

# Report

# 12

Report to:	<b>Finance and Corporate Resources Committee</b>
Date of Meeting:	<b>20 June 2018</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 October 2017 to 31 March 2018

## 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 2017 to 31 March 2018 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 2017 to 31 March 2018.

## 4. Current Position

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

- 4.1. During the period, 3 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.

<b>Resource</b>	<b>No. of employees</b>	<b>One- off costs</b>	<b>Annual Costs</b>	<b>Net Annual Savings*</b>
Community and Enterprise	3	£175,454.96	£6,982.14	£212,041.09
<b>TOTALS</b>	<b>3</b>	<b>£175,454.96</b>	<b>£6,982.14</b>	<b>£212,041.09</b>

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

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

#### 4.4. Annual Trend Analysis

<b>Annual Period</b>	<b>1/4/12-31/3/13</b>	<b>1/4/13 – 31/3/14</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>No. of Early Retirements/ Voluntary Severances</b>	38	48	35	9	4	12

4.4.1. During the period 1 April 2017 to 31 March 2018, 12 employees were granted early retirement or voluntary severance. Of this, all employees were released 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 October 2017 to 31 March 2018, the following ill-health retirements were approved:

<b>Resource</b>	<b>No. of Early Retirements on ill health grounds</b>
Community and Enterprise Resources	3
Social Work Resources/Housing and Technical Resources*	3
Education Resources	5
Finance and Corporate Resources	4
<b>Total</b>	<b>15</b>

\*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 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, of the 16 requests made, 15 ill health retirements were granted under the provisions of tier 1 and tier 2 of the Local Government Pension Scheme and 1 resulted in no award being granted.

5.4. **Annual Trend Analysis**

<b>Annual Period</b>	<b>1/4/13 – 31/3/14</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>No. of ill-health retirements</b>	14	14	12	28	37

5.4.1. During the period 1 April 2017 to 31 March 2018, 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 Personnel Services, Finance and Corporate Resources. During the 6 month period from 1 October 2017 to 31 March 2018, 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, 57 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	3	0	3
Education	18	0	18
Social Work	11	3	14
Housing and Technical	12	4	16
Finance and Corporate	4	2	6
<b>TOTALS</b>	<b>48</b>	<b>9</b>	<b>57</b>

7.1.1 This is an increase of 12 when compared to the previous 6 month period. Of the 48 employees and 9 Modern Apprentices redeployed within the period, 34 have been placed in permanent roles and the remaining 23 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.

7.2.1 **Annual Trend Analysis**

<b>Annual Period</b>	<b>1/4/13 – 31/3/14</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>No. of Switch 2 matches</b>	75	75	39	113	102

7.2.2 During the period 1 April 2017 to 31 March 2018, the number of employees re-deployed decreased by 11 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 59 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	18	
Education	1	4
Housing and Technical	15	
Social Work	9	
Finance and Corporate	12	
<b>Total</b>	<b>55</b>	<b>4</b>

8.3. During the 6 month period, the average age of employees granted flexible retirement was 61 years, the same as in 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 October 2017 to 31 March 2018 were provided for 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 implications for sustainability in terms of the information contained within 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)**

27 April 2018

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

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

**Previous References**

- ◆ Finance and Corporate Resources Committee – 15 November 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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