

# **PERTH & KINROSS COUNCIL**

## **Strategic Policy & Resources Committee**

**11 September 2019**

### **SAVINGS ARISING FROM EARLY RETIREMENT DECISIONS TAKEN IN 2018/19**

**Report by Head of Finance  
(Report No. 19/250)**

#### **PURPOSE OF REPORT**

This report provides information on the costs and savings arising from early retirement and redundancy decisions taken in financial year 2018/19.

#### **1. BACKGROUND**

- 1.1 The Council's Scheme of Administration authorises the Chief Executive, in consultation with the Head of Finance and Corporate Human Resources Manager, to approve applications for early retirement (with the exception of Chief Officers) where a saving will be generated.
- 1.2 This report advises the Committee of the costs and savings arising from decisions taken in 2018/19 under delegated authority to approve employee early retirements.
- 1.3 The Retirement Scheme and associated scrutiny and governance arrangements were approved by SP&R Committee on 4 February 2009. The Scheme is kept under review to ensure it is legally compliant, fit for purpose and delivers best value for the Council. Most recently, the Scheme has been reviewed to remove the discretionary award of compensatory added years to be effective from 1 April 2020. The Retirement Scheme, along with the Framework for Managing Workforce Change (approved by SP&R Committee in December 2010 and updated in June 2016 Report No 16/271), are important tools in the Council's workforce planning arrangements.

#### **2. PROPOSALS**

- 2.1 The Committee is asked to note the overall net savings arising from early retirement decisions taken in 2018/19 which are summarised in Appendix 1. The report also incorporates early retirements arising from the savings approved by the Council in setting the 2019/20 Final Revenue Budget and 2020/21 & 2021/22 Provisional Revenue Budgets (Report No. 19/46 refers).
- 2.2 The overall net savings set out in Appendix 1 include Council officers who are members of the Local Government Pension Scheme and teachers whose

pension arrangements are administered by the Scottish Public Pensions Agency.

### 3. CONCLUSION AND RECOMMENDATION

- 3.1 On the approach recommended by Audit Scotland where each request is subject to an individual business case, the Council will achieve gross savings of £3,206,706 over a five year period as set out in Appendix 1). In order to deliver these recurring savings, the Council has or will incur one-off costs of £574,363 in relation to members of the Local Government Pension Scheme and the Teacher's Pension scheme giving a net recurring saving of £676,909 by 2022/23.
- 3.2 An analysis of the approved early and flexible retirement applications over the medium term identified no equalities issues and is proportionate to the age/gender profile of the workforce.
- 3.3 The Committee is asked to note the contents of this report.

#### Author

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#### Approved

Name	Designation	Date
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Jim Valentine	Depute Chief Executive and Chief Operating Officer	15 August 2019

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
<b>Resource Implications</b>	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	None
<b>Assessments</b>	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
<b>Consultation</b>	
Internal	None
External	None
<b>Communication</b>	
Communications Plan	None

### 1. Strategic Implications

#### Corporate Plan

- 1.1 The Council's Corporate Plan 2018 – 2023 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.2 This report relates to all of these objectives.

### 2. Resource Implications

#### Financial

- 2.1 This report provides retrospective information on decisions taken in the previous financial year (2018/19) and as such, there are no direct financial implications arising from the report.

### Workforce

- 2.2 There are no direct workforce implications arising from this report other than those retrospectively reported in Appendix 1.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA).
- 3.3. The most relevant equalities characteristics in relation to retirement are age and sex. The actual number of applications with approved/rejected breakdown demonstrates the figures are proportionate to the age/gender profile for the workforce.
- 3.4 The application of added years for early retirements due to efficiency/redundancy has been applied in accordance with the retirement scheme provisions.
- 3.5 In summary, based on an analysis of the data, there are no equalities issues.

### Strategic Environmental Assessment

- 3.6 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.7 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### Sustainability

- 3.8 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.9 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

## **2. BACKGROUND PAPERS**

The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report.

Background papers:–      Report 03/457  
                                      Bye Now Pay Later Part 2  
                                      Report 09/70  
                                      Retirement Scheme

## **3. APPENDICES**

Appendix 1 – Net savings/costs arising from early retirement decisions taken in 2018/19.