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HEALTH AND SAFETY EXECUTIVE

The HSE Board

HSE Retirement Policy

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Issue

1 The Board agreed in January 2002 that all staff, below the SCS, could remain beyond age 60 subject to the approval of individual Heads of Directorates/Divisions. This decision needs to be reviewed to accommodate emerging legislation dealing with age discrimination.

Timing

2 A revised policy could be implemented from 1 April 2003.

Recommendation

3 That the Board supports a retirement policy that allows staff, below the senior structure, to remain beyond age 60 subject only to the normal conduct and efficiency rules that apply equally to all staff.

Background

4 The Board's earlier decision (B/02/07) reflected Cabinet Office recommendations that Departments take a more flexible approach to retirement following a report from the Performance and Innovation Unit entitled "Winning the Generation Game". A number of departments saw this as an opportunity to remove age barriers and encourage staff to work beyond the minimum retirement age. The Board took a more cautious view arguing that total flexibility might affect planning and forecasting arrangements, and might encourage retention of people whom HSE would have preferred to see retired. The Board accepted the recommendations in principle, but

wanted clearly defined criteria introduced that would allow managers to make decisions on retention according to business needs and the case put forward by individuals.

Argument

5 The original Board decision has been overtaken by legislative developments and is no longer tenable. Article 13 of the Employment Framework Directive will outlaw age discrimination unless it can be objectively justified (e.g. in seeking a return on a costly recruitment and training investment); and age discrimination will be completely outlawed in the UK by 2006. HSE Trade Unions have also rejected the Board's proposal arguing that 75% of civil servants can now work until age 65 and a further 11% have access to short service concessions that also take them beyond age 60. Introducing the policy without TU support would require 6 months notice of a contractual change in terms and conditions of employment. This would be unpopular and divisive, especially as Personnel would, relatively soon afterward, have to begin preparing for the new discrimination law.

6 Major Whitehall departments have already reacted to impending change by removing age barriers and allowing staff to choose their own date of retirement up to age 65. These include our parent department (DWP) together with DTI, Inland Revenue, DFES, DoH, DEFRA and Home Office. Anecdotal evidence suggests that the flexibility has been welcomed by staff but take-up has been slow. Some departments have full flexibility for administrative staff but have restrictions for some senior managers and specialists (MoD, GCHQ, FCO) but they are, or will be, reviewing their policies over the next couple of years.

7 Removing barriers in HSE would help counter an expected shortage of skilled and experienced workers in future years. The aging workforce has seen the numbers between age 51-60 grow by a third over the last four years (763 in 1998 to 1017) and numbers in this age group have grown in every band during the same period. The average age of recruits, particularly industry specialists, is also rising. So, although under legal pressure to relax retirement rules a more flexible approach would seem to make good business sense. Changes would also see a small reduction in the work associated with current procedures.

Consultation

8 In addition to TU Side discussion we have consulted HSE's (contracted) employment law specialist and Directorate HR representatives. All were supportive of removing age barriers. Cabinet Office and other departments were also approached. Incidentally, the Cabinet Office have confirmed that "nothing has changed yet regarding the SCS".

Presentation

9 Offering full flexibility would be popular with existing staff and would enhance our recruitment packages. It would also be further evidence of the effectiveness of our internal consultation arrangements.

Costs and Benefits

1 Take-up is likely to be low in the early years so costs attached to a policy change will not be high. There will be higher salary costs of retained staff over their younger replacements (possibly offset if they down-band or work part-time) but there would be far fewer fee-paid or consultancy appointments from the ranks of retired HSE employees. This would reduce administrative costs. A new policy would also reduce the number and frequency of "age-reviews" by Personnel and Directorates which would also reduce costs very slightly. Allowing staff to determine their own retirement date would also help attract mid-career appointees who want to increase pension contributions.

Financial/Resource Implications for HSE

1 See paragraph 10. There will be no extra implementation costs.

Environmental Implications

1 n/a

Other Implications

2 n/a

Action

3 The Board is invited to discuss the proposed changes to HSE's retirement policy and agree its implementation from 1 April 2003.