

**ANGUS COUNCIL**

**POLICY AND RESOURCES COMMITTEE – 8 JUNE 2021**

**REVISIONS TO THE COUNCIL'S EARLY RETIREMENT, VOLUNTARY REDUNDANCY AND FLEXIBLE RETIREMENT SCHEMES**

**REPORT BY SHARON FAULKNER, DIRECTOR OF HR, DIGITAL ENABLEMENT, IT & BUSINESS SUPPORT**

**ABSTRACT**

This report recommends changes to the council's Early Retirement and Voluntary Redundancy Scheme and the council's Flexible Retirement Scheme to take effect from 1 July 2021.

**1. RECOMMENDATION(S)**

It is recommended that the Committee:

- (i) approves the revised Early Retirement and Voluntary Severance Policy
- (ii) approves the revised Flexible Retirement Policy

**2. ALIGNMENT TO THE COUNCIL PLAN**

This report contributes to the achievement of the council's aim to be efficient and effective and supports the implementation of workforce change and service reviews.

**3. BACKGROUND**

- 3.1 The council has an Early Retirement and Voluntary Redundancy Scheme to assist the management of change and to allow employees to request early release from the council's employment.
- 3.2 Revisions to the Early Retirement and Voluntary Redundancy Scheme were approved by the Policy and Resources Committee in June 2014.
- 3.3 The council also has a Flexible Retirement Scheme as approved by the Policy and Resources Committee of 5 May 2009. This scheme allows employees aged 55 or over to make a request to reduce the number of hours they work or to reduce their grade and draw all of their pension benefits.
- 3.4 These schemes are largely based on the Local Government Pension Scheme (Scotland) but incorporate elements for local discretion. This report describes a number of proposed changes to the schemes and includes as appendices, revised policies incorporating these changes.

**4. CURRENT POSITION**

- 4.1 A number of changes to the Local Government Pension Scheme (Scotland) have been made which have resulted in the need for updated information within both Schemes
- 4.2 Limited detail within and understanding of both schemes has highlighted the need for revision
- 4.3 As detailed in the External Audit Annual Audit Report to Members (Report 291/20) a review of the council's voluntary severance payback period was recommended

## **5. PROPOSALS**

### **5.1 Payback period within Early Retirement and Voluntary Severance Policy and Flexible Retirement Policy**

Currently, while taking account of operational considerations, agreement to an employee being released under the terms of the Early Retirement and Voluntary Redundancy Scheme or approval for flexible retirement under the terms of the Flexible Retirement Scheme is normally only given if there is a saving, over 5 years. This is after taking account of the cost of any early payment of the accrued pension and lump sum and if relevant any associated redundancy costs. It is proposed that this payback period is reduced from 5 years to 2.5 years in order to ensure the council reduces costs incurred and realises the benefits of the employee's release at an earlier stage.

### **5.2 Updated Information**

It is proposed both existing schemes are now referred to as Policies and that they contain more detailed and up to date information as laid out in the appendices to this report.

## **6. FINANCIAL IMPLICATIONS**

The proposed revisions will provide the council with Early Retirement and Voluntary Severance and Flexible Retirement Policies which are more affordable for the council, but which remain attractive to employees and support the implementation of workforce change and service reviews.

## **7. OTHER IMPLICATIONS**

The proposed revisions will provide employees with more detailed information to help inform their decisions.

The proposed reduction of the payback period from 5 years to 2.5 years will make the financial viability of employee requests for Early Retirement, Voluntary Severance and Flexible Retirement less likely and may therefore mean that fewer requests can be approved. This may in turn may make any proposed reduction in staff numbers more difficult to achieve through voluntary severance.

## **8. EQUALITY IMPACT ASSESSMENT**

An Equality Impact Assessment has been carried out and is attached.

## **9. CONSULTATION (IF APPLICABLE)**

The Corporate Leadership Team and (in accordance with local collective bargaining arrangements) Trade Unions have been consulted in the preparation of this report. Trade Unions sought the inclusion of the right to appeal where a request for flexible retirement is not supported due to the proposed working arrangements. This has been included in Section 4, Step 1 of Appendix 2. They also sought the inclusion of the option to raise a grievance where a request for flexible retirement is not supported by the relevant Director following consideration of financial viability, This has been included in Section 4, Step 3 of Appendix 2.

**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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## Equality Impact/Fairer Scotland Duty Assessment Form

(To be completed with reference to Guidance Notes)

### Step 1

**Name of Proposal** : Committee report requesting agreement to proposed revisions to the council's Early Retirement and Voluntary Redundancy and Flexible Retirement Schemes

### Step 2

Is this only a **screening** Equality Impact Assessment

No

**(A)** If Yes, please choose from the following options **all** reasons why a full EIA/FSD is not required:

(i) It does not impact on people

Yes/No

(ii) It is a percentage increase in fees which has no differential impact on protected characteristics

Yes/No

(iii) It is for information only

Yes/No

(iv) It is reflective e.g. of budget spend over a financial year

Yes/No

(v) It is technical

Yes/No

If you have answered yes to any of points above, please go to **Step 16**, and sign off the Assessment.

**(B)** If you have answered No to the above, please indicate the following:

Is this a full Equality Impact Assessment

Yes

Is this a Fairer Scotland Duty Assessment

No

If you have answered Yes to either or both of the above, continue with Step 3.

If your proposal is a **strategy** please ensure you complete Step 13 which is the Fairer Scotland Duty Assessment.

### Step 3

(i)Lead Directorate/Service: HR

(ii)Are there any **relevant** statutory requirements affecting this proposal? If so, please describe.

Local Government Pension Scheme (Scotland)

(iii)What is the aim of the proposal? Please give full details.

This proposal aims to address the following:

A number of changes to the Local Government Pension Scheme (Scotland) have been made which have resulted in the need for updated information within both Schemes

Limited detail within and understanding of both schemes has highlighted the need for revision

As detailed in the External Audit Annual Audit Report to Members (Report 291/20) a review of the council's voluntary severance payback period was recommended.

The proposals to achieve this are as follows:

#### **Payback period within Early Retirement and Voluntary Severance Policy and Flexible Retirement Policies**

Currently, while taking account of operational considerations, agreement to an employee being released under the terms of the Early Retirement and Voluntary Redundancy Scheme or approval for flexible retirement under the terms of the Flexible Retirement Scheme is normally only given if there is a saving, over 5 years, after taking account of the cost of any early payment of the accrued pension and lump sum and, if relevant, any associated redundancy costs. It is proposed that this payback period is reduced from 5 years to 2.5 years in order to ensure the council reduces costs incurred and realises the benefits of the employee's release at an earlier stage.

#### **Updated Information**

It is proposed both schemes are referred to as Policies and that they contain more detailed and up to date information as laid out in the appendices to this report.

(iv)Is it a new proposal?      No      Please indicate      OR

Is it a review of e.g. an existing budget saving, report, strategy, policy, service review, procedure or function?      Yes      Please indicate

#### **Step 4: Which people does your proposal involve or have consequences for?**

Please indicate all which apply:

Employees	Yes
Job Applicants	No
Service users	No
Members of the public	No

#### **Step 5: List the evidence/data/research that has been used in this assessment (links to data sources, information etc which you may find useful are in the Guidance). This could include:**

**Internal data** (e.g. customer satisfaction surveys; equality monitoring data; customer complaints).

Anecdotal feedback indicates that the current information available to employees in relation to early severance / flexible retirement is limited and results in confusion.

It is known that some information in the existing schemes is no longer current

**Internal consultation** (e.g. with staff, trade unions and any other services affected).

Consultation with trade unions and the Human Resources Policy Sounding Board has taken place and resulted in some amendments to the proposed policies

**External data** (e.g. Census, equality reports, equality evidence finder, performance reports, research, available statistics)

External Audit Annual Audit Report to Members (Report 291/20) highlights that a review of the council's voluntary severance payback period was recommended, and an action plan was then developed which included amending the payback period to 2.5 years. rh

**External consultation** (e.g. partner organisations, national organisations, community groups, other councils).

Some examples of policies from other local authorities were obtained for reference.

**Other** (general information as appropriate).

#### **Step 6: Evidence Gaps.**

Are there any gaps in the equality information you currently hold? No

If yes, please state what they are, and what measures you will take to obtain the evidence you need.

**Step 7: Are there potential differential impacts on protected characteristic groups?** Please complete for each group, including details of the potential impact on those affected. Please remember to take into account any particular impact resulting from **Covid-19**.

**Please state if there is a potentially positive, negative, neutral or unknown impact for each group. Please state the reason(s) why.**

Age

**Impact**

The reduction of the payback period means from 5 to 2.5 years means that costs of early severance must be recouped by the council over a shorter timeframe and as a result this may reduce the number of requests which can be approved.

Pension scheme changes allow for early retirement without employer consent from age 55 (reduced from aged 60) which means this option is now available to younger employees.

Disability

**Impact**

Ill health retirement is referred to as in the policy but there are no proposed changes to existing arrangements

Gender reassignment

**Impact**

Marriage and Civil Partnership

**Impact**

Pregnancy/Maternity

**Impact**

Race - (includes Gypsy Travellers)

## **Impact**

Religion or Belief

## **Impact**

Sex

## **Impact**

As the majority of employees are female there will be an impact on sex as a result of the proposed changes to the payback period.

Sexual orientation

## **Impact**

### **Step 8: Consultation with any of the groups potentially affected**

If you have consulted with any group potentially affected, please give details of how this was done and what the results were.

Trade Unions represented all employees including those with protected characteristics

If you have not consulted with any group potentially affected, how have you ensured that you can make an informed decision about mitigating action of any negative impact (Step 9)?

### **Step 9: What mitigating steps will be taken to remove or reduce potentially negative impacts?**

We have ensured that more detailed information is contained within these policies to assist employees in understanding the options available to them

### **Step 10: If a potentially negative impact has been identified, please state below the justification.**

The proposed revisions will provide the council with Early Retirement and Voluntary Severance and Flexible Retirement Policies which are more affordable for the council but which remain attractive to employees and support the implementation of workforce change and service reviews.

### **Step 11: In what way does this proposal contribute to any or all of the public sector equality duty to: eliminate unlawful discrimination; advance equality of**

opportunity; and foster good relations between people of different protected characteristics?

**Step 12: Is there any action which could be taken to advance equalities in relation to this proposal?**

### **Step 13: FAIRER SCOTLAND DUTY**

This step is only applicable to **strategies** which are key, high level decisions. If your proposal is **not** a strategy, please leave this Step blank, and go to Step 14.

Links to data sources, information etc which you may find useful are in the Guidance.

**Step 13(A) What evidence do you have about any socio-economic disadvantage/inequalities of outcome in relation to this strategic issue?**

**Step 13(B) Please state if there are any gaps in socio-economic evidence for this strategy and how you will take measures to gather the evidence you need.**

**Step 13(C) Are there any potential impacts this strategy may have specifically on the undernoted groupings?** Please remember to take into account any particular impact resulting from **Covid-19**.

**Please state if there is a potentially positive, negative, neutral or unknown impact for each grouping.**

**Low and/or No Wealth** (e.g. those with enough money to meet basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future).

#### **Impact**

**Material Deprivation** (i.e. those unable to access basic goods and services e.g. repair/replace broken electrical goods, warm home, leisure and hobbies).

#### **Impact**

**Area Deprivation** (i.e. where people live (e.g. rural areas), or where they work (e.g. accessibility of transport)).



## **Impact**

**Socio-economic Background** i.e. social class including parents' education, people's employment and income.

## **Impact**

**Other** – please indicate

**Step 13(D) Please state below if there are measures which could be taken to reduce socio-economic disadvantage/inequalities of outcome.**

**Step 14: What arrangements will be put in place to monitor and review the Equality Impact/Fairer Scotland Duty Assessment?**

The policies and EIA will be reviewed in line with any changes to pension arrangements with the Local Government Pension Scheme(Scotland) and / or any changes to the discretionary elements within the policies.

**Step 15: Where will this Equality Impact/Fairer Scotland Duty Assessment be published?**

Alongside committee report

**Step 16: Sign off and Authorisation.** Please state name, post, and date for each:

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Approved by: Sharon Faulkner, Director of HR, Digital Enablement, IT & Business Support