



**POLICY AND RESOURCES SCRUTINY COMMITTEE
– 16TH APRIL 2013**

SUBJECT: PROPOSED CHANGES TO THE COUNCIL'S RETIREMENT AND SEVERANCE ARRANGEMENTS

REPORT BY: ACTING CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To inform members of a project to consider possible options available in relation to the Council's Retirement & Severance arrangements.
- 1.2 Due to the detailed work that will be required from an employment and pensions perspective to introduce these arrangements, members views are being sought at an early stage to be able to develop these arrangements more fully, and consult with Trades Union colleagues.

2. SUMMARY

- 2.1 Members will be aware from the recent report presented on our Workforce Strategies for dealing with the Medium Term Financial Plan, that opportunities to be able to review workforce structures, requires flexibility and turnover of employees. The ability to plan this on a formal rather than opportunistic basis significantly aids workforce and succession planning.
- 2.2 Presently the only tool available to aid workforce planning is the "Rule of 85", which limits this opportunity to individuals whose age and service meet the combined total of 85 (e.g. a 60 year old with 25 years service). This flexibility provision begins to be removed from the pension scheme in March 2016.

3. LINKS TO STRATEGY

- 3.1 This report has clear links to the workforce planning and Medium Term Financial Plan (MTFP) strategies and also impacts on core policies and procedures.

4. THE REPORT

- 4.1 There are a number of valid reasons why exploring additional flexibilities in its Workforce Strategies would be of value to the Council. These include (but are not limited to):
 - Be an effective means to reduce capacity
 - Help to avoid redundancies and the associated strain on Fund pension costs and redundancy payment/compensation costs
 - Enable the employer to retain or attain a balanced age profile within the workforce
 - Enable the transfer of skills/knowledge
 - Offer the opportunity of better succession planning and mentoring
 - Facilitate the retention of expertise, knowledge and contacts

- Offer an acceptable solution to staff who are currently a blockage to promotion or reorganisation
- Help alleviate stress or 'burn out'
- Improve morale
- Assist staff to ease down into retirement and make a gradual adjustment to life without paid employment

4.2 Officers are therefore advising that more detailed options are researched to assist in our workforce planning. More detail proposals are planned in relation to:

- Flexible Retirement (both with / without pension strain costs)
- Voluntary Severance Scheme (which could include Access to Pension under Efficiency Grounds or a reduced payment where there is no access to Pension)

Members views are sought on the above, and inclusion of any additional areas.

4.3 Proposals brought forward would require detailed analysis of the financial and legal complexities, which would include any modification required to the Councils Discretionary arrangements and Retirement and Redundancy arrangements under the Local Government Pension Scheme. The proposals would consider all the relevant options including potential benefits and dis-benefits of the options appraised.

5. FINANCIAL IMPLICATIONS

5.1 All financial implications for the Authority must be explored and a thorough business case must be agreed before changes outlined above are approved.

6. PERSONNEL IMPLICATIONS

6.1 A new Policy offering Flexible Retirement or a Voluntary Severance Scheme will have personnel implications and implications for individuals. These will be laid out with the options presented.

7. EQUALITIES IMPLICATIONS

7.1 This report is advising members of plans to develop arrangements in line with the principles laid down, as such the Council's Equalities Impact Assessment (EqIA) process does not need to be applied at this stage. Any Policy will have potential equalities implications, and this will be considered when a policy is brought forward for approval.

8. CONSULTATIONS

8.1 There are no consultation responses that have not been reflected in the recommendations of this report. Whilst the Trades Unions have not been consulted in depth on the detail in this report, a request for these flexibilities to be introduced has been discussed in principle with the Trades Unions at our Joint Consultative meetings. The Trades Unions are therefore fully supportive of the principles involved, and will be actively engaged in the process of drawing up the detailed arrangements of any proposed scheme.

9. RECOMMENDATIONS

- 9.1 That members note the detailed work required to investigate the establishment of new arrangements, based on all the information contained within Section 4 of the 'Report' above. The Trades Unions and employees will be fully consulted on the details of proposals brought forward.
- 9.3 A further report with the detailed requirements required from an employment Law and pensions Law perspective will be brought to members for approval with the arrangements proposed.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 The Employer retains skills & knowledge, saves on recruitment and training costs and is able to comply with workforce planning strategies, and would give the Council greater flexibility in managing its workforce in the current financial climate.

11. STATUTORY POWER

- 11.1 Local Government Pension Scheme (Administration Regulations) 2008.
Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007.
Local Government Act, 1972.

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