

**Appointments and Conditions of Service Committee  
8 February 2022**

<b>Title of paper:</b>	Early Retirement Monitoring Report 2020/21	
<b>Director(s)/ Corporate Director(s):</b>	Richard Henderson Director for HR and Equality, Diversity & Inclusion	<b>Wards affected:</b> All
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<b>Other colleagues who have provided input:</b>	Andy Cross – Pensions Consultant Joanne Worster – Finance Team Leader, Strategic Finance Majid Iqbal – Team Leader, Litigation and Dispute Resolution Jo Hill – Employee Relations Specialist	
<b>Date of consultation with Portfolio Holder(s) (if relevant)</b>	24 January 2022	
<b>Does this report contain any information that is exempt from publication?</b> No		
<b>Relevant Council Plan Key Outcome:</b>		
Clean and Connected Communities	<input type="checkbox"/>	
Keeping Nottingham Working	<input type="checkbox"/>	
Carbon Neutral by 2028	<input type="checkbox"/>	
Safer Nottingham	<input type="checkbox"/>	
Child-Friendly Nottingham	<input type="checkbox"/>	
Healthy and Inclusive	<input type="checkbox"/>	
Keeping Nottingham Moving	<input type="checkbox"/>	
Improve the City Centre	<input type="checkbox"/>	
Better Housing	<input type="checkbox"/>	
Financial Stability	<input type="checkbox"/>	
Serving People Well	<input checked="" type="checkbox"/>	
<b>Summary of issues (including benefits to citizens/service users):</b> This report, which is for annual reporting purposes, is for noting. It details the number, type and average pension strain cost of early retirements for the period 1 April 2020 to 31 March 2021.		
<b>Recommendation(s):</b>		
<b>1</b>	To note the monitoring information contained within the report and the appendices.	

**1. Reasons for recommendations**

The report is brought to this Committee for noting purposes.

**2. Other options considered in making recommendations**

2.1 None. The report is for noting only.

### 3. **Consideration of Risk**

3.1 None.

### 4. **Background (including outcomes of consultation)**

- 4.1 A breakdown of all retirements for 2020/21 is provided in Appendix 1 including comparator information with previous years. The total number of retirement cases with a pension, increased to 290 cases in 2020/21 from 125 in 2019/20. Early retirements cases accounted for 211 (73%) of retirement cases.
- 4.2 Since 1 April 2014, the Local Government Pension Scheme (LGPS) has allowed for current or former employees to access their pension benefits early without requiring the Council's consent. However, the decision to take this route into early retirement does mean that the benefits the employee receives on retirement are reduced on an actuarial basis to take into account the fact that their benefits are being drawn earlier and for longer.
- 4.3 In order for benefits to remain unreduced, the actuarial reduction may be waived at the Council's discretion (normally exercised by the Chief Executive); therefore in such cases consent must still be sought. There were no early retirements requiring employer consent in this reporting period.
- 4.4 The number of colleagues voluntarily choosing to retire early decreased slightly in this reporting period. In 2020/21, 47 colleagues took early retirement compared to 50 in 2019/20.
- 4.5 Flexible retirement enables an employee who has reached the age of 55 to draw their pension benefits whilst remaining in employment on reduced hours or grade. As there can be pension strain costs up to normal retirement age, employer consent is required in all instances subject to a business case. Of the 8 flexible retirements approved in this reporting period, there were no cases where pension strain costs were incurred.
- 4.6 Ill-health retirements accounted for 2.0% (6 cases out of 290) of all retirements, which is a decrease on the previous year when they accounted for 6.4% (8 cases out of 125). There are no direct pension strain costs for ill-health retirement, however, costs are taken into account when the 3 yearly actuarial valuation calculations for employer contributions is made.
- 4.7 In this reporting period, there have been no retirements under the category of efficiency.
- 4.8 There was 1 death in service in this reporting period where a pension entitlement arose.
- 4.9 76% (149 cases) of early retirements classed as redundancy had a pension strain cost applied due to the age of the employee when they retired. In these circumstances, the pension strain is paid by the employer. The numbers in this category increased this year from 11 in 2019/20.
- 4.10 Appendix 2 shows the average pension strain cost to the pension fund, broken down by department, for 2020/21 including comparator information with previous years. All pension strain costs in this reporting period were due to colleagues exiting the Council under redundancy.

4.11 All retirement figures exclude those employees based in non-maintained schools and Academies, Nottingham Revenues and Benefits and Nottingham City Homes.

**5. Finance colleague comments (including implications and value for money)**

Total exit costs including pension strain are taken into account as part of the decision making process on early retirement. All pension strain costs are paid as a lump sum.

Jo Worster, Finance Team Leader, 14 January 2022

**6. Legal colleague comments**

The Background section of this report reflects the legal framework of the Local Government Pension Scheme (“LGPS”) as amended in recent years and demonstrates how the authority has applied this framework via its policies on retirement. Any future changes to the LGPS and/or age discrimination legislation could have an impact on the authority’s policies and future early retirements.

Majid Iqbal, Solicitor and Team Leader, 12 January 2022

**7. Other relevant comments**

7.1 Not applicable.

**8. Equality Impact Assessment (EIA)**

8.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:

The report does not contain proposals or financial decisions.

**9. Data Protection Impact Assessment (DPIA)**

9.1 Has the data protection impact of the proposals in this report been assessed?

No

A DPIA is not required because:

The report does not contain proposals or financial decisions.

**10. Carbon Impact Assessment (CIA)**

10.1 Has the carbon impact of the proposals in this report been assessed?

No

A CIA is not required because:

The report does not contain proposals.

**11. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

11.1 None.

**12. Published documents referred to in this report**

12.1 None.