

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 24 SEPTEMBER 2013

EARLY RETIRAL/VOLUNTARY REDUNDANCY 2012/13

REPORT BY STRATEGIC DIRECTOR – RESOURCES

ABSTRACT

This report advises of the number of employees released from employment early on various grounds during 2012/13.

1. RECOMMENDATION

The committee consider the terms of this report.

2. BACKGROUND

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.

3. EARLY RETIREMENTS 2012/13

Twenty employees were released on early retirement/voluntary redundancy during 2012/13. In the previous five financial years 2007/08 to 2011/12 the figures were 5, 10, 8, 11 and 7 respectively.

The Local Government Pension Scheme (Scotland) allows eligible employees to have early access to their pension benefits by way of flexible retirement. In 2012/13, seven employees were granted flexible retirement, the same number as 2011/12.

No employees were released on ill health grounds during 2012/13. The comparative numbers released on ill health grounds in financial years 2007/08 to 2011/12 were 8, 17, 10, 13 and 6 respectively.

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.

4. FINANCIAL IMPLICATIONS

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.

The full costs of early retirement/redundancy and flexible retirement to both the revenue budget and the pension fund are identified to ensure that each department supporting an efficiency, redundancy or flexible retirement 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.

Lump sum costs (including redundancy and strain on the fund costs) associated with the early retirements granted in 2012/13 amounted to £1,542,025. The total savings over five years achieved through these retirements will exceed £2,500,000. There were no costs associated with the flexible retirements as all those involved were over 60 years of age.

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.

5. HUMAN RIGHTS IMPLICATIONS

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

6. EQUALITIES IMPLICATIONS

The issues contained within this report fall within an approved category that has been confirmed as exempt from an equalities perspective.

7. CONSULTATION

The Chief Executive, Head of Corporate Improvement and Finance and Head of Legal and Democratic Services have been consulted in the preparation of this report.

**MARK ARMSTRONG
STRATEGIC DIRECTOR - RESOURCES**

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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.