure of 21 for the period 1 April to 30 September 2019, it is anticipated that the annual figure for 1 April 2019 to 31 March 2020 is likely to decrease compared to the previous year.

#### 6. Re-employment of Early Retirees

- 6.1. The re-employment of those who have been granted early retirement is monitored and approved within Personnel Services, Finance and Corporate Resources. During the 6 month period from 1 April 2019 to 30 September 2019, no requests for re-employment were made and this represents no change when compared to the previous 6 month period.

#### 7. Switch 2

- 7.1. Switch 2 is monitored and approved centrally within Personnel Services, Finance and Corporate Resources. During the 6 month period from 1 April 2019 to 30 September 2019, 26 employees and Modern Apprentices were redeployed to suitable alternative posts within the Council as follows:-

<b>Resource</b>	<b>No. of employees</b>	<b>No. of Modern Apprentices</b>	<b>Total</b>
Community and Enterprise/Education *	7	0	7
Finance and Corporate	3	4	7
Housing and Technical	7	1	8
Social Work	4	0	4
<b>TOTALS</b>	<b>21</b>	<b>5</b>	<b>26</b>

\* In terms of data protection, Resources with fewer than 2 employees have been merged

- 7.2. This figure is a decrease compared to the previous 6 month period. Of the 21 employees and 5 Modern Apprentices redeployed within the period, 20 were placed in permanent roles and the remaining 6 in fixed term roles. In line with the Switch 2 policy, those individuals placed on a fixed term basis will continue to be matched to permanent posts as they become available.

#### 7.3. Annual Trend Analysis

<b>Annual Period</b>	<b>1/4/15-31/3/16</b>	<b>1/4/16-31/3/17</b>	<b>1/04/17–31/03/18</b>	<b>1/4/18 – 31/03/19</b>	<b>1/4/19–30/09/19*</b>
<b>No. of Switch 2 matches</b>	39	113	102	71	26

\*denotes 6 month period

- 7.4. During the period 1 April 2018 to 31 March 2019, the number of employees re-deployed decreased by 31 compared to the previous year. Based on the figure of 26 for the period 1 April 2019 to 30 September 2019, it is anticipated that the annual figure for 1 April 2019 to 31 March 2020 is likely to decrease compared to the previous year.

## **8. Flexible Retirement**

- 8.1. The approval of those who have been granted flexible retirement is monitored within Personnel Services, Finance and Corporate Resources. During the 6 month period, 94 requests were approved as detailed below with no cost to the Council.
- 8.2. Included in these figures are phased retirement and winding down applications for Teaching Staff, these have been broken down in the table below. These are two options which are available to Teachers within the SPPA guidelines and are similar to the LGPS flexible retirement scheme.

<b>Resource</b>	<b>No. of Flexible Retirements</b>	<b>No. of Phased Retirements/ Winding Down</b>
Community and Enterprise	17	
Education	15	23
Finance and Corporate	5	
Housing and Technical	18	
Social Work	16	
<b>Total</b>		<b>94</b>

- 8.3. During the 6 month period, the average age of employees granted flexible retirement was 61 years which is a decrease of 1 year when compared to the previous 6 month period.

### **8.4. Annual Trend Analysis**

<b>Annual Period</b>	<b>1/4/15-31/3/16</b>	<b>1/4/16-31/3/17</b>	<b>1/04/17-31/03/18</b>	<b>1/4/18 – 31/03/19</b>	<b>1/4/19– 30/09/19*</b>
<b>No. of Flexible Retirement</b>	94	118	159	141	94*

\*denotes 6 month period

- 8.5. During the period 1 April 2018 to 31 March 2019, the number of flexible retirements decreased by 18 compared to the previous year. Based on the figure of 94 for the period 1 April to 30 September 2019, it is anticipated that the annual figure for 1 April 2019 to 31 March 2020 is likely to increase compared to the previous year.
- 8.6. Flexible retirement refusals are monitored within Personnel Services, Finance and Corporate Resources and no requests were declined during this period.

## **9. Employee Implications**

- 9.1. In respect of those employees refused ill-health retirement, incapability dismissals may have been considered.

## **10. Financial Implications**

- 10.1. The costs incurred in relation to the Early Retirement / Voluntary Severance granted in the period 1 April 2019 to 30 September 2019 were provided for in the reported outturn position for 2018/2019.

## **11. Other Implications (Including Environmental and Risk Issues)**

- 11.1. The early release of employees across the Council must be properly managed to minimise the risk of adversely impacting service levels through the loss of vital skills and experience. In accordance with agreed policies, the redeployment of employees through the Switch 2 process continues to be considered as a matter of priority.
- 11.2. There are no sustainability implications as a result of this report.

## **12. Equality Impact Assessment and Consultation Arrangements**

- 12.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 12.2. All releases were in line with agreed policies and procedures; therefore no further consultation was required.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

19 November 2019

### **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Excellent employer
- ◆ Accountable, effective, efficient and transparent

### **Previous References**

- ◆ Finance and Corporate Resources - 8 May 2019

### **List of Background Papers**

- ◆ None

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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