

PERTH AND KINROSS COUNCIL**Strategic Policy & Resources Committee – 19 September 2012****SAVINGS ARISING FROM EARLY RETIREMENT DECISIONS TAKEN IN 2011/12****Report by Head of Finance****ABSTRACT**

This report provides information to the Committee on the costs and consequential savings of early retirement decisions taken in the financial year 2011/12. It also provides outcomes from an equalities assessment.

1. RECOMMENDATION

The Committee is asked to note the overall net savings achieved of £1.285M in respect of the Local Government Pension Scheme retirements and £0.515M in respect of the Teacher's Pension scheme retirements as indicated in Appendix 1.

2. BACKGROUND

On 17 September, 2003 this Committee approved report 03/457 which detailed the Council's response to Audit Scotland's local report on early retirement entitled "Bye Now Pay Later part 2".

One of the recommendations in the Audit Scotland report was that the Council be informed of the costs and/ or savings arising from decisions taken by Executive Directors, under delegated authority, to approve employee early retirements. The presentation of this report permits the Council to comply with that recommendation.

On 4 February, 2009, this Committee approved report 09/70 which set out new retirement provisions as part of the Council's workforce planning arrangements and which included revised scrutiny and governance arrangements.

3. PROPOSALS

The Committee is asked to note the overall net savings achieved in Appendix 1. The overall net savings tabulated in the Appendix are split between those Council staff who are members of the Local Government Pension Scheme and Teachers whose pension arrangements are administered by the Scottish Public Pensions Agency. The Appendix includes all early retirements approved during 2011/12 whether by the Executive Sub-Committee of the Strategic Policy and Resources Committee or under delegated authority by Executive Directors.

4. CONSULTATION

No consultation has been necessary on the content of this report.

5. RESOURCE IMPLICATIONS

This report provides retrospective information on decisions taken in the previous financial year (2011/12) and as such, there are no direct financial implications arising from the report.

6. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) A Prosperous, Sustainable and Inclusive Economy
- (iv) Educated, Responsible and Informed Citizens
- (v) Confident, Active and Inclusive Communities

The Chief Executive's Service supports the work of the whole Council by assisting them in the delivery of the Council's Corporate Objectives. As a consequence, this report does not specifically relate to one of the objectives, but assists with the delivery of all five.

7. EQUALITIES ASSESSMENT

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.

The application of added years for early retirements due to efficiency/redundancy has been applied in accordance with the retirement scheme provisions.

In summary, based on an analysis of the data, there are no equalities issues.

8. STRATEGIC ENVIRONMENTAL ASSESSMENT

Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).

However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

9. CONCLUSION

Based on the approach recommended by Audit Scotland, the Committee is asked to note the overall net savings achieved through the use of the Council's Early Retirement Scheme.

An analysis of the approved early & flexible retirement applications identified no equalities issues and that the numbers were proportionate to the age/gender profile of the workforce. Ongoing monitoring in this regard will continue to achieve value for money, accountability, transparency and equality of treatment.

John Symon
Head of Finance

Note: 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

APPENDIX 1 Total net savings/costs arising from early retiral decisions taken in 2011/12

Contact Officer: Sheena Scott tel. 01738 475550
 <mailto:sascott@pkc.gov.uk>

Address of Service: Chief Executive's Service, 2 High Street, PERTH,
 PH1 5PH

Date: 22 August 2012

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Council Text Phone Number 01738 442573

NET SAVINGS / COSTS ARISING FROM EARLY RETIREMENT DECISIONS TAKEN IN 2011/12**Local Government Pension Scheme (LGPS)**

	<u>One-off costs</u>	<u>Revenue cost / (saving)</u>						<u>Net revenue cost/(saving)</u>	<u>No of retirements</u>
	<u>2011/12</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>		
Various Services of the Council (excl teaching staff)									
Early Retirements	£631,385	£(172,497)	£(376,472)	£(319,384)	£(267,893)	£(268,689)	£(113,981)	£(887,531)	16
Flexible Retirements	£102,564	£(44,048)	£(99,091)	£(99,376)	£(55,763)	£(32,764)	£(6,834)	£(235,312)	5
Voluntary Retirements	£0	£(20,455)	£(35,067)	£(35,067)	£(35,067)	£(27,189)	£(8,984)	£(161,829)	14
TOTAL COST/(SAVING) FOR LGPS RETIREMENTS	£733,949	£(237,000)	£(510,630)	£(453,827)	£(358,723)	£(328,642)	£(129,799)	£(1,284,672)	35

The information provided is based on decisions taken in financial year 2011/12 as detailed on the five year cost projection forms authorised by Executive Directors. Those forms include information on a five year period from the date of retirement and generally, therefore, include a part year saving in both 2011/12 and 2016/17.

Scottish Teachers Pension Scheme (SPPA)

Early retirement costings for SPPA are projected over a ten year period

<u>Service</u>	<u>One-off costs</u>	<u>Revenue cost / (saving)</u>						<u>Net revenue cost/(saving)</u>	<u>No of retirements</u>
	<u>2011/12</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>sub total</u> <u>next 5 years</u>		
Education & Children's Services (teaching staff only)	£38,720	£(35,939)	£(57,503)	£(57,503)	£(57,503)	£(57,503)	£(265,951)	£(514,746)	2
SPPA COST/(SAVING)	£38,720	£(35,939)	£(57,503)	£(57,503)	£(57,503)	£(57,503)	£(265,951)	£(514,746)	2

