

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	15 November 2017
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Early Retirement, Voluntary Severance and Switch 2
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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 to 30 September 2017

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 to 30 September 2017 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 1 April to 30 September 2017.

4. Current Position

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

- 4.1. During the period, 9 employees were granted early retirement on the grounds of efficiency of the service; voluntary redundancy or were released through voluntary severance as shown in 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.

Resource	No. of employees	One- off costs	Annual Costs	Net Annual Savings*
Finance and Corporate Resources	6	£418,396.01	£21,699.81	£403,006.98
Community and Enterprise/ Housing and Technical Resources**	3	£78,966.92	£3,374.44	£149,877.62
TOTALS	9	£497,362.93	£25,074.25	£552,884.60

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

**In terms of data protection, resources with fewer than 2 employees have been merged.

- 4.3. During the 6 month period, the average age of employees who were granted early retirement was 60 years.

4.4. Trend Analysis

Annual Period	1/4/11-31/3/12	1/4/12-31/3/13	1/4/13 – 31/3/14	1/4/14-31/3/15	1/4/15-31/3/16	1/4/16-31/3/17
No. of Early Retirements/ Voluntary Severances	158	38	48	35	9	2

- 4.5. During the period 1 April to 30 September 2017, 9 employees were granted early retirement or voluntary severance as a result of service specific reviews.

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 to 30 September 2017, 25 requests were made for ill health retirement and the following retirements were approved:-

Resource	No. of Early Retirements on ill health grounds
Community and Enterprise	5
Education	6
Housing and Technical/ Finance and Corporate	4
Social Work	7
Total	22

- 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 the age of 65. Tier 2 relates to members with a reasonable prospect of obtaining gainful employment before the age of 65.

- 5.3. During the 6 month period, 22 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 3 resulted in no award being granted.

5.4. Trend Analysis

Annual Period	1/4/2012 - 31/3/13	1/4/13 – 31/3/14	1/4/14- 31/3/15	1/4/15- 31/3/16	1/4/16- 31/3/17
No. of ill-health retirements	15	14	14	12	28

- 5.5. During the period 1 April 2016 to 31 March 2017, the number of ill health retirements granted increased by 16 compared to the previous year. This reflects an increase in the number of employees requesting ill health retirement and who meet the criteria.

6. Re-employment of Early Retirees

- 6.1. The re-employment of those who have been granted early retirement is monitored and approved centrally within Personnel Services, Finance and Corporate Resources. During the 6 month period from 1 April to 30 September 2017, 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, a total of 45 employees and Modern Apprentices were redeployed to suitable alternative posts within the Council as follows:-

Resource	No. of employees	No. of Modern Apprentices	Total
Community and Enterprise	8	0	8
Education	0	0	0
Finance and Corporate	4	6	10
Housing and Technical	7	8	15
Social Work	6	4	10
LVJB	0	2	2
TOTALS	25	20	45

- 7.2. This is a decrease of 2 when compared to the previous 6 month period. Of the 25 employees and 20 Modern Apprentices redeployed within the period, 27 have been placed in permanent roles and the remaining 18 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 Trend Analysis

Annual Period	1/4/2012 - 31/3/13	1/4/13 – 31/3/14	1/4/14- 31/3/15	1/4/15- 31/3/16	1/4/16- 31/3/17
No. of Switch 2 matches	71	75	75	39	113

- 7.4 During the period 1 April to 31 March 2017, the number of employees re-deployed increased by 74 compared to the previous year.

8. Flexible Retirement

- 8.1. The approval of those who have been granted flexible retirement is monitored centrally within Personnel Services, Finance and Corporate Resources. During the 6 month period, 100 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. There are two options which are available to Teachers within the SPPA guidelines and are similar to the LGPS flexible retirement scheme.

Resource	No. of Flexible Retirements	No. of Phased Retirements/ Winding Down
Community and Enterprise	14	
Education	10	28
Housing and Technical	25	
Social Work	14	
Finance and Corporate	9	
Total		100

- 8.3. During the 6 month period, the average age of employees granted flexible retirement was 61 years which was the same when compared to the previous 6 month period.
- 8.4. Flexible retirement refusals are monitored centrally 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 to 30 September 2017 were provided for in either 2016/2017 or in the reported outturn position for 2017/2018.

11. Other Implications

- 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)

16 October 2017

Link(s) to Council Values/Objectives

- ◆ Excellent Employer
- ◆ Accountable, Effective and Efficient

Previous References

- ◆ Finance and Corporate Resources Committee - 6 September 2017

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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