

# Executive Board Meeting

Date: 4<sup>th</sup> July 2016

## Subject and Purpose:

Premature Retirement and Redundancy Discretionary Policy for Teachers

## Recommendations / Key Decisions Required:

To endorse the adoption of the Council's updated Premature Retirement and Redundancy Discretionary Compensation Policy for Teachers.

## Reasons:

Under the current Premature Retirement and Redundancy Discretionary Compensation Policy for Teachers, those made redundant with five or more years of pensionable service are awarded three added years to their pension entitlement.

It is proposed to remove the three added years from the policy, thereby reducing the ongoing financial burden of teaching redundancies on the Authority.

The Premature Retirement and Redundancy Discretionary Compensation Policy for Teachers has been updated to reflect this. All other elements of the policy remain unchanged.

Relevant scrutiny committee to be consulted	N/A
Executive Board Decision Required	YES
Council Decision Required	YES

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER: Cllr. Mair Stephens; Cllr. Gareth Jones

**Directorate:** Chief Executive's / People Management & Performance; Education & Children's Services

Name of Head of Service:	Designations:	Tel Nos.: E-Mail Addresses:
Paul R. Thomas	Assistant Chief Executive (People Management & Performance)	01267 246123 <a href="mailto:PRThomas@sirgar.gov.uk">PRThomas@sirgar.gov.uk</a>
Robert Sully	Director of Education & Children's Services	01267 224888 <a href="mailto:RASully@sirgar.gov.uk">RASully@sirgar.gov.uk</a>
<b>Report Author:</b> Julie Stuart	Principal HR Officer	01267 246375 <a href="mailto:JStuart@sirgar.gov.uk">JStuart@sirgar.gov.uk</a>

# EXECUTIVE SUMMARY

## EXECUTIVE BOARD MEETING - 4<sup>TH</sup> JULY 2016

### SUBJECT

Premature Retirement and Redundancy Discretionary Compensation Policy for Teachers

#### 1. BRIEF SUMMARY OF PURPOSE OF REPORT

Volunteers for early retirement and / or redundancy are sought during the redundancy consultation process in schools. This is usually a low risk process in terms of post-employment claims e.g. for breach of contract or unfair dismissal. If there are no volunteers, or volunteers are unsuitable, there is likely to be a compulsory redundancy. This carries higher risk and is more time consuming for governors, school staff and HR. The Local Authority carries the cost in terms of defending the case and any compensation / financial settlements awarded.

The policy in relation to compensation is the same regardless of whether its early retirement, voluntary or compulsory redundancy.

It is the Local Authority's choice whether or not to award teachers over 55, whose employment has terminated on the grounds of redundancy or organisational efficiency, unreduced premature retirement benefits or added years.

Part V of the Teachers (Compensation for Redundancy and Premature Retirement) Regulations 1997 (and as amended) is concerned with the award of extra benefits to retiring teachers beyond which they are entitled on Premature Retirement.

Carmarthenshire County Council currently awards teachers who have reached the age of 55 on their last day of service, and are a member of the Teachers Pension Scheme, release of premature retirement plus, for those who have five or more years of pensionable service, three added years to the pension service.

These benefits are paid in full by the Local Authority as the 'compensating authority' in cases of efficiency or redundancy added years i.e. not funded from the school's budget. The discretionary compensation payments are payable by the employer for the life of the pensioner.

The total cost to the Authority of the three added years for the 2014/15 academic year is as follows:

Enhanced Lump Sum (one-off cost)	£147,219.38
Enhanced Pension (on-going cost for life of the pensioner)	£49,074.72

Carmarthenshire County Council is the only Welsh Local Authority still awarding added years. It is therefore proposed that the added years are removed from the Premature Retirement and Redundancy Discretionary Compensation Policy for Teachers. This would bring the policy in line with the Authority's Discretionary Compensation Policy (Local Government Pension Scheme).

## 2. OTHER OPTIONS AVAILABLE AND THEIR PROS AND CONS

<u>Option</u>	<u>Pros / Cons</u>
<p>Reduce added years from 3 to 2, 1 or 0. CCC is the only Authority in Wales still awarding added years.</p>	<p>Financial commitments would increase at a slower rate. Volunteers over 55 would still come forward if available. Teachers trade unions have been anticipating the removal of added years for some time.</p>
<p>Increasing the age at which pension is released without actuarial reduction i.e. premature retirement (unreduced pension based on actual service) to 56, 57, 58 or 59.</p>	<p>Would reduce the number of volunteers coming forward if the age of release was increased. This would lead to an increase in compulsory redundancies, with a higher risk of ET and extra costs in the event of the losing or settling the case.</p>
<p>No release of pension but enhanced redundancy based on actual salary.</p>	<p>Will increase costs significantly in the short-term and could reduce the number of volunteers (see above). Whilst each case is a single payment, the annual cost of the single payment is likely to be prohibitive. On-going pension costs will start to reduce gradually.</p>

Detailed report attached:                      No

# IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: \_\_\_\_\_



**ASSISTANT CHIEF EXECUTIVE (PEOPLE MANAGEMENT & PERFORMANCE)**

Policy, Crime & Disorder & Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>	<b>NO</b>	<b>YES</b>	<b>NO</b>

## 1. Policy, Crime & Disorder

The Discretionary Policy is enabled under Part V of the Teachers (Compensation for Redundancy and Premature Retirement) Regulations 1997 (and as amended), and is open to all teaching employees who have the appropriate qualifying service.

## 2. Legal

As above.

## 3. Finance

Applications under the Compensation Policy will be subject to a business case setting out the rationale for releasing the member of staff.

Removal of the 3 added years is likely to save the Authority approximately £200,000 per annum in associated costs.

## 6. Staffing Implications

This policy is one of the Council's discretionary policies and will apply to staff with the appropriate qualifying service / age (if accessing pension benefits). It will be published on Hwb and the intranet and will be available to all teaching staff when it is agreed.

## CONSULTATIONS

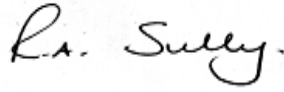


**EICH CYNGOR arleinamdani**  
[www.sirgar.llyw.cymru](http://www.sirgar.llyw.cymru)

**YOUR COUNCIL doitonline**  
[www.carmarthenshire.gov.wales](http://www.carmarthenshire.gov.wales)

I confirm that the appropriate consultations have taken place and the outcomes are as detailed below:

Signed: \_\_\_\_\_



**DIRECTOR OF EDUCATION & CHILDREN'S SERVICES**

**1. Scrutiny Committee**

None

**2. Local Member(s)**

None

**3. Community / Town Council**

None

**4. Relevant Partners**

None

**5. Staff Side Representatives and other Organisations**

Education & Children's Services Employee Relations Forum - 11<sup>th</sup> February 2016

**Section 100D Local Government Act, 1972 - Access to information**

**List of Background Papers used in the preparation of this report:**

THESE ARE DETAILED BELOW / THERE ARE NONE (delete as applicable)

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Teachers Premature Retirement and Redundancy Discretionary Compensation Policy		