
Subject: FLEXIBLE RETIREMENT OF A CHIEF OFFICER

Meeting and Date: Council – 30 January 2019

Report of: Louise May, Head of Governance

Classification: Unrestricted

Purpose of the report: This report seeks approval of minor changes to the Chief Officer (CMT) structure and the flexible retirement of a Chief Officer

Recommendation:

1. Council approves the reduction of the Corporate Management Team from 3 FTE to 2.8 FTE
2. Council approves the flexible retirement request of the Chief Executive with effect from 1 April 2019, pursuant to the Local Government Pension Scheme Regulations 2013, Reg. 30(6) and in accordance with the Council's Pension Discretion Policy Statement

1. Summary

- 1.1 Following a request for flexible retirement from the Chief Executive, this report seeks approval to reduce the Council's Corporate Management Team (CMT) from 3 FTE to 2.8 FTE. The Council is further asked to approve the flexible retirement request of the Chief Executive. This is pursuant to the Local Government Pension Scheme Regulations 2013, reg. 30(6) and in accordance with the Council's Pension Discretion Policy Statement. This request will result in no detrimental effect on the overall service delivery and will result in a budget saving.
- 1.2 Article 12 of the Constitution, identifies the Council's Chief Officers. Section 4 of Local Government and Housing Act 1989, (which defines the functions of the Head of Paid Service) is reflected in the Council's Constitution at Article 12.02. This requires the Head of Paid Service to report to the full Council on the number and grade of staff required by the authority to discharge the Council's functions.
- 1.3 In addition, the Council should note that the Chief Executive is designated as the Head of Paid Service. This is a statutory role with functions as described in Article 12.02 of the Council's Constitution and section 4 Local Government and Housing Act 1989.

2. Introduction and Background

- 2.1 The Council's Corporate Management Team is currently made up of 3 FTE. The proposed changes would see a reduction in the CMT from 3 FTE to 2.8 FTE, with the Chief Executive proposing to undertake his role on the basis of 30 hours per week (4 days a week).

The Concept of Flexible Retirement

- 2.2 The concept of flexible retirement was introduced into the LGPS 2006. The intention was to facilitate employers in retaining the skills of an existing employee (albeit that might be on a reduced hours basis) whilst upskilling other employees to build greater resilience. The LGPS rules permit flexible retirement where the scheme member (with their employer's consent) reduces their hours of employment of the job they continue to hold, and/or move to a lower graded post.

3. Flexible Retirement Request of the Chief Executive

- 3.1 As outlined above, the Council is asked to approve the flexible retirement of the Chief Executive. This request is in accordance with the Council Pension Discretion Policy Statement, which sets out criteria to be taken into account when considering the request. The Policy Statement requires that the Council will only approve requests where:
- It is in their interests to do so
 - There will be no detrimental effect on the service
 - The costs are affordable or where there are likely to be costs savings achieved as a result of the proposal (see resources section below).
- 3.2 The Pension Discretion Statement also states that the request should typically involve a reduction of at least 20% in salary (either through reduced hours or responsibility). Employees can choose to draw all of their pension benefits or defer payment of all or part of the part of their fund which has accrued since 1 April 2008.
- 3.3 In this case, the Chief Executive wishes work 30 hours per week, which is a reduction from 5 to 4 days a week. This will result in a 20% reduction in salary. The Chief Executive has requested only to draw his pre-2008 benefits and defer all of benefits accrued since 1 April 2008. The costs to the Council associated with this are minimal and are detailed below at paragraph 6.
- 3.4 As Council will be aware, a recent senior management restructure within the establishment has taken place, following the agreed retirement of the Director of Governance. Whilst this has seen a reduction in the Corporate Management Team, there has been a strengthening of the structure at operational management level. The proposed flexible retirement of the Chief Executive will offer further budget savings but whilst retaining his expertise and experience to enable succession planning and development of the next generation of CMT.
- 3.5 The Chief Executive accepts that his role is not one which is strictly carried out on a 5 day a week basis in any event and that he will continue to be available as and when is necessary, despite the formal reduction in his hours.

Head of Paid Service

- 3.6 As stated above, the Chief Executive is designated as the Council's Head of Paid Service. The Council is legally required to designate an officer in this role by section 4 of the Local Government & Housing Act 1989. There is no legal requirement for the Head of Paid Service to be employed on a full time basis and the proposed reduction

in hours of the Chief Executive will not result in any change to the way that he discharges his functions as Head of Paid Service.

4. Identification of Options

- 4.1 The proposed flexible retirement of the Chief Executive can be seen as beneficial, allowing the Council to retain the skills of a highly skilled and valued employee (albeit on a reduced hours basis) whilst building up the skills and experience of others within the Council. It is also recognised that a benefit for the Chief Executive is a work/life balance which is better suited to his personal circumstances.
- 4.2 In view of the Chief Executive's intention to remain available as and when it is necessary and the recent redistribution of Electoral Services to sit under the Head of Governance (thus reducing his direct reports), it is not considered that there is any need for further redistribution of his functions and responsibilities across the other Directors at this time.
- 4.3 Therefore the options for the Council are:
 - (a) To approve the reduction of the Corporate Management Team from 3 FTE to 2.8 FTE and to approve the flexible retirement request made by the Chief Executive. This is the preferred option.
 - (b) To refuse the request for flexible retirement made by the Chief Executive. This is not the preferred option.

5. Evaluation of Options

- 5.1 As detailed above, the proposed flexible retirement of the Chief Executive will not result in any detrimental effect on service delivery. Over a three year period the proposal will result in a saving of approximately £100k, with costs as detailed in paragraph 6.1 below, and would therefore fall within the "affordable" range as stated in the Council's Pension Discretion statement. Furthermore, the flexible retirement of the Chief Executive allows the Council to retain his skills whilst upskilling other Council staff and therefore making provision for succession planning for the future.

6. Resource Implications

- 6.1 The actuarial strain to the Council of enabling the flexible retirement request is forecast to be a one-off cost of £35k (as provided by the Kent pension scheme). The reduction in hours will result in an annual saving (including on-costs, car allowances, etc.) of £34k. The proposal will therefore result in a £67k saving over a 3 year period.

7. Corporate Implications

- 7.1 Comment from the Section 151 Officer (linked to the MTFP): Finance has been consulted on this report and has no further comments to add. (HL)
- 7.2 Comment from the Solicitor to the Council: The Head of Governance has been consulted during the preparation of this report and has no further comment.
- 7.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications however in discharging their duties members are required to

comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>.

8. **Appendices**

Appendix 1: Pension Discretions Policy Statement

9. **Background Papers**

Constitution of this Council – Article 12 and Officer Employment Procedure Rules

Local Government and Housing Act 1989

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