

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	8 May 2019
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 October 2018 to 31 March 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 October 2018 to 31 March 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 1 October 2018 to 31 March 2019.

4. Current Position

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

- 4.1. During the period, no early retirements on the grounds of efficiency of the service; voluntary redundancy or voluntary severance were granted and this represents no change when compared to the previous 6 month period.
- 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.

4.3. Annual Trend Analysis

Annual Period	1/4/13 – 31/3/14	1/4/14- 31/3/15	1/4/15- 31/3/16	1/4/16- 31/3/17	1/4/17- 31/3/18	1/4/18- 31/3/19
No. of Early Retirements/ Voluntary Severances	48	35	9	4	12	0

- 4.4 The table above shows the annual trend analysis of early exits granted as a result of efficiency of the service; voluntary redundancy or voluntary severance.

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 October 2018 to 31 March 2019, the following ill-health retirements were approved:

Resource	No. of Early Retirements on ill health grounds
Community and Enterprise/ Finance and Corporate *	6
Social Work	8
Education	5
Total	19

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

- 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, of the 22 requests made, 19 ill health retirements were granted under the provisions of tier 1 and tier 2 of the Local Government Pension Scheme and 3 resulted in no award being granted.

5.4. Annual Trend Analysis

Annual Period	1/4/14-31/3/15	1/4/15-31/3/16	1/4/16-31/3/17	1/4/17-31/3/18	1/4/18-31/3/19
No. of ill-health retirements	14	12	28	37	46

- 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. This is due to an increase in the number of employees with serious medical conditions who meet the criteria for ill health retirement.

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 Finance and Corporate Personnel Services. During the 6 month period from 1 October 2018 to 31 March 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 October 2018 to 31 March 2019, 14 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 / Education / Finance and Corporate*	6	0	6
Housing and Technical	5	0	5
Social Work	3	0	3
TOTALS	14	0	14

*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 14 employees, there were no Modern Apprentices redeployed within the period, 11 employees were placed in permanent roles and the remaining 3 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**

Annual Period	1/4/14-31/3/15	1/4/15-31/3/16	1/4/16-31/3/17	1/4/17-31/3/18	1/4/18 - 31/3/19
No. of Switch 2 matches	75	39	113	102	71

- 7.4 During the period 1 April 2018 to 31 March 2019, the number of employees redeployed decreased by 31 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, 73 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 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	21	
Education	1	3
Housing and Technical	17	
Social Work	21	
Finance and Corporate	10	
Total	73	

- 8.3 During the 6 month period, the average age of employees granted flexible retirement was 62 years, which is an increase of 1 year compared to the previous 6 month period.

8.4 **Annual Trend Analysis**

Annual Period	1/4/14-31/3/15	1/4/15-31/3/16	1/4/16-31/3/17	1/4/17-31/3/18	1/4/18 - 31/3/19
No. of Flexible Retirements	88	94	118	159	141

- 8.5 During the period 1 April 2018 to 31 March 2019, the number of employees granted flexible retirement decreased by 18 compared to the previous year.

- 8.6 Flexible retirement refusals are monitored centrally within Personnel Services, Finance and Corporate Resources. During the period from 1 October 2018 to 31 March 2019, 2 flexible retirement applications were refused.

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. There were no leavers in the period 1 October 2018 to 31 March 2019 for which early retirement/severance costs were incurred.

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.

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 April 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Excellent Employer
- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Finance and Corporate Resources Committee – 28 November 2018

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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