

# **WEST DUNBARTONSHIRE COUNCIL**

## **Report by the Chief Executive**

**Corporate Services Committee : 27 June 2007**

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### **Subject: Early Leavers from Strathclyde Pension Fund and Associated Costs**

#### **1. Purpose**

- 1.1** To provide the Committee with details on the number of employees who left the Strathclyde Pension Fund earlier than their normal retirement date with access to their pension and the associated costs.
- 1.2** Under the terms of the Council's Discretionary Payments for Early Retirement & Redundancy Provisions redundancy/early retiral costs require to be reported to Council on an annual basis. This report covers the period 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007.

#### **2. Background**

- 2.1** Strathclyde Pension Fund Scheme is operated on the basis that benefits will normally become payable to an employee at their normal retirement date (age 65). Where an employee has access to their pension before their normal retirement date additional costs are incurred by the Fund which require to be met by the Council.

#### **3. Main Issues**

- 3.1** This report details the associated costs incurred by the Council where employees have received early access to their pension in the following circumstances:-

- Ill-health Retiral
- Redundancy
- Efficiency of the service

##### Ill-health Retiral with Access to Pension

- 3.2** The number of employees retiring with access to an enhanced pension due to ill-health was **13** with a cost to the Council of £43,913.05. This cost was incurred due to payment of wages/salary of up to 12 weeks in lieu of notice.

### Redundancy with Access to Pension

- 3.3** The number of employees who retired due to voluntary redundancy with access to an enhanced pension was **2** with a cost to the Council of £55,331.96. This cost was incurred due to payments for redundancy, additional pension, additional retirement grant. There was no strain on the fund costs or payment in lieu of notice for these 2 employees.

### Efficiency of the Service with Access to Pension

- 3.4** The number of employees who retired due to efficiency of the service with access to an enhanced pension was **50** with a cost to the Council of £2,358,705.80. This cost was incurred due to payments for additional pension, additional retirement grant, strain on the fund costs and payment in lieu of notice. Again the commitment to pay costs is spread over a maximum period of 10 years.
- 3.5** The large number of releases through efficiency was due to a voluntary trawl exercise undertaken by the Council in January 2006. The effects of this exercise became apparent in the following financial year. It should be noted however that the costs are significantly higher than the previous year due to the larger number of people being released including 3 Chief Officer posts. Savings will be achieved in the longer term through non replacement of posts and re-profiling of services.

## **4. Personnel Issues**

- 4.1** Early release from the pension through voluntary early retirement requires to be part of the Council's strategic workforce plan. Personnel will continue to work with Departments to focus on the needs of service delivery and to review cost implications against long term savings.

## **5. Financial Implications**

- 5.1** Early access to pensions incurs additional costs which are borne by the Council. In circumstances where release is through voluntary agreement managers require to fully consider all associated costs prior to approving release. Where release has been approved this, in most instances, has represented a long-term saving to the Council as posts are not replaced.

## **6. Conclusions**

- 6.1** There were a high number of employees released through voluntary early retirement during the period as a consequence of organisational change, which resulted in costs as outlined above. In the majority of instances this resulted in a longer-term saving to the organisation as posts were not replaced.

## **7. Recommendations**

**7.1** The Committee is asked to note the contents of this report.

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**David McMillan**  
**Chief Executive**  
**Date: 14 June 2007**

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<b>Appendices:</b>	None
<b>Background Papers:</b>	Information from SPFO
<b>Wards Affected:</b>	N/A.