

Bolton Council

Report to: Corporate Issues Scrutiny Committee

Date: Monday 20th August 2007

Report of: Assistant Chief Executive

Report No: 16

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Report Title: **Voluntary Early Retirements and Ill Health Retirements – Third and Fourth Quarters 2006/2007**

Non Confidential: This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To advise the Executive Member of the number of employees retiring early under Voluntary Early Retirement or Ill Health Retirement.
To advise on the financial implications of the retirements.

Recommendations: Elected Members are asked to:
a) Note and comment on the contents of the report.

Decision:

Background Doc(s):

(for use on Exec Rep)

Signed:

Leader / Executive Member

Monitoring Officer

Date:

Summary:

1. The total number of Voluntary Early Retirements (VER's) for the reporting period 1st October 2006 to 31st March 2007 was 55.
2. The number of VER's is attributed to the budget cuts.
3. An allowance of 1% was set by the Superannuation Authority for the year 2006/2007 which equates to £1,260,000 the actual spend for the period was £2,085,339 the total spend for the year 2006/7 equates to £2,980,330
4. The total number of Ill Health Retirements (IHR's) for the reporting period 1st October 2006 to 31st March 2007 was 8.
5. The allowance for the year 2006/2007 for IHR's is £2,483,000. The actual spend for the reporting period is £293,500. The total spend for the year is £538,719
6. The overall total spend is £3,519,049, which is a significant underspend on the total allowance of £5,743,394.

1. Background Information

1.1 This report is part of the Strategic Monitoring of Employee Welfare and contains data relating to:

a) Voluntary Early Retirements

b) Ill Health Retirements

The first six months figures were reported to Corporate Issues Scrutiny on 27th November 2006. These figures are attached as Appendices 3 and 4 to this report.

2. VOLUNTARY EARLY RETIREMENTS (VER's): THIRD AND FOURTH QUARTERS (1st October 2006 to 31st December 2006 and 1st January 2007 to 31st March 2007)

2.1 During the half year 1st October 2006 to 31st March 2007, there were 55 VER's / Efficiency/ 85 Year Rule Retirements. Appendix 1 shows the position in detail.

2.2 The total of 88 VER's is a decrease on the total of 103 for 2005/2006.

2.3 The capital cost to the fund of the VER's for the six months in this reporting period was £2,085,339 plus a revenue cost of £51,558. This amount was offset by annual revenue savings of £1,087,962. In capitalised terms this gives a saving of approximately £4,772,900.

2.4 The Actuary has not, in the past made an allowance for VER's which has meant that all VER's have had an adverse effect on our employer's pension contribution rates but an allowance of 1% of pay has now been set for all VER's and voluntary retirements before normal retirement date. The total allowance for 2006/2007 is £1,260,000. The total of £2,980,330 is an overspend on VER's.

3. ILL HEALTH RETIREMENTS (IHR's): THIRD AND FOURTH QUARTERS (1st October 2006 to 31st December 2006 and 1st January 2007 to 31st March 2007)

3.1 During the half year, 1st October 2006 to 31st March 2007, there were 8 IHR's. Appendix 2 shows the position in detail.

3.2 The total of 13 IHR's compares favourably with the total of 21 for the year 2005/6.

4. OVERALL FINANCIAL POSITION

4.1 The capital cost to the fund for the IHR's for the six months was £293,500, provision for which is built into the contribution rate paid by the Authority. The allowance for the year 2006/2007 is £2,483,000. The total of £538,719 would suggest a significant underspend on the year for Ill Health Retirements.

- 4.2 Bolton Council has also carried forward a significant underspend from the previous two financial years of £2,000,394. When added to the allowance for VER's and Ill Health, this gives a total allowance for the year of £5,743,394. The total spend of £3,519,049 would suggest a significant underspend on the year.

5. RECOMMENDATIONS

- 5.1 The Corporate Issues Scrutiny Committee is requested to note this report.