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HEALTH AND SAFETY EXECUTIVE

The HSE Board

HSE Retirement Policy

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Issue

1. To decide when staff (below SCS) should be allowed to work beyond age 60 to meet age discrimination legislation. From 1 October 2006 we cannot set a mandatory retirement age below 65.

Timing

2. A new retirement policy must be introduced by 1 October 2006 and there are benefits to be gained from an earlier introduction and prompt communication of our intentions.

Recommendation

3. The Board is asked to:

- Agree a mandatory retirement age of 65;
- Agree a date, preferably 1 April 2006, from which staff can work beyond age 60, **if they choose**. SCS members are centrally managed and are not affected by changes to HSE's policy. Separate Cabinet Office guidelines will be issued about the impact of the new legislation on the SCS in the New Year.

Background

4. The Government's Employment Equality (Age) Regulations 2006, to be finalised and published early next year, will outlaw all forms of age discrimination. The new rules will impact on most of our employment policies including recruitment, pay and reward, training, redundancy and retirement. The Regulations will allow some limited discrimination where it can be justified (eg. fixing a maximum age for recruitment to ensure a reasonable period of employment before retirement), but we need to see the final version of the Regulations before we can review policies in detail. However, we do know that we cannot maintain our existing retirement arrangements beyond 1 October 2006.

5. After that date employers cannot set compulsory retirement ages below the Government's default retirement age of 65 and staff will be able to choose whether or not they wish to continue working to that age. If they do continue they will be subject to the same checks on health and efficiency that apply to all staff. There will be no other conditions placed upon them. Introducing these flexibilities will not affect the minimum *pensionable* age in the Civil Service at which retirement benefits can be drawn. That will remain at 60.

6. The Board considered changing retirement ages in 2003/04, in line with other departments, but deferred a decision because of staffing issues at that time. There was also concern that performance management was insufficiently robust to ensure that people who had performed poorly, in the run up to age 60, did not stay on for longer.

Argument

7. HSE is one of only a few departments/agencies not to have introduced retirement flexibility. The Ministry of Defence, who, like HSE, employ a mix of specialist and support staff, is the last of the major departments to have relaxed their rules in anticipation of the new law.

8. Trade unions and staff are aware of these developments and are pressing Personnel for information about HSE's intentions. Absence of a clear position is causing uncertainty for staff and for those managers responsible for resource planning. It is also a regular item on the National Whitley agenda.

9. An implementation date of 1 April is suggested. This coincides with the start of the new financial year, shows willing in the face of protracted urgings from staff, managers and unions. Alternatively if it was thought that additional time was needed to enable transitional arrangements to be put in place a mid year introduction of 1 July could be a fall back date.

10. Between April 2006 and October 2006 there will be a total of 47 staff reaching age 60 who could choose to continue working if there is a relaxation of the rules, (a further 95 staff, who are already over age 60, could also choose to continue working to age 65). For purposes of comparison, there are 26 staff who would be affected if the change took place in July rather than April 2006:

	APRIL 2006	JULY 2006
FOD Inspectors	10	6
Nuclear Inspectors	1	-
Spec. Inspector	4	3
Offshore Inspectors	5	3
Nursing Staff	2	1
Scientific	2	2
Admin	23	11

11. Changing the policy would also recognise social trends. People are living longer and want the security of a regular income. A recent study (reported by Age Positive)

confirmed that more than a third of employees over 50 wanted to continue working beyond 60 and an internal FOD review, a couple of years ago, revealed an increasing likelihood that staff would want to continue working beyond 60.

12. For these reasons it is proposed that we abolish our existing arrangements as soon as possible. This could be any time up to and including 1 October 2006 but could be as early as April 2006 (assuming Board approval in December 2005). This would demonstrate our commitment, bring us in line with other departments and support our diversity policy and HSE values.

13. Whatever date is set there is a risk of hard cases involving those whose birthday's fall the wrong side of the line. We doubt that detailed transitional arrangements are necessary. But we would propose to take a more relaxed and encouraging approach to those who reach 60 any time after the Board's decision enabling them to remain if they wish, unless it is clear that this is not in HSE's interests. This will require Board members to take a view on individual cases.

Consultation

14. We have consulted TU Side, Cabinet Office, Ministry of Defence, Department of Work and Pensions before preparing earlier papers on this topic. Further formal consultation was unnecessary given the legal requirement to introduce new arrangements.

15. We have however had discussions with senior management in D/D where 2 key concerns were raised.

- Retaining people on different terms and conditions if they decide to stay on after 60+.
- Could staff take their pension and lump sum at 60 and continue earning their full time salary?

16. With regards to the first point, the only right staff will have is to stay on after 60 in their existing job, job band and work pattern. Any variation to terms and conditions will required the express agreement of the line manager based on a business care.

17. Secondly, as things stand staff could take pension and lump sum at 60 whilst earning a full time salary but their pension would be abated by the amount of salary being earned and would effectively reduce to zero. We expect this matter to be addressed in future Cabinet Office instructions.

Presentation

18. Delaying action until the last possible moment would be unpopular and could weaken industrial relations. DWP (and the Minister) might also question our reticence in introducing change, in common with all other departments. As soon as a decision is announced, staff approaching age 60 will be told how the arrangements will affect their personal circumstances. We will also announce the new policy in an Express article and in updating the relevant Handbook Chapter.

Costs and Benefits

19. Whilst costs have not yet been estimated the early benefits of removing current retirement ages would allow personnel to drop a raft of procedural work associated with age reviews and on requests for extensions to continue working that have to be supported by a business case. It would address representation from the Trade Unions on this matter at a time when we are urging settlement of the multiyear pay deal. It could increase retention of scarce specialist skills and attract senior experienced experts from the external market to take up specialist roles.

Financial/Resource Implications for HSE

20. Not costed but there will be an unquantified saving as indicated in paragraph 10 above.

Environmental and Other Implications

21. N/a.

Action

22. The Board is invited to agree that HSE should change its retirement policy and procedures on 1 April 2006.