

Report

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Report to:	Corporate Resources Committee
Date of Meeting:	23 November 2011
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Early Retirement, Voluntary Severance and Redeployment
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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 2011

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 during the period be noted.

3. Background

3.1. The Council analyses the number of employees being released through early retirement and voluntary severance, and all associated costs. This forms part of the ongoing monitoring process derived from 'Buy now, pay later'. This report provides information on the Council's position for the 6 month period, 1 April to 30 September 2011.

4. Current Position

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

- 4.1. During the period, 120 employees were granted early retirement on the grounds of efficiency of the service; voluntary redundancy or voluntary severance, as shown in the table overleaf. 8 of those employees (6.5%) were released as a result of the Management and Supervisory National Diagnostic Project.
- 4.2. Voluntary severance is 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 an employee is able to access their pension benefits but would benefit more from a severance payment than an award of Compensatory Added Years (CAY).

Resource	No. of employees	One- off costs	Annual Costs	Net Annual Savings*
Community	49	£1,283,386	£44,221	£1,314,071
Corporate and Finance and IT	16	£1,327,614	£34,105	£487,969
Education	38	£507,994	£99,925	£398,486
Enterprise	8	£386,970	£17,294	£294,246
Housing and Technical/Social Work**	9	£589,359	£23,479	£444,961
TOTALS	120	£4,095,323	£219,024	£2,939,733

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

**In terms of data protection, Resources with less than 2 employees retiring have been grouped together.

- 4.3. During the 6 month period, the average age of employees who were granted early retirement and voluntary severance was 57. This demonstrates no change when compared to the previous 6 month period.

4.4. **Trend Analysis**

Annual Period	1/4/05 – 31/3/06	1/4/06 – 31/3/07	1/4/07 – 31/3/08	1/4/08 – 31/3/09	1/4/09 – 31/3/10	1/4/10 – 31/3/11
No. of Early Retirements/ Voluntary Severances	71	90	111	50	125	111

- 4.4.1. During the period 1 April 2010 to 31 March 2011, 111 employees were granted early retirement or voluntary severance. 29 of those employees (26%) were released as a result of the Management and Supervisory National Diagnostic Project and the remaining 82 employees (74%) were released as a result of other 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 2011, the following ill-health retirements were assessed and approved by the Council's appointed, independent Occupational Health Adviser:

Resource	Number of Employees
Community/Housing and Technical**	3
Social Work/Education**	6
Total	9

**In terms of data protection, Resources with less than 2 employees retiring have been grouped together.

- 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 one 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, 9 ill health retirements were granted under the provisions of the Local Government Pension Scheme and the Scottish Teachers Superannuation Scheme. Following assessment, 1 request resulted in no award.

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 Corporate Personnel Services. During the 6 month period from 1 April to 30 September 2011, no requests for re-employment were received and this represents a reduction of 1 when compared to the previous 6 month period.

7. Redeployment

- 7.1. Redeployment is monitored and approved centrally within Corporate Personnel Services. Within the 6 month period, a total of 20 employees were redeployed to a suitable alternative post within the Council as follows:-

Resource	Number of Employees
Education/Enterprise**	9
Finance and IT/Social Work**	3
Housing and Technical	8
Total	20

**In terms of data protection, Resources with less than 2 employees being redeployed have been grouped together.

- 7.2. This is a decrease of 31 when compared to the previous 6 month period and is reflective of a corresponding reduction in the number of employees new to the redeployment list.

8. Flexible Retirement

- 8.1. The approval of those who have been granted flexible retirement is monitored centrally within Corporate Personnel Services. During the 6 month period, 17 requests were approved as detailed below with no cost to the Council.

Resource	Number of Employees
Corporate/Education**	10
Housing and Technical	3
Social Work	4
Total	17

**In terms of data protection, Resources with less than 2 employees retiring have been grouped together.

- 8.2. During the 6 month period, the average age of employees granted flexible retirement was 61 years. Compared to the previous 6 month period this demonstrates a decrease of 0.5 years.

- 8.3. Flexible retirement refusals are monitored centrally within Corporate Personnel Services 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. A provision was made in the 2010/2011 accounts for the costs in respect of the retirements that were known at that time and therefore there is no financial cost for these known retirements in 2011/12. All costs associated with the other proposals have been met from existing resources.

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.

- 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)

25 October 2011

Link(s) to Council Objectives/Improvement Themes/Values

- Excellent Employer
- Accountable, Effective and Efficient

Previous References

- Corporate Resources Committee – 15 June 2011

List of Background Papers

None.

Contact for Further Information

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

Danielle Lang, Personnel Officer

Ext: 4238 (Tel: 01698 454238)

E-mail: Danielle.lang@southlanarkshire.gov.uk