

Committee Pensions Committee	Date 5th August 2010	Classification Unrestricted	Report No.	Agenda Item
Report of: Corporate Director Resources		Title Early Retirements: 2009/2010 Outturn		
Originating Officer: Oladapo Shonola: Chief Financial Strategy Officer		Ward(s) Affected	N/A	

1. SUMMARY

- 1.1 This report informs Members of the number of premature retirements in 2009/10 authorised under delegated authority.
- 1.2 The report indicates that the number of premature retirements has decreased from 41 in 2008/09 to 32 in 2009/10.

2. RECOMMENDATIONS

- 2.1. Members are recommended to note the contents of this report.

LOCAL GOVERNMENT ACT, 2000 (SECTION 97)

LIST OF "BACKGROUND PAPERS" USED IN THE DRAFTING OF THIS REPORT

Brief description of "background papers"

Tick if copy
supplied for
register

If not supplied, name and telephone
number of holder

Retirement Statistics

Oladapo Shonola 0207 364 4733

3. BACKGROUND

- 3.1 The Audit Commission in their report "Retiring Nature" recommended that Members be informed of the number of retirements authorised by officers under delegated authority.
- 3.2 This authority adopted the recommendations of the Audit Commission on 12th February 1998 (EP052/798).
- 3.3 The Committee stipulated that annual reports on the operation of the premature retirement scheme be prepared which set out the number of premature retirements authorised by Officers under delegated authority.

4. PREMATURE RETIREMENT

- 4.1 During 2007/08 there were a number of revisions to the Pension Fund Regulations relating to premature retirement. These increased the earliest retirement age from 50 to 55 and abolished the "85 Rule" which effectively increased the normal retirement age from 60 to 65. However there are a number of transitional provisions for existing members of the fund which results in a limited impact on the Fund in the short term.
- 4.2 In addition the Council discontinued the practice of awarding added years in 2006/07 as a result of the Employment and Equality Age Regulations (2006) which required that the compensation package for employees of corresponding ages be broadly comparable.

5. OUTTURN 2009/10

- 5.1 The Authority granted 32 employees premature retirement in 2009/10.
- 5.2 The statistics relating to the retirements, together with the comparable figures for the previous financial year are as set out below: -

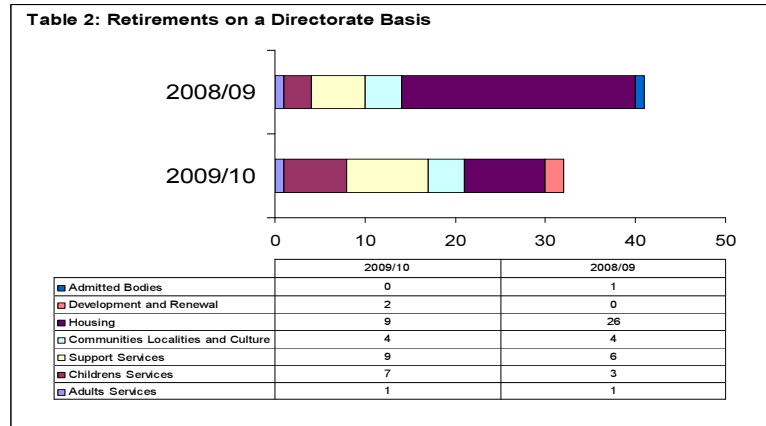
Table 1: Early Retirements	2009/10	2008/09
Number of retirements	32	41
Average age at retirement (years)	55 years 8 months	54 years 8 months
Average years to normal age of retirement	4 years 12 months	4 years 3 months
Average length of service (years)	21 years 10 months	20 years 10 months
Average remuneration	£43,928	£37,033

- 5.3 The table indicates that: -
 - The number of premature retirements has decreased from 41 to 32.
 - The average age at retirement has increased by exactly 1 year.
 - The average remuneration at retirement was £43,928, 18.6% more than 2008/09.
 - The average length of service has risen by exactly 1 year.

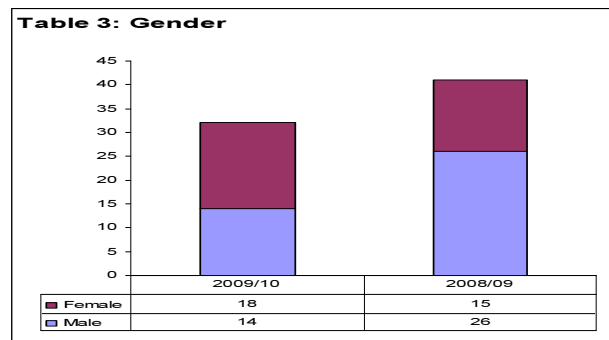
6. ANALYSIS OF RETIREMENTS

6.1 The authority adopted the recommendations of the Audit Commission report "Retiring Nature" that services be charged the costs of premature retirements.

6.2 Table 2 sets out the retirements during 2009/10 on a Directorate basis.



6.3 Table 3 details the retirements during 2009/10 on the basis of gender.



7. THE COST OF EARLY RETIREMENTS

7.1 The calculated cost of individual retirements is allocated to the relevant Directorates in accordance with the requirements of "Retiring Nature".

7.2 The costs resulting from early retirement are as set in Table 4. The costs are calculated with factors provided by the Actuary and represent the projected costs for the term premature retirement to normal age of retirement.

7.3 The decrease in costs is principally attributable to the decrease in the number of retirements.

Table 4: Costs.	2009/10		2008/09	
	Cost £000	Average £000	Cost £000	Average £000
Unfunded Pension	1,304	41	3,151	50
Added Years	-	-	-	-
Total	1,304	41	3,151	50

7.4 The costs of early retirement are charged to the Council's accounts in the year in which the retirement takes effect. In the case of Housing Management staff costs are met from the Housing Revenue Account (HRA).

8. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

8.1. As the provisions required for the granting of early retirements under the Local Government Pension Scheme Regulations 1997 have been correctly applied, the report raises no legal implications.

9. COMMENTS OF THE CHIEF FINANCE OFFICER

9.1. The comments of the Corporate Director Resources have been incorporated into the report.

10. RISK MANAGEMENT IMPLICATIONS

10.1 The Council uses redundancy and in certain circumstances the associated premature retirement to enable savings targets to be achieved.

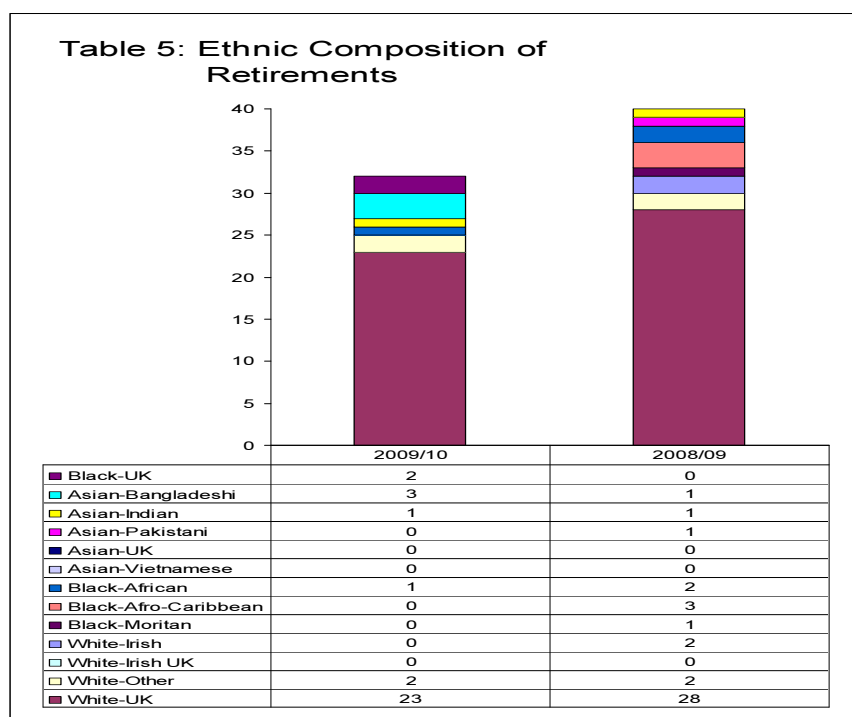
10.2 The accounting mechanism which charges individual Directorates for the costs of premature retirements enables the full costs of retirements to be identified when the decision is made.

11. ANTI-POVERTY IMPLICATIONS

11.1. There are no anti-poverty implications.

12. EQUAL OPPORTUNITIES IMPLICATIONS

12.1 The retirements analysed by ethnicity are as set in Table 5.



13. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 13.1. There are no Sustainable Action for A Greener Environment implications.