

REPORT TO: POLICY AND RESOURCES COMMITTEE – 24 APRIL 2023

REPORT ON: MODERNISING THE WORKFORCE

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 113-2023

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to seek approval for an Early Retirement/Voluntary Redundancy Scheme and changes to the Flexible Retirement Policy.

2. RECOMMENDATIONS

2.1 It is recommended that the Committee approves the policies as outlined in section 5 of this report.

3. FINANCIAL IMPLICATIONS

3.1 The costs associated with Early Retirement and Voluntary Redundancy Scheme will be funded from clear businesses cases will be needed and it is expected any saving generated from reduced employee costs will be used to deal with service redesign and financial challenges faced by the Council. There is no cost to the changes to the Flexible Retirement Policy.

4. BACKGROUND

4.1 The Council has previously operated Early Retirement/Voluntary Redundancy schemes which were linked to the Council's Transformation Programme, organisational change and the Council budget. The previous schemes were open for periods of time and employees who met the criteria were able to apply. Currently the Council does not have an Early Retirement/Voluntary Redundancy Scheme open to employees. The Flexible Retirement Scheme has been in place for several years, this review of the Scheme provides more opportunities for this to be used to assist workforce planning and organisational change.

5. POLICIES

Voluntary Early Retirement/Voluntary Redundancy (VER/VR)

5.1 The Executive Director of Corporate Services and Head of People have met with the Trade Unions to discuss modernising the council workforce, including the budget challenges ahead which may result in reducing the number of Council jobs. This is also an opportunity to reduce employee costs, assist with workforce planning and create career development opportunities.

5.2 Where the Council is carrying out a service review, it is the intention that reducing the workforce can be achieved by natural employee turnover. There is always turnover of employees and not all those leaving will be replaced. Where efficiencies can be made through job redesign, improved methods of working or restructuring of services, eligible

employees, whose post would not require to be filled, either directly or indirectly, could access the Scheme to leave their employment early.

- 5.3 To facilitate this process, it is proposed that where the Council is carrying out a service review and seeks volunteers for Early Retirement, applications will be considered for approval by the Chief Executive, Executive Director of Corporate Services and Head of People, where there is a net saving, with a payback not exceeding 18 months (or 2 years in exceptional circumstances). Those approved will receive access to their pension with no actuarial reduction. For employees not eligible to receive a pension, provided there is a net saving, with a payback not exceeding 18 months (or 2 years in exceptional circumstances) those approved will receive a Statutory Redundancy Payment as outlined in Appendix 1.

Flexible Retirement

- 5.4 The Local Government Pension Scheme (Scotland) Regulations allow flexible retirement. This describes circumstances where, with their employer's consent, a member of the pension scheme who has two years' pensionable service and who has reached the age of 55 continues in employment on reduced hours of work, or a lower grade, and receives accrued pension benefits even though they have not retired from employment. Flexible retirement was introduced in 2009.
- 5.5 As well as assisting employees in their transition from work to full retirement, an effective flexible retirement scheme can serve as a tool to assist managing change through enabling a voluntary reduction of hours and aiding workforce planning and skills transfer and development.
- 5.6 The Council's scheme has operated satisfactorily to an extent, allowing some employees to make the transition to full retirement and enabling the Council to achieve savings. It has however been of limited help in assisting workforce change and succession planning for the reason explained below.
- 5.7 A significant feature of the current policy is that flexible retirement, once granted, is open-ended. It is therefore possible to flexibly retire for three, four, five years or more and a significant number of flexible retirees opt to do so.
- 5.8 This trend makes it difficult to describe the arrangement as a 'bridge' to full retirement. Additionally, and crucially, it is difficult to use flexible retirement as an aid to workforce planning without certainty about when full retirement will occur.
- 5.9 In consideration of the above, it is proposed to amend the Scheme to make it a condition of granting flexible retirement that the Council would require advanced resignation i.e. applicants are required to state the date they intend to fully retire. This means the period of notice given would be equal to period of flexible retirement. The reason for leaving at the end of the period of flexible working will be the resignation of the employee.
- 5.10 It is understood that employee circumstances may change during the period of flexible retirement and if an employee expressed a wish to end the flexible retirement earlier than planned or extend the period of flexible retirement this would be considered by management.

- 5.11 Requests for Flexible Retirement will be considered for approval by Chief Executive, Executive Director, Corporate Services and Head of People.
- 5.12 A proposed revised policy taking account of these changes is attached as Appendix 2.

6. POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

7. CONSULTATIONS

- 7.1 The Council Leadership Team have been consulted on the terms of this report. The Trade Unions have also been consulted on the terms of this report.

8. BACKGROUND PAPERS

- 8.1 None.

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

7 APRIL 2023

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APPENDIX 1

REDUNDANCY READY RECKONER FOR CALCULATING THE NUMBER OF WEEKS' PAY DUE

Read off your age and number of complete years' service. The table will then show how many weeks' pay you are entitled to.

Service (years)	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Age (years)																			
20	1	1	1	1	-														
21	1	1½	1½	1½	1½	-													
22	1	1½	2	2	2	2	-												
23	1½	2	2½	3	3	3	3	-											
24	2	2½	3	3½	4	4	4	4	-										
25	2	3	3½	4	4½	5	5	5	5	-									
26	2	3	4	4½	5	5½	6	6	6	6	-								
27	2	3	4	5	5½	6	6½	7	7	7	7	-							
28	2	3	4	5	6	6½	7	7½	8	8	8	8	-						
29	2	3	4	5	6	7	7½	8	8½	9	9	9	9	-					
30	2	3	4	5	6	7	8	8½	9	9½	10	10	10	10	-				
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11	11	11	-			
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12	12	12	-		
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13	13	13	-	
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14	14	14	-
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15	15	15
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16	16
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
62	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
63	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30
64	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30

FLEXIBLE RETIREMENT

Policy Statement

The Local Government Pension Scheme (Scotland) Regulations allow 'flexible retirement'. This describes circumstances where, with their employer's consent, a member of the pension scheme who has two years' pensionable service and who has reached the age of 55 reduces the hours they work, or the grade in which they are employed, and receives accrued pension benefits even though they have not retired from employment.

The Council is committed to flexible working in general, recognising that it can bring significant benefits both to employees and service users. It enables employees to achieve a healthy balance between their job and personal commitments, helping to improve their morale and wellbeing and thereby to increase their effectiveness at work. This results in improved customer service, increased efficiency and reduced costs.

The Council supports flexible retirement in particular, because it allows employees a reasonable period to adjust their work/life balance as they approach retirement and also because it can enable the Council to manage the transfer and replacement of skills and experience. Provided the financial and operational consequences of approval are acceptable, the Council will therefore look to support requests.

Accordingly, when considering requests for flexible retirement, the Council will take account of the following criteria:

- A request will generally only be approved where it would result in a saving within the financial year it is granted.
- The employing Service will be required to meet all costs, including pension 'strain' costs, arising from a flexible retirement.
- Before agreeing to an application of flexible retirement the council would require an advanced resignation. The period of notice would be equal to period of flexible retirement. The reason for leaving at the end of the period of flexible working will be resignation of the employee.
- Where an employee wishes to terminate flexible retirement early or extend the period of flexible retirement this should be discussed with their manager in the first instance.
- A request will not be approved where the proposed change to work arrangements is likely to adversely affect service delivery.
- The granting of a request should assist workforce planning.
- An employee's salary following flexible retirement, when added to their pension payment, must not exceed their original salary.
- An employee may only make one request for flexible retirement within any period of one year unless it is identified as an option to facilitate a service reorganisation/restructuring.