

To: Member Trade Union Joint Panel – 18th April 2007

Subject: Discretionary Payments for Redundancy and Efficiency Terminations and Retirements and Flexible Retirement

From: Acting Strategic Director

1. PURPOSE

- 1.1 To advise the Member Trade Union Joint Panel in relation to the implementation of revisions to the Discretionary Payments for Redundancy and Efficiency Terminations and Retirements and the proposals for Flexible Retirement.

2. BACKGROUND

- 2.1 Changes, by 1st April 2007, to the policy in relation to the Discretionary Payments for Redundancy and Efficiency Terminations and Retirements were necessitated by the implementation of Age Regulations in October 2006.
- 2.2 Changes to the Local Government Pension Scheme allow the introduction of 'flexible retirement' whereby, with the employer's agreement, an employee who reduces their hours or grade permanently, either by their request or action by the employer, who is over 50 and under 65, may take their pension benefits. *The employee will remain in employment and will be drawing their pension benefits.*
Examples include:
- Change of job following reorganisation resulting in less hours or lower grade than previous job, including redeployment.
 - Request by employee to reduce hours or move to lower graded post which the employer consents to.
- 2.3 The proposals below were put to the Joint Consultation Forum on 6th February 2007 with a view to seeking Union feedback to inform the report to be put to the Employment Committee in March 2007.

PROPOSAL	
<p><u>Discretionary compensation:</u> Use actual salary as opposed to statutory maximum. Base compensation payments on statutory formula multiplied by 2.</p>	
<p><u>Discretionary Added Years:</u> No longer possible to award added years for either redundancy or efficiency terminations</p>	
<p><u>Augmentation</u> No augmentation funded by the Council. Option to buy augmented years with discretionary payment</p>	
<p><u>Flexible Retirement:</u> Council will consider applications for flexible retirement, with reduced benefits where there is no cost to the authority</p>	

2.4 The Unions were not able to feedback within the timescale available, and asked that the report be deferred. Due to the legal timeline this was not possible and a report was put to the Employment Committee recommending that the revisions to the Discretionary Payments for Redundancy and Efficiency Termination and Retirements be implemented. It was also recommended that a further report be put to the Committee when Union feedback was received. Both recommendations were agreed.

2.5 No recommendation was made in relation to flexible retirement pending trade union feedback.

3. POLICY AND BUDGET FRAMEWORK

3.1 The revisions to the Discretionary Payments for Redundancy and Efficiency Terminations and Retirements have ensured that the legal requirements of the 2006 Age Legislation have been met.

3.2 The impact of the costs of a new policy are yet to be determined. The costs of each case are reported to the Executive Committee.

3.3 The introduction of a 'flexible retirement' policy will ensure that changes to the Local Government Pension Scheme are implemented.

4. RECOMMENDATIONS

- 4.1 The contents of this report are noted.
- 4.2 Trade union feedback is requested in relation to 'flexible retirement' proposals and a report is put to the June Employment Committee.
- 4.2 A further report is made to Employment Committee in relation to the Discretionary Payments for Redundancy and Efficiency Termination and Retirements when trade union feedback is received.

Karen Pearce
Acting Strategic Director
April 2007

BACKGROUND PAPERS

Employment Committee 13-3-2007 Discretionary Payments for Redundancy and Efficiency Terminations and Retirements

Employment Committee 18-12-2006 Changes to LGPS Redundancy Regulations

Employment Committee 8-11-2006 – Changes to LGPS Redundancy Regulations

For further information about this report please contact:

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