

ANGUS COUNCIL

RESOURCES AND CENTRAL SERVICES COMMITTEE

17 JUNE 2004

EARLY RETIRAL/VOLUNTARY REDUNDANCY

JOINT REPORT BY CHIEF EXECUTIVE AND DIRECTOR OF FINANCE

ABSTRACT

This report advises of the number of employees released on early retiral/voluntary redundancy and ill health retirement during the period 2003/04.

1. RECOMMENDATION

The Committee note the number of employees released from Angus Council on the grounds of early retiral/voluntary redundancy and ill health during the period 2003/04.

2. INTRODUCTION

In accordance with the decision of the Personnel and Property Services Committee of 15 June 1999 the Personnel Services Manager and Director of Finance are remitted to report on an annual basis on the number of early retirals from the Council on the grounds of efficiency/redundancy and ill health.

3. EARLY RETIRALS 2003/04

The number of employees released on early retiral/voluntary redundancy during 2003/04 was 3. In the previous five financial years 1998/99 to 2002/03 the figures were 9, 8, 12, 3 and 2 respectively.

A total of 21 employees were released during 2003/04 on ill health grounds having been certified as being permanently unfit for work by the Council's Medical Adviser. Of these employees, 20 were members of the Pension Scheme and will be in receipt of an ill health retiral pension whilst the remaining 1 was not a member. The comparative numbers released on ill health grounds in financial years 1998/99 to 2002/03 were 26, 32, 26, 11 and 19 respectively.

In addition, we have received confirmation that two employees who were not certified as being permanently unfit for work by the Council's Medical Adviser (and subsequently dismissed on the grounds of lack of capability in October 2001 and April 2002 respectively) were successful in appealing the Medical Adviser's opinion to the Scottish Public Pensions Agency during the 2003/04 financial year. As a result, those individuals are now in receipt of enhanced pension payments in accordance with the Pension Scheme Regulations.

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 staffs.

4. FINANCIAL IMPLICATIONS

Employees will normally only be released on the grounds of *early retiral/voluntary redundancy* when there is a saving after taking account of enhanced payments and the cost of early payment of the accrued pension and accrued lump sum. In exceptional circumstances other operational considerations will be taken into account.

The full costs of early retirement/redundancy to both the revenue budget and the Pension Fund have been identified to ensure that each Department supporting an efficiency or redundancy early retiral has regard to additional costs, including the strain on the Fund as well as other operational considerations. The Pension Regulations that have operated in 2003/04 require the Council to reimburse the cost of additional years to the Pension Fund, together with any capitalised strain on the Fund.

Lump sum costs (including redundancy and strain on the Fund costs) associated with the early retirements granted in 2003/04 amounted to £82,086.11. The whole of this sum was recovered through savings in staff costs and a payment by an individual.

The cost of *ill health retirals* is borne by the Pension Fund. However, the greater the number of retirals the greater will be the strain on the Fund and this may result, in the longer term, in an increase in Employers Pension contributions borne by the Council. The Personnel Services Manager is continuing to monitor ill health retirals.

5. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications associated with the terms of this report.

6. CONSULTATION

The Director of Law & Administration has been consulted on the terms of this report.

A B Watson
Chief Executive

David S Sawers
Director of Finance

HR/PersServMan

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