



**POLICY AND RESOURCES SCRUTINY COMMITTEE –
3RD JUNE 2014**

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

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To consult with Members on the principles contained with the proposed introduction of an early retirement scheme by mutual consent on the grounds of business efficiency.

2. SUMMARY

- 2.1 Members will be aware that Cabinet on the 30th April 2014 gave permission to work up detailed proposals for a range of workforce planning tools to assist with managing the Medium Term Financial Plan.
- 2.2 Contained within the attached scheme documents are draft arrangements for the introduction of an early retirement scheme. These will be effective for all employees who are members of the Local Government Pension Scheme (LGPS).

3. LINKS TO STRATEGY

- 3.1 These workforce measures link to the People Management Strategy and therefore to all other strategies, including all equality strategies, policies and procedures, which rely on employees to deliver the strategy and service provision. Being able to balance our budgets to meet the challenges of the Medium Term Financial Plan will require a reduction in our workforce budgets.

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 have worked up detailed proposals for consultation. Specifically permission is sought to explore in more detail proposals in relation to an Early Retirement Scheme (Appendix 1)

4.3 Due to changes in the LGPS arrangements from the 1st of April 2014, additional flexibility is being sought allowing early retirement options. Once details of the scheme are finalised through the consultation process, a final check will be made with Torfaen Pensions to ensure that the scheme can operate as intended.

4.4 Proposals brought forward would require modification to the Council's Discretionary arrangements and Retirement and Redundancy arrangements under the Local Government Pension Scheme. This will ultimately require Council Approval, once the details of the policies have been agreed.

5. EQUALITIES IMPLICATIONS

5.1 This report is requesting approval 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. A Policy will have potential equalities implications, and this will be considered when a formal policy is brought forward for approval.

6. FINANCIAL IMPLICATIONS

6.1 Whilst there are no quantifiable financial implications for the Authority in introducing a scheme, there may be financial implications in individual cases. A common feature of the schemes proposed for introduction, are that viable and robust business cases in the authorities interest would be required, prior to approval.

7. PERSONNEL IMPLICATIONS

7.1 The introduction of this scheme will have personnel implications for the authority and individuals as laid out in the scheme details. The additional flexibility of such a scheme will assist with the need to reduce our headcount.

8. CONSULTATIONS

8.1 Consultation has been undertaken with management, employees and Trades Unions. In addition Torfaen Pensions have been consulted to ensure that the arrangements are permissible under the new scheme.

8.2 The Trades Unions are supportive of the principles involved. The Trades Unions would like for us as the employer to provide support with financial advice. However given the legal and financial issues involved it is not proposed that we provide this assistance directly. This will be a responsibility of the individual employee.

9. RECOMMENDATIONS

9.1 That Members consider the detail provided in the attached draft scheme, and provide their views for consideration by Cabinet as part of the consultation process.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To provide additional flexibility in managing our workforce more effectively in the current financial climate.

11. STATUTORY POWER

- 11.1 Local Government Pension Scheme Regulations 2014.
Local Government Act, 1972.

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Trade Unions

Appendices:
Appendix 1 – Draft Early Retirement Scheme