

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 30 SEPTEMBER 2014

EARLY RETIRAL/VOLUNTARY REDUNDANCY 2013/14

REPORT BY SHARON FAULKNER, HEAD OF HR, IT & ORGANISATIONAL DEVELOPMENT

ABSTRACT

This report advises of the number of employees released from employment early on various grounds during 2013/14.

1. RECOMMENDATION

The committee considers the terms of this report.

2. ALIGNMENT TO THE COUNCIL PLAN

This report contributes to the achievement of the following priority contained within the Council Plan:

Transformational Change

- review our workforce to ensure it is led and managed effectively, is the right size and shape, is motivated and has the skills, knowledge and tools needed.

3. BACKGROUND

- 3.1** Each year, as part of the council's performance management arrangements, a report on the number of early retirements on the grounds of efficiency/redundancy, flexible retirement and ill health during the previous financial year is submitted to committee.

4. CURRENT POSITION

- 4.1** There were twenty-four employees released on early retirement/voluntary redundancy during 2013/14. In the previous five financial years 2008/09 to 2012/13 the figures were 10, 8, 11, 7 and 20 respectively.

- 4.2** The Local Government Pension Scheme (Scotland) allows eligible employees to have early access to their pension benefits by way of flexible retirement. In 2013/14, thirteen employees were granted flexible retirement, compared to seven in 2012/13.

- 4.3** Six employees were released on ill health grounds during 2013/14. The comparative numbers released on ill health grounds in financial years 2008/09 to 2012/13 were 17, 10, 13, 6 and 0 respectively.

- 4.4** The committee is asked to note that the figures only relate to those employee categories covered by the Local Government Pension Scheme and therefore exclude teaching staff.

5. FINANCIAL IMPLICATIONS

- 5.1** Employees will normally only be released on the grounds of early retirement/voluntary redundancy or flexible retirement when there is a saving after taking account of any enhanced payments and the cost of early payment of the accrued pension and accrued lump sum.

- 5.2** The full costs of early retiral/redundancy and flexible retirement to both the revenue budget and the pension fund are identified to ensure that each directorate supporting an efficiency, redundancy or flexible retiral has regard to additional costs, including the strain on the fund, as well as other operational considerations. The pension regulations require the council to reimburse the cost of additional years to the pension fund, together with any capitalised strain on the fund.
- 5.3** Lump sum costs (including redundancy and strain on the fund costs) associated with the early retirals granted in 2013/14 amounted to £1,512,754. The total savings over five years achieved through these retirals are estimated at £3,519,666. There were no costs associated with twelve of the thirteen flexible retirements as all those involved were over 60 years of age. The other one flexible retirement was for an employee under 60 years of age which attracted a strain on the fund cost of £5,069. The savings for this post over five years will be £21,800.
- 5.4** The cost of ill health retirals is borne by the pension fund. However, the greater the number of retirals, the greater will be pressure on the fund and this may result, in the longer term, in an increase in employer's pension contributions borne by the council.

6. CONSULTATION

- 6.1** The Chief Executive, Strategic Director – Resources, Head of Corporate Improvement and Finance and Head of Legal and Democratic Services have been consulted on the terms of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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