

Committee:	Licensing and General Purposes Committee
Date:	24 November 2008
Subject:	INFORMATION REPORT – Flexible Retirement Update
Responsible Officer:	Myfanwy Barrett - Corporate Director of Finance
Portfolio Holder:	Councillor David Ashton - Leader and Portfolio Holder for Strategy, Partnership and Finance
Exempt:	The Appendix is Part II – Exempt information under Paragraphs 3 and 4 of Part I of Schedule 12A to the Local Government Act 1972 (as amended).
Enclosures:	Appendix 1

Section 1 – Summary

This report provides the Committee with an update on Harrow's actual experience of Flexible retirements and the financial impacts to date.

FOR INFORMATION

Section 2 – Report

Background

Regulation 18 of the Local Government Pension Scheme (LGPS) (Benefits, Membership and Contributions) Regulations 2007 (As Amended) permits the immediate payment of pension benefits, at the employers' discretion, where a scheme member from age 50 (age 55 with effect from 1 April 2010) reduces his/her hours or moves to a lower grade even though the scheme member has not retired from employment and continues to build up benefits in the Scheme.

There is also a requirement for employers to prepare, publish and maintain a policy statement on flexible retirement.

Under Harrow's current policy the following conditions apply: -

- a) All requests for flexible retirement will be considered;
- b) Approval will only be granted if it is in Harrow Council's best interest to do so and where the service area can demonstrate operational efficiencies;
- c) The flexible retirement reduction in hours/grade delivers a 10% saving of on-cost salary (pro rata if applicable) in the first year. This is to be identified as part of the business case;
- d) Where an actuarial reduction applies and this does not fully cover the cost of placing the pension into payment, there will have to be a sufficient reduction in the employee's grade or hours to ensure that the pension fund is reimbursed for any shortfalls;
- e) The waiving of any early retirement actuarial reduction (either in part or in full) will not be considered;
- f) Flexible retirements must be approved by a Director, and agreed by;
 - I. the Officer Sub-Group and Members of the Early Retirement Sub-Committee where there is a strain on the pension fund; or
 - II. the Divisional Director Shared Services where there is no strain on the pension fund.

Following a meeting of the Licensing and General Purposes Committee on 27 September 2007, it was reported that all flexible retirements and the financial impacts would be fully reported to The Licensing & General Purposes Committee on an annual basis.

Details of Harrow's actual experience of flexible retirements to date are shown in **Appendix 1**.

Section 3 – Further Information

A further report on flexible retirement will be presented to the Licensing & General Purposes Committee in September/October 2009.

Section 4 - Contact Details and Background Papers

Contact: Greg Foley, Divisional Director Shared Services.
Tel: 020 8424 7673
Email: greg.foley@harrow.gov.uk

Background Papers:

Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (As Amended).

Licensing and General Purposes Committee. 27 September 2007 – Report on Flexible Retirement.