

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 8th December 2004

SUPERANNUATION – ADDED YEARS REPORT OF THE HEAD OF CORPORATE SERVICES This matter is the responsibility of Executive Councillor T Hall

1.0 Purpose

- 1.1 The purpose of this report is to review the Council's normal position in respect of superannuation added years when considering early retirement through redundancy or "interest of efficiency" retirements.

2.0 Background

- 2.1 Members will be aware that the Council's contribution to the Local Government Superannuation Scheme is regularly reviewed. Recent reviews have seen a trend of significantly increasing costs falling on the Council. The Council has limited control over these costs other than:
 - Deciding whether or not to retire an employee early;
 - Deciding whether to give "added years" to the employee's pension.
- 2.2 "Added years" is a discretionary amount of superannuable service by which an employee's actual service is enhanced. There are limits within the pension regulations to the amount of added years that can be used. The result is a larger pension in compensation for retiring early to the Council's advantage, but additional cost to the Council.
- 2.3 An "interests of efficiency retirement" is one where an employee, aged 50 or over (55 from 1st April 2005), volunteers to retire early, but their post is retained and so there is no redundancy situation.
- 2.4 The current situation is that the Council has a policy of using its discretion to award up to 6 and 2/3rds years in each case. This gives employees the maximum added years available to them.

3.0 Options

- 3.1 All of the authorities in Somerset currently operate a sliding scale of awards, though all are different. A common point is that none award any added years to employees with less than 5 years pensionable service.

- 3.2 A further option is to clarify the use of discretion, along the lines of “the Council will consider the awarding of added years to pensionable service as compensation for premature retirement for staff with over 5 years pensionable service, provided this is affordable and reasonable in terms of foreseeable costs”.
- 3.3 The Council could create a sliding scale which would reduce the added years available to employees with limited pensionable service - as an example:

Pensionable Service (complete years)	Added Years Awarded
0 – 4 years	0
5 – 12years	1
13 – 18 years	2
19 – 24 years	3
25+	6 2/3rds

The above figures would remain subject to the maximum levels established by the regulations.

Whilst many Council’s have developed this sliding scale approach there is a view that these could be considered as discriminatory. This is because it is possible that less women than men would qualify for the higher levels of added years.

4.0 **Unison View**

- 4.1 Unison and Staff Representatives have been consulted on this issue.

5.0 **Recommendation**

- 5.1 The Executive are recommended to adopt a new policy on “added years” from 1st April 2005 as follows:

“The Council will consider the awarding of added years to pensionable service as compensation for premature retirement for staff with over 5 years pensionable service with TDBC, provided this is affordable and reasonable in terms of foreseeable costs. The sliding scale in paragraph 3.3 above will be used as a guide where added years are to be awarded, though each case will be considered on its own merits.”

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