

<b>REPORT REFERENCE NO.</b>	<b>HRMDC/15/3</b>
<b>MEETING</b>	<b>HUMAN RESOURCES MANAGEMENT &amp; DEVELOPMENT COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>11 JUNE 2015</b>
<b>SUBJECT OF REPORT</b>	<b>RETIREMENT &amp; RE-EMPLOYMENT</b>
<b>LEAD OFFICER</b>	<b>Director of People and Commercial Services</b>
<b>RECOMMENDATIONS</b>	<i><b>That the requests for retirement &amp; re-employment as identified in paragraphs 2.4 and 3.2 of this report be approved.</b></i>
<b>EXECUTIVE SUMMARY</b>	<p>At its meeting on 20 February 2015, the Authority approved – in accordance with the requirements of the Localism Act – its Pay Policy Statement to operate for the 2015-16 financial year (Minute DSFRA/48 refers).</p> <p>The Pay Policy Statement requires, amongst other things, for all requests for re-employment following retirement, for employees up to Executive Board posts, to be approved by this Committee.</p> <p>This report provides more information on the Authority’s position in relation to retirement and re-employment and sets out specific requests for approval.</p>
<b>RESOURCE IMPLICATIONS</b>	Contained within the body of the report.
<b>EQUALITY RISK &amp; BENEFITS ASSESSMENT</b>	The Retirement & Re-Employment Policy has had an equalities assessment.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	Report DSFRA/14/6 - “Localism Act – Pay Policy Statement 2015-16” as considered by the meeting of the Authority held on 20 February 2015.

## 1. **INTRODUCTION**

1.1 At its meeting on 20 February 2015, the Authority approved – in accordance with the requirements of the Localism Act – its Pay Policy Statement (PPS) to operate for the 2015-16 financial year (Minute DSFRA/48 refers). This PPS includes the following stated position on the retirement and re-employment of employees:

*“8.3 The Authority will, in principle, allow the re-employment of employees who have retired, subject to a break in service of at least one month, because it is recognised that this often represents an effective way of retaining specialist knowledge and skills without any increase in cost to the Authority (and noting that costs to the Pension Scheme are no more than would be the case for normal retirement). The re-employment of any employee who has retired will, however, be subject to:*

- the approval of the Human Resources Management and Development Committee for all employees up to Executive Board posts; or*
- the approval of the full Authority for any Executive Board post-holder.*

*8.4 Where retired uniformed staff are re-employed, then the Fire-Fighters’ Pension shall be abated such that the income from the gross annual rate of pay whilst re-employed together with the gross annual pension (after commutation) will not exceed the gross annual rate of pay immediately prior to retirement. For staff within the Local Government Pension Scheme, where an individual is re-employed on the same terms and conditions [salary] as previously, the same abatement rules as apply to those within the Fire Fighters Pension Scheme will be applied. However, the Authority’s policy on Pension Discretions refers to flexible retirement and states that this “may be subject to abatement during such time as the individual remains employed by the Service”. This allows the Authority to use flexible retirement opportunities where key employees may wish to continue working as they get older but step down in grade or reduce their working hours. This can be beneficial to the Authority in retaining key skills, knowledge and experience whilst also reducing costs. The authorisation of any such flexible retirement arrangements will be subject to the approval mechanism detailed above.*

*8.5 The appointment, or re-employment, of any members of the Executive Board (the Chief Fire Officer, Assistant Chief Fire Officer, Director of Corporate Services and Director of People and Commercial Services) will always be subject to approval of the full Authority and any re-employment following redundancy or retirement will be subject to consideration of a robust business case and fully scrutinised against the above criteria”.*

1.2 This paper provides further details on the current position concerning the Authority’s policy on retirement and re-employment.

## 2. **RETIREMENT AND RE-EMPLOYMENT**

2.1 The Service policy on Retirement & Re-employment is linked to our workforce planning arrangements. Approval by the Authority of the 2013/14 – 2014/15 Corporate Plan at its meeting on 10 July 2013 (Minute DSFRA/20 refers) required a reduction of 149 whole-time posts. The Service has progressed well with reducing the staffing levels and has to date secured a reduction of 110 posts.

2.2 The Authority has a balanced budget for this financial year which supports the existing levels of staff. In light of this, it is considered appropriate for the Service to continue the reduction in staff numbers through natural turnover but at the same time using retirement and re-employment opportunities where appropriate.

2.3 The Firefighter Pension Scheme provides for employees to receive their maximum pension benefits after 30 years' service. As there is no longer a fixed age for retirement, however, it is difficult to predict precisely when individuals are likely to leave the Service. The use of retirement and re-employment opportunities encourages individuals to commit to an end retirement date, giving the Service more control over actual retirement and natural turnover. Through this process, employees have a 1 month break in service before returning on a fixed-term contract - either on a full-time basis or as a job share. In either case, the maximum contract term is normally 12 months. Where employees return on a job share basis, we see an immediate reduction in the workforce staffing levels.

2.4 The Service currently has expressions of interest from 2 uniformed employees:

Role	Station /Dept	Interested in Job Share
SMA	Central Command	Yes – at FF
CM	Torquay	Yes at CM or FF

2.5 None of these post-holders have skills that are irreplaceable but it would make good sense to accept such requests. There are no additional financial costs for the organisation since these employees have reached the point at which they can retire and are therefore entitled to receive their pension lump sum on retirement. Their pension payments would be abated if re-employed. In addition to giving certainty to a leaving date, the retirement and re-employments represent a saving to both the Service and employee as pension contributions are either:

- removed as the employee opts out of future pension contributions, or;
- they are reduced since staff from Firefighter to Watch Manager would join the 2015 Firefighters' Pension Scheme for which the employer contributions are lower than the previous 1992 Firefighters' Pension Scheme.

2.6 For positions at Station Manager or above, the employee would be eligible to join the LGPS. Once these employees leave the organisation, the Service will not recruit replacement personnel externally so these reductions will contribute to the required reductions in staffing numbers.

### 3. **FLEXIBLE RETIREMENT**

3.1 For non-uniformed support staff, the Service has a Pension Discretions Policy which states:

*“That an employee may make a request to DSFRS to allow him or her to access pension benefits whilst still remaining employed and that any benefits paid as a result of flexible retirement may be subject to abatement during such time as the individual remains employed by the Service.*

*However if payment occurs before the age of 65, the benefits are actuarially reduced. The employer may choose to waive the reduction in whole or part. The cost of the waiving will have to be paid to the fund; this would only be in situations where the employee wishes to reduce hours and/or move to a lower graded post, and must be agreed by DSFRS.*

*Flexible Retirement is aimed at assisting a more gradual move into retirement over a period of years, by allowing an employee to work fewer hours and/or in a less demanding job, whilst at the same time drawing their pension. This may be of benefit to the employee, and also DSFRS in terms of retaining the services and skills of the employee. The key factors in this scheme are:*

- *the acceptability to the employee of the level of pension he/she would receive; and*
- *the willingness of DSFRS to agree to the specific flexible retirement requested.*

*DSFRS will only approve Flexible Retirement applications where there are no significant pension costs to DSFRS arising from the employee's flexible retirement, this will include not waiving the actuarial reduction except in the circumstances as stated above”.*

3.2 The Service has received the following request:

<b>Grade</b>	<b>Job Title</b>	<b>Stn/Dept</b>
G2	Clerical Assistant	Somerset Command

The employee is reducing from 0.6 to a 0.4 FTE i.e. from 3 to 2 days a week and the department support this reduction in staffing. The employee is 62 and would have a one month break before returning on a 12 month fixed-term contract. The pension would be subject to an actuarial reduction and it is recommended that this reduction is not waived by the Service. This Flexible Retirement with the reduction in hours will reduce the salary costs to the Service and also the employer pension contributions.

4. **RECOMMENDATIONS**

4.1 That the requests for retirement & re-employment as identified in paragraphs 2.4 and 3.2 of this report be approved.

**JANE SHERLOCK**  
**Director of People and Commercial Services**