



Heybridge Parish Council

Early Retirement Policy

1. Policy

- 1.1 This policy outlines the Council's approach to premature retirement (early retirement) for staff who are members of the Local Government Pension Scheme.
- 1.2 The Council recognises that changes in statutory requirements, best value in service delivery and technological developments may affect its staff needs. It is committed to the establishment of effective organisational structures that are flexible and responsive to changing service requirements.
- 1.3 Early retirement is one way that changes to organisational structures can be achieved with regard to individual staff circumstances.
- 1.4 The Council has adopted this policy and procedures with the aim of dealing with every individual member of staff in a caring, sensitive manner and in the best interests of the Council.
- 1.5 The Council further recognises that changes in operational requirements will mean that some jobs become redundant or alter substantially to improve service efficiency. In either situation the Council will strive to avoid dismissals. Therefore, prior to early retirement being agreed for either of these reasons, all other alternatives such as redeployment and retraining must have been explored.
- 1.6 The Local Government Pension Scheme (LGPS) contains provisions for the early retirement of staff who are member of the scheme.
- 1.7 The LGPS also contains procedures for complaints or appeals from staff within an Internal Disputes Procedure who think there has been a mistake or that their entitlement has been incorrectly assessed. Details can be obtained from the Pension Fund Administrators (01245 431831.)
- 1.8 An employee's guide 'A Guide to the Local Government Pension Scheme' is published by Essex County Council and is available from the above number.

- 1.9 Councils have discretion to award compensation, for future potential loss, to staff retiring early on the grounds of efficiency or redundancy. All Councils are required to have a formal statement of their policy on their discretions under the Pension Regulations and keep this under review. The discretions are contained in the Pensions Discretionary Policy (HPC 2014.)
- 1.10 Discretions apply to all staff for periods in which they were eligible to join the LGPS, whether they joined or opted not to. In the latter case, no pension benefits are payable from the LGPS.
- 1.11 This policy does not confer any contractual rights to staff. The Council also reserves the right to change its early retirement policy at any time.
- 1.12 It should be noted that only the policy that is current, at the time when a request is made by the member of staff, will be applied to that member of staff unless legislation prevents otherwise.
- 1.13 All staff should note that it is their responsibility to ensure they are aware of the LGPS Pension as they relate to their individual circumstances. Although the Council will provide an estimate of benefits. It is not possible to provide financial advice on individual circumstances.

2. Individuals Affected

- 2.1 All members of staff at Heybridge Parish Council.

3. Business Case

- 3.1 It is the policy of the Council that a business case is prepared for every case of early retirement. The business case includes a detailed schedule of costs and savings.
- 3.2 The business case has been developed so that decisions made are based on a set of criteria that identifies the following:-
- The reasons for the proposal of early retirement
 - Alternatives that may have been considered (e.g. redeployment, retraining etc.)
 - The full costs and savings of the proposals and payback period

4. Termination of employment

- 4.1 When deciding what compensation should be awarded it is important to know what the reason for the termination is and whether there has been a dismissal or a mutually agreed termination.

Early retirement can be on the grounds of:

- Efficiency
- Redundancy
- Ill health, or
- 85 year rule (subject to Government Review)

5. Early Retirement

5.1 in the interests of the efficiency of service

Note: this applies to staff over the age of 55 only

5.1.1 A member of staff can retire early in the interest of the efficiency of the service. If this is the reason for the early retirement there is a need to demonstrate that the case is justified by at least one of these four factors: effectiveness, economy, health, compassion.

5.1.2 The consideration for retirements 'in the interest of efficiency' will normally come from management. There are certain circumstances in which efficiency retirement may be appropriate.

5.2 Circumstances in which efficiency retirement may be appropriate

5.2.1 Where, due to no fault of an individual member of staff, the work method or job content have altered to the extent that they affect fundamentally the competence of the member of staff (e.g. technology changes, changes in legislation or organisation, development of professional standards.)

Note: If the job content changes greatly, redundancy maybe more appropriate.

5.2.2 Where a member of staff has a particular medical condition which, whilst not considered to justify retirement on the grounds of ill health does significantly impede the proper performance of the job.

5.2.3 When a member of staff has particular personal or domestic circumstances, which ware overwhelming to the extent that the interests of the service suffer.

5.2.4 Where, through the reorganisation or other reasons, the scope and content of the duties and responsibilities have diminished to the extent that, whilst not justifying redundancy, they nevertheless adversely affect the efficiency of the organisation.

5.2.5 Where a combination of circumstances, both in the job and the individual are adversely affecting efficiency, but where these circumstances do not involve wilful inadequate performance, which should be more appropriately the subject of disciplinary or capability action.

5.3 Circumstances in which Efficiency Retirement is not appropriate

- 5.3.1 If the member of staff has a medical condition ill health retirement should be explored first, and efficiency retirement should be used only if 5.2.2 above applied.
- 5.3.2 Efficiency retirement is not to be used as an alternative to or substitute for disciplinary action or positively managing capability.
- 5.3.3 The member of staff should not normally be aged 64 or over, or retiring within the next twelve months.
- 5.3.4 In cases involving staff with disabilities, efficiency retirement should not be used until every effort has been made to make reasonable adjustments to the job, in accordance with the Disability Discrimination Act.

5.4 Redundancy and Early Retirement

Note: this applies to staff over the age of 50 only and is where the post is made redundant and the pension is also released.

- 5.4.1 Redundancy is defined as:
- The deletion of a post or posts without a direct or indirect replacement and with a resultant reduction in the workforce, OR
 - A fundamental change of job, which requires a significant, and identifiable new set of skills, which the current jobholder cannot acquire. In either situation, redundancy will only arise when there is no suitable alternative employment available.
- 5.4.2 The law also provides for 'volunteers' to be dismissed for redundancy when there is a general surplus of staff for the work to be done. A redundancy case determined under this definition is classified as 'Voluntary Redundancy' all other redundancies are classified as 'Compulsory Redundancy.'

5.5 Ill Health Retirement

- 5.5.1 The provisions contained in the Local Government Pension Scheme (Miscellaneous provisions) Regulations 1999 set stringent criteria for the management of all ill health retirements, irrespective of age.
- 5.5.2 A member of the LGPS can leave the Council by reason of being permanently incapable of discharging efficiently the duties of their current job or any other available comparable employment with the Council because of ill-health or infirmity mind or body, is entitled to ill-health pension benefits.

5.5.3 'Permanently incapable' means that the member of staff is incapable until, at the earliest, age 65. An independent registered medical practitioner who is qualified in occupational health medicine must certify that the member of staff is permanently incapable.

6. Voluntary Early Retirement

Note: this is available to staff aged 60 and above only.

6.1 If a member of staff has at least two years total membership or have brought a transfer value into the LGPS they can elect, in writing to the Council, giving at least 3 month notice, to retire early and receive their LGPS benefits from the age of 60 onwards.

6.2 Benefits are paid at reduced rates for voluntary early retirement unless the '85 year rule' is met (currently under review by Government.)

6.3 The 85 year rule allows the member of the Pension Scheme to receive un-reduced benefits if their age and service total 85 eg; Age 61 at the 31st March with 25 years reckonable service equals 86 which qualifies the member of staff to receive benefits without reduction.

6.4 Details of reduction to benefits on early retirement are available from the LGPS administrators.

6.5 In certain circumstances the Council can use it's discretionary powers (see Pensions Discretionary Policy – HPC 2014.)

7. Discretionary Powers

7.1 the Council will exercise its discretion (according to the adopted Discretionary Policy – HPC 2014) in any compensation awards with prudence and propriety, taking into account the immediate and long term costs involved together with the overall interests of the Council. Staff must not regard any compensation award as a right.

8. Flexible Retirement

Note: All of the following will rely on a business case to be agreed before the Council will consider them.

8.1 The LGPS Regulations 1997 provide some degree of flexibility to the Council and staff. Flexible retirement arrangements can be used as part of any organisational restructuring programme, as an alternative to redundancy, when a member of staff maybe asked to agree to:

- Contractual hours being reduced
- The member of staff moves to a lower graded post
- The Council enters into a shared cost AVC arrangement with the member of staff

- A certificate of protection of pension benefits is issued by the Council
- Augmentation of service

8.2 The member of staff's contractual hours are reduced

- 8.2.1 Staff who agree reduction in hours would receive pension benefits based on the employee's full-time equivalent pensionable pay (other than a death in service lump sum.)
- 8.2.2 Reckonable Service is calculated on the whole time and/or part time service as contracted. Only the service is pro-rata so if the reduction in hours takes place in, say, the last few years prior to retirement there will, in normal circumstances be little impact on the employee's pension benefits.
- 8.2.3 Staff should always obtain estimates of the impact of a reduction in hours prior to making any decision.
- 8.2.4 Staff can take up some other option to make up any shortfall (if not all) by:-
- Purchasing added years in the LGPS
 - Paying into the Council's scheme for Additional Voluntary Contributions (AVCs)
 - Paying into a free standing Additional Voluntary Scheme (FAVCs)
 - Paying up to £3000 a year (including tax relief) into a concurrent pension scheme.

In all cases staff should seek independent advice prior to making a decision.

8.3 The member of staff moves to a lower graded post

- 8.3.1 If a member of staff wishes to voluntarily move to a lower graded post, the benefits accrued up to the date of the change will be kept separate from the benefits that accrue after the date of the change.

8.4 Separate Benefits

- 8.4.1 An active scheme member can aggregate previous Local Government membership is restricted to an application being made within 12 months, or leave benefits accrued on higher pay separate.

8.5 A certificate of Protection of pension benefits is issued by the Council

- 8.5.1 Sometimes referred to as the certificate of material change. This allows a member of staff whose pay is permanently reduced by action of the Council to have a certificate of protection of pension benefits. This will protect the value of the benefits by allowing them to be calculated by

reference to the final salary notified at retirement but up rated by pension increases (inflation) occurring after final pay period. Inflation increases will only apply where benefits are payable from when the member of staff has attained age 55.

8.6 Augmentation

8.6.1 If a member of staff is affected by an action of the Council, which results in a reduction of hours of pay rate or both, extra periods of membership to the LGPS as outlined in the Discretionary Policy.

9. Future changes to this policy

9.1 The Council is required by the Regulations to keep under review its policy on the application of discretionary powers.

10. Status of Policy

This policy will be considered for adoption at the Parish Council meeting to be held on 18th September 2014. Adopted on 18th September 2014. Reviewed April 2016. Reviewed and agreed 18 May 2017.

September - Clerk