



Northumberland

County Council

Staff and Appointments Committee

22 February 2024

Approval of Flexible Early Retirement Request

Report of the Chief Executive and Head of Paid Service

1. Purpose of report

- 1.1 This report requests that the Committee considers and approves a request from the Director of Finance and Procurement to take flexible early retirement with effect from 31st March 2024.

2. Recommendations

2.1 Members are asked to agree the following recommendations:

- 1) To approve the request of the Director of Finance and Procurement to take flexible early retirement with effect from 31st March 2024.
- 2) To approve the pension strain costs of £102,818.

3. Link to Corporate Plan

- 3.1 This report is relevant to the value for money priority of the NCC Corporate Plan.

4. Key issues

- 4.1 The Director of Finance and Procurement has submitted a request for Flexible Early Retirement and has expressed a wish to reduce their working hours to 85 hours per month with effect from 31st March 2024. Should their request not be approved they have indicated that it would be their intention to resign their role at that date. Written notice of resignation was submitted on 30 November 2023, but the Director has agreed to pause the processing of the resignation pending the outcome of consideration by this committee.
- 4.2 Employees who are over 55 and have at least 2 years membership of the LGPS or have retained their NHS pension rights can, with their employer's consent, reduce their hours and/or move to a lower grade and draw their pension benefits whilst continuing in employment and building up further benefits in the pension scheme. The Director meets these criteria.

- 4.3 If approval is given, the benefits are payable from the date of the reduction in hours or grade. The purpose of this provision is to enable employees to ease into retirement and it also allows employers to retain experienced staff.
- 4.4 The Council's Flexible Early Retirement policy (Appendix 1) states that there must be a clear business reason for approving flexible retirement, taking into account any financial implications. It is the view of the Director's line manager, the Executive Director of Transformation and Resources, that it would be in the Council's financial and managerial interests to approve their request for the reasons set out in the business case at Appendix 2.
- 4.5 A request for a reduction in hours must be based on a reduction of at least 40% of the employee's current contracted hours i.e. a request to work no more than 60% of current contracted hours. In situations where it would aid service delivery, for example, in response to a crisis, other variations could be considered. The Director has requested a reduction in hours of 43%.
- 4.6 The current post must not be temporary (or a secondment), or a post which provides for variations in hours of work. The Director is employed on a permanent, 37 hours a week contract.
- 4.7 The Council's normal policy is that applications which are a cost to the Council will not normally be approved, and there will be no additional sums paid into the pension fund to allow employees to receive unreduced benefits under this scheme. In exceptional circumstances where the granting of flexible retirement is in the financial and managerial interests of the Council, applications which are a cost to the Council may be approved. In this case, the strain on the fund would be £102,818 and this would be recoverable in 1.4 years, which is less than the 2 years required to demonstrate value for money. Thereafter, there would be annual savings of £73,511 (including employer's oncosts but excluding the 2024/5 pay award).
- 4.8 Approval of flexible early retirement requests is required by the Director of Workforce and OD and Chief Executive in conjunction with the relevant Manager with lead budget responsibility (in this case the Executive Director of Transformation and Resources). All three have indicated their support for the Director's request, however in view of the significant pension strain costs, the Committee's approval is also sought.

5. Pay Policy

- 5.1 Under the current Pay Policy, any appointment of a Chief Officer that attracts a salary package of £100,000 or more must be considered and approved by Full Council. In addition, redundancy payments and special severance payments of £100,000 or more must be approved by Full Council. However, the request for Flexible Early Retirement is not a dismissal nor is it an appointment on new terms. Instead, it is a change to terms and conditions, specifically a reduction in hours. As such the Pay Policy does not specify that the pension strain cost requires the approval of Full Council. In addition, the Localism Act 2011 and associated guidance does not require that the pension strain cost is approved by Full Council.
- 5.2 It is the Flexible Retirement Policy that sets out the requirements for approval (see above).

Implications

Policy	The process has followed the Council's Flexible Early Retirement Policy.
Finance and value for money	The 'payback period' in this case (i.e. the amount of time it will take for the savings made from a reduction in hours to cover the cost of the pension strain), would be 1.4 years. The Council's general rule is that anything under 2 years represents value for money. Thereafter there would be annual revenue savings of £73,511 p.a.
Legal	The functions of the Staff and Appointments Committee include the following: <ul style="list-style-type: none"> • To discharge the Council's functions of the employer in relation to the Chief and Deputy Chief Officers • To determine the terms and conditions relating to employees of the County Council to include the remuneration and terms and conditions of employment for the Head of Paid Services and Chief and Deputy Chief Officers.
Procurement	N/A
Human Resources	The process has followed the Council's Flexible Early Retirement Policy.
Property	N/A
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	The proposal does not affect any other member of staff.
Risk Assessment	N/A
Crime & Disorder	N/A
Customer Consideration	N/A
Carbon reduction	N/A

Health and Wellbeing	N/A
Wards	The recommendations are not related to any particular ward.

Background papers:

None

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer/Legal	Neil Masson
Executive Director of Transformation and Resources (S151 Officer)	Jan Willis
Chief Executive	Helen Paterson

Author and Contact Details

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Appendix 2 FER Approval Business Case Submission

1) Position: Director of Finance and Procurement (Deputy S151 Officer)

2) Proposed Date of FER: 31/3/2024

3) Is the employee currently in their substantive role, or acting up into a higher graded post?

The employee's substantive post is Director of Finance and Procurement. The Director is not acting up into a higher graded post.

4) Have you seen the estimated pension strain costs and confirmed they are affordable and within payback?

Yes. The pension strain cost is £102,818 and annual savings from a reduction in working hours to 85 per month would be £73,511. The payback period is 1.4 years.

5) Will the work need to be covered elsewhere in the service? If so, is it able to be covered amongst current staff at a similar grade?

The remainder of the Director's work will be absorbed by the Head of Transactional Services, Head of Corporate Finance and finance managers within their current workload.

8) Is it the intention to increase the grade of any staff needing to cover the work? No, the work can be incorporated into existing workloads and at an appropriate grade.

9) If so, has that increase been discussed with finance and the extra cost factored into savings calculations? N/A

10) Please complete the below fully once you have agreed the 2023-24 salary budgets and any additional costs with your Finance Manager

2023-24 Salary Budget for redundant post including pay award

Salary	£131,580	
National insurance	£16,902	
Superannuation	£24,211	
Total (1.0 FTE)		£172,693
Revised salary (85 hours pcm)		
Salary	£75,570	
National insurance	£9,707	
Superannuation	£13,905	
Total (0.57 FTE)		£99,182
Annual saving		£73,511
Pension strain cost	£102,818	
Payback period (years)	1.4	

Business rationale for approving the request.

a) The Director of Finance and Procurement is an extremely experienced senior officer with unique knowledge of the Council and its corporate history having served as deputy S151 officer for many years and provided continuity during a period of high turnover of S151 Officers over the past decade. Should they leave at short notice this would have a detrimental impact on the work of the finance and procurement directorate at a time when the Council faces significant financial challenges and is undergoing large scale change.

b) There is a national shortage of candidates qualified to undertake the deputy S151 role. Given that there are no suitable internal candidates who could act up and the critical nature of the role, interim external cover would be required until such time as a permanent replacement could be appointed, at significant additional cost to the Council.

c) As part of the tier 3/4 restructure completed in 2023, senior management capacity in the finance and procurement directorate has been enhanced through the creation of two new Head of Service roles (Head of Transactional Services and Head of Corporate Finance). The reduction in hours can therefore be absorbed by the wider finance team. Spreading

these responsibilities across the wider finance team will offer career development opportunities and greater operational resilience.

d) Agreeing the Director's FER request will generate an annual revenue saving of £73,511 per annum.

Completed by Jan Willis Executive Director of Transformation and Resources

Date 12 February 2024