

Report

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| Report to: | Finance and Corporate Resources Committee |
| Date of Meeting: | 20 May 2020 |
| Report by: | Executive Director (Finance and Corporate Resources) |

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| 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 2019 to 31 March 2020

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 2019 to 31 March 2020 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 2019 to 31 March 2020.

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 a decrease 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 | 1/4/14-31/3/15 | 1/4/15-31/3/16 | 1/4/16-31/3/17 | 1/4/17-31/3/18 | 1/4/18-31/3/19 | 1/4/19-31/3/20 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| No. of Early Retirements/Voluntary Severances | 35 | 9 | 4 | 12 | 0 | 1 |

- 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. There has been an increase of 1 compared to the previous year.

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 2019 to 31 March 2020, the following ill-health retirements were approved:

| Resource | No. of Early Retirements on ill health grounds |
|--|---|
| Community and Enterprise/ Education | 7 |
| Social Work | 9 |
| Total | 16 |

- 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, 16 ill health retirements were granted under the provisions of tier 1 and tier 2 of the Local Government Pension Scheme and 6 resulted in no award being granted.

5.4. Annual Trend Analysis

| Annual Period | 1/4/15-31/3/16 | 1/4/16-31/3/17 | 1/4/17-31/3/18 | 1/4/18-31/3/19 | 1/4/19-31/3/20 |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| No. of ill-health retirements | 12 | 28 | 37 | 46 | 37 |

- 5.4.1. During the period 1 April 2019 to 31 March 2020, the number of ill health retirements granted decreased by 9 compared to the previous year. This decrease is due to a reduction 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 Personnel Services, Finance and Corporate Resources. During the 6 month period from 1 October 2019 to 31 March 2020, 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 2019 to 31 March 2020, 21 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/Social Work* | 8 | 0 | 8 |
| Finance and Corporate /Housing and Technical* | 9 | 4 | 13 |
| TOTALS | 17 | 4 | 21 |

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

7.1.1 This figure is a decrease of 5 compared to the previous 6 month period. Of the 17 employees and 4 Modern Apprentices redeployed within the period, 18 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.

7.2. Annual Trend Analysis

| Annual Period | 1/4/15-31/3/16 | 1/4/16-31/3/17 | 1/4/17-31/3/18 | 1/4/18 - 31/3/19 | 1/4/19 - 31/3/20 |
|-------------------------|----------------|----------------|----------------|------------------|------------------|
| No. of Switch 2 matches | 39 | 113 | 102 | 71 | 47 |

7.2.1 During the period 1 April 2019 to 31 March 2020, the number of employees re-deployed decreased by 24 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, 65 requests were approved as detailed below with no cost to the Council.

8.1.1. 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 | 18 | |
| Education | 4 | 4 |
| Finance and Corporate | 9 | |
| Housing and Technical | 19 | |
| Social Work | 11 | |
| Total | | 65 |

8.1.2. During the 6 month period, the average age of employees granted flexible retirement was 62 years, which is an increase of 1 year.

8.2. Annual Trend Analysis

| Annual Period | 1/4/15-31/3/16 | 1/4/16-31/3/17 | 1/4/17-31/3/18 | 1/4/18 - 31/3/19 | 1/4/19 - 31/3/20 |
|-----------------------------|----------------|----------------|----------------|------------------|------------------|
| No. of Flexible Retirements | 94 | 118 | 159 | 141 | 159 |

8.2.1. During the period 1 April 2019 to 31 March 2020, the number of employees granted flexible retirement increased by 18 compared to the previous year.

8.3. Flexible retirement refusals are monitored centrally within Personnel Services, Finance and Corporate Resources. During the period from 1 October 2019 to 31 March 2020, 1 flexible retirement application was 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 2019 to 31 March 2020 for which early retirement/severance costs were incurred.

11. Climate Change, Sustainability and Environmental Implications

11.1. There are no implications for climate change, sustainability and environmental implications.

12. Other Implications

12.1. 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.

13. Equality Impact Assessment and Consultation Arrangements

13.1. 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.

13.2. All releases were in line with agreed policies and procedures; therefore no further consultation was required.

Paul Manning

Executive Director (Finance and Corporate Resources)

21 April 2020

Link(s) to Council Values, Ambitions, Objectives

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

Previous References

- ◆ Finance and Corporate Resources – 11 December 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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