

PERTH AND KINROSS COUNCIL

Strategic Policy & Resources Committee – 1 October 2014

SAVINGS ARISING FROM EARLY RETIREMENT DECISIONS TAKEN IN 2013/14

Report by Head of Finance

PURPOSE OF REPORT

This report provides information to the Committee on the costs and savings arising from early retirement decisions taken in the financial year 2013/14.

1. BACKGROUND

On 17 September, 2003 this Committee approved Report No. 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.

2. 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 2013/14 whether by the Council, the Executive Sub-Committee of the Strategic Policy and Resources Committee or under delegated authority by Executive Directors.

It should be noted that in the most recent analysis by Audit Scotland (which was carried out in financial year 2012/13) Perth & Kinross Council performed as follows:

Measurement	Placing out of 32 Councils
Total Cost of Exit Packages as a Proportion of Net Revenue Spend	29 th - 4 th lowest
The Average Cost of Exit Packages	25 th - 8 th lowest

3. CONCLUSION AND RECOMMENDATION

Based on the approach recommended by Audit Scotland, the Committee is asked to note the overall net savings achieved by the Council of £8,453,601 in relation to members of the Local Government Pension Scheme and £103,433 in respect of members of the Teacher's Pension scheme as indicated in Appendix 1.

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.

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Corporate Plan

- 1.1.1 The Council's Corporate Plan 2013 – 2018 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.

- 1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1 Financial

- 2.1.1 This report provides retrospective information on decisions taken in the previous financial year (2013/14) and as such, there are no direct financial implications arising from the report.

2.2 Workforce

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

3. **Assessments**

3.1 Equality Impact Assessment

- 3.1.1 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.
- 3.1.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA).
- 3.1.3 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.
- 3.1.4 The application of added years for early retirements due to efficiency/redundancy has been applied in accordance with the retirement scheme provisions.
- 3.1.5 In summary, based on an analysis of the data, there are no equalities issues.

3.2 Strategic Environmental Assessment

- 3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.2.2 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.

3.3 Sustainability

- 3.3.1 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.

- 3.3.2 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 – Total net savings/costs arising from early retiral decisions taken in 2013/14.

NET SAVINGS / COSTS ARISING FROM EARLY RETIREMENT DECISIONS TAKEN IN 2013/14**Local Government Pension Scheme (LGPS)**

	<u>One-off costs</u>	<u>Revenue cost / (saving)</u>						<u>Net revenue cost/(saving)</u>	<u>No of retirals</u>
		<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>		
Various Services of the Council (excl teaching staff)									
Early Retirals	£1,730,901	£(26,396)	£(1,427,683)	£(1,894,352)	£(1,867,250)	£(1,840,912)	£(1,838,943)	£(7,164,635)	94
Severance Only	£109,545	£0	£(219,522)	£(264,929)	£(264,592)	£(264,265)	£(264,265)	£(1,168,028)	15
Redundancy Only	£12,200	£0	£0	£0	£0	£0	£0	£12,200	2
Flexible Retirals	£0	£(14,878)	£(29,083)	£(35,885)	£(31,625)	£(31,625)	£(31,625)	£(174,721)	12
Voluntary Retirals	£51,039	£0	£(4,099)	£(3,656)	£(567)	£(567)	£(567)	£41,583	5
TOTAL COST/(SAVING) FOR LGPS RETIRALS	£1,903,685	£(41,274)	£(1,680,387)	£(2,198,822)	£(2,164,034)	£(2,137,369)	£(2,135,400)	£(8,453,601)	128

The information provided is based on decisions taken in financial year 2013/14 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 2013/14 and 2018/19.

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 retirals</u>
		<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>sub total</u>	<u>next 5 years</u>		
Education & Children's Services (teaching staff only)	£40,630	£0	£(16,007)	£(16,007)	£(16,007)	£(16,007)	£(64,028)	£(80,035)	£(103,433)	2
SPPA COST/(SAVING)	£40,630	£0	£(16,007)	£(16,007)	£(16,007)	£(16,007)	£(64,028)	£(80,035)	£(103,433)	2

