



East Herts Council

Retirement Policy

Policy Statement

Policy Statement No 37 (Issue No 3)

January 2015

CONTENTS

1.0	INTRODUCTION	3
2.0	SCOPE OF THE POLICY	4
3.0	GENERAL RETIREMENT PROCEDURE	4
4.0	DISCRETIONS TAKEN BY THE COUNCIL	7
5.0	REMOVAL OF THE 85 YEAR RULE	8
7.0	EARLY RETIREMENT (VOLUNTARY REQUEST) (REGULATION 30)	10
8.0	RETIREMENT ON ILL HEALTH GROUNDS	100
9.0	FLEXIBLE RETIREMENT	122
10.0	AUTHORISATION PROCEDURE FOR EARLY/ FLEXIBLE RETIREMENT	133
11.0	RE-EMPLOYMENT AND ABATEMENT	143
12.0	POLICY REVIEW AND AMENDMENT	144

1.0 Introduction

- 1.1 This policy sets out the Council’s approach to retirement.
- 1.2 The Council does not have a mandatory retirement age.
- 1.3 The Normal Pension Age under the Local Government Pension Scheme (LGPS) is the same as the State Pension Age for that employee (but with a minimum of age 65).
- 1.4 The Council is committed to equal opportunities for all its employees. The Council recognises the contributions of a diverse workforce, including the skills and experience of older employees. It believes that employees should, wherever possible, be permitted to continue working for as long as they wish and are able to do so. The Council operates a flexible retirement policy and employees may request voluntary retirement at a time of their choosing.
- 1.5 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.
- 1.6 The Council 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 or flexible retirement being agreed for either of these reasons, all other alternatives such as redeployment and retraining will be explored. It would normally be expected that members of staff would be placed in the Redeployment Register to seek alternative employment within the Council unless it is agreed that this is not required.
- 1.7 The Local Government Pension Scheme (LGPS) summary guide should be referred to when considering retirement. This is available on request from LPFA Pensions.
- 1.8 All Councils are required to have a formal statement of their policy on their discretions under the Pension Regulations and keep this under review. Appendix B sets out those discretions. Any amendment to this policy must be published at least one month before it takes effect.

- 1.9 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 LPFA Pensions.
- 1.10 Nothing in this policy statement varies the statutory provisions relating to the LGPS and redundancy provisions. Employees considering retirement within the scope of this policy should take independent financial advice and in support of that the Council will provide estimates of benefits and entitlements.

2.0 Scope of the Policy

- 2.1 This policy applies to all employees, of East Herts Council including Chief Officers.
- 2.2 Employees who are members of the Local Government Pension Scheme may be able to obtain early release of their pension benefits in certain circumstances. These are:-
- a) Early termination of employment for Redundancy (see Redundancy policy)
 - b) Early termination of employment in the interests of the efficiency of the service
 - c) Early retirement (voluntary requests)
 - d) Retirement on ill health grounds
 - e) Flexible retirement (part pension/part employment)
- 2.3 Sections 3 – 11 of the policy cover employees who are members of the Local Government Pension Scheme (LGPS). Note that some of the benefits apply also to employees who are eligible to be members.
- 2.4 This policy and procedure should be considered alongside the following:-
- Provisions of the New LGPS Scheme
 - The Council’s Absence Management Policy
 - The Council’s Redundancy Policy

3.0 General Retirement Procedure

- 3.1 If an employee has decided that they wish to retire, they should inform their line manager in writing as far in advance as possible

and, in any event, in accordance with their notice period as set out in their contract of employment. This will assist the Council with its succession planning. Please see Appendix A for form.

- 3.2 The Line Manager will write to the employee acknowledging the employee’s notice to retire.
- 3.3 The Line Manager will arrange a meeting with the employee to discuss arrangements for retirement, including the intended retirement date, succession and handover plans, pension details and phased retirement, if applicable.
- 3.4 The Council may offer pre-retirement training as part of the Learning and Development programme. Details of this training are available from the HR department.
- 3.5 Employees should consider their pension provision and take independent financial advice before making any decision in relation to retirement. The Council is prohibited from giving pension advice.

3.6 Workplace discussions

- 3.6.1 The Performance Development Review meetings are a good opportunity for employees and managers to discuss the Council’s and individuals future plans and expectations. During these meetings employees may discuss their future plans or proposals for retirement. This can also be done at their monthly 1-2-1 meetings. A record of any discussions will be kept in the usual way and a copy given to the employee.
- 3.6.2 A discussion about possible retirement will not result in the Council making any assumptions about the employee’s commitment to the Council. The Council seeks to retain the best talent, including older employees. Workplace discussions are an informal opportunity for both the Line Manager and employees to plan jointly for the future.

3.7 Succession planning

- 3.7.1 An employee who is shortly to retire will often have considerable knowledge in relation to their role and responsibilities. The Council may require the employee’s assistance and cooperation for succession planning.

3.7.2 Prior to retirement, employees should cooperate with the Council, if requested to do so, by:

- providing full written details of the status of work projects and future steps
- assisting with reviewing the job description, if necessary
- ensuring a smooth handover of work
- assisting in training any successor

3.8 Pension and insurance benefits

3.8.1 Employees who have reached their Normal Pension Age who are members of the Council's occupational pension scheme will remain entitled to the benefits of the scheme, in accordance with its rules.

3.8.2 Employees working after their Normal Pension Age may

- a) put their benefits to date into payment from their Normal Pension Age and
 - start a new period of pensionable service by continuing to make contributions
 - OR
 - Cease making contributions
- b) defer accrued benefits to retirement

The Council will continue to pay the employer's contributions for as long as an employee pays into the fund. According to Local Government Pension Scheme criteria employees receive their pension on retirement or the eve of their 75th birthday, whichever occurs first. Pension drawn after Normal Pension Age will be paid at an increased rate. Employees taking flexible retirement after Normal Pension Age will also have increased benefits to reflect late payment. For further information contact LPFA.

3.8.3 Employees who are members of the Council's pension scheme and who have decided to retire on a specific date may request details of their pension entitlement from Payroll.

3.8.4 The Council's pension scheme allows employees to draw their pension at any time from the age of 55. However, if the pension is drawn before Normal Pension Age, pension payments will be subject to a reduction.

3.8.5 The Council provides life insurance for all employees including casuals working more than one hour per week, until their 65th birthday. Employees who are in the life insurance scheme at the renewal prior to their 65th birthday will remain covered until the day before their 70th birthday when cover ceases and cannot be extended further. New employees aged 64 or greater must complete an application form provided by HR to seek an extension of cover up to their 70th birthday. The insurer will consider the application and notify the Council of their decision. Enrolment is not automatic. It is not feasible to continue this benefit for employees 70 and over. Therefore, in accordance with current legislation, the Council withdraws life insurance cover for any employee who has reached the age of 70 or over.

4.0 Discretions taken by the Council

4.1 In taking the decisions relating to discretions the Council is required to be mindful of the extent to which the exercise of these discretionary powers (in accordance with the policy), unless properly limited, could lead to a serious loss of confidence in the public service; and be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

4.2 The aims in formulating the policy are:

- to maintain as far as possible levels of compensation consistent with what had been provided under previous regulations and discretions;
- to make the policy simple and easy to understand.

4.3 East Herts Council retains the discretion to decide whether or not to grant early/flexible retirement and will take into account, among others, the following factors:-

- The need to retain an appropriate balance of skills and experience in the service concerned;
- The business need to ensure services are maintained and delivered effectively; and
- The cost of the retirement to the Council and pension scheme compared to the potential savings accruing from the proposal.
- Potential savings identified by the retirement to the Council.

The above list is not exhaustive and there may be other relevant factors that may be taken into account in individual cases.

- 4.4 These provisions contain general policy guidance and each individual case will be considered on its merits and special reasons as to why the general policy might be varied will be taken into account. The final decision on all cases will be made by Corporate Management Team (CMT) on the basis of a report by the individual’s Head of Service or HR Committee with respect to a Chief Officer. In addition, as appropriate the provisions of the Council’s current policies on redundancy and absence management will guide the process.

5.0 Rule of 85 protection

- 5.1 The 85 year rule **no longer applies** unless an employee has a rule of 85 protection. To have a rule of 85 protection employees must have been a member of the LGPS on 30 September 2006. The rule of 85 is satisfied if an employee’s age at the date when they draw their pension plus their Scheme membership (each in whole years) adds up to 85 years or more.

- 5.2 For those members who have rule of 85 protection this will continue to apply. It protects some or all of a member’s benefits from the normal early payment reduction and will automatically be applied (except where a member voluntarily draws their pension on or after age 55 and before age 60 – as this is a new option in the scheme from April 2014). For more information on the 85 year rule visit the LGPS website www.lgps.org.uk

6.0 Early Retirement for the Efficiency of Service

6.1 Criteria

- Initiated by management in accordance with the Council’s Redundancy Policy
- To facilitate organisational change short of redundancy
- Other options such as redeployment or retraining have been considered and discussed with HR
- Case is justified by at least one of these four factors – effectiveness, economy, health and compassion

- Significant improvement in organisational efficiency e.g. needs of job have changed, new skills required, need to work in a different way
- Post will be replaced
- Demonstrate savings e.g. replacement at lower grade or point on salary scale or greater productivity
- The employee has at least three months total membership or has brought a transfer value into the LGPS
- The Head of Service will submit a report for approval to CMT.

6.2 Circumstances in which Early Retirement for the Efficiency of Service may be appropriate

6.2.1 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 in legislation or organisation, development of professional standards). Note: If the job content changes greatly, redundancy may be more appropriate. Consult HR.

6.2.2 Where a member of staff has a particular medical condition which, whilst not considered by the Council’s Occupational Health Adviser to justify retirement on the grounds of ill health does significantly impede the proper performance of the job.

6.2.3 Where a member of staff has particular personal or domestic circumstances, which are overwhelming to the extent that the interests of the service suffer.

6.2.4 Where, through a 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.

6.2.5 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.

6.3 Circumstances in which Early Retirement for the Efficiency of Service is not appropriate

6.3.1 If the member of staff has a medical condition ill health retirement should be explored first, and efficiency retirement should be used only if 6.2.2 above applied.

6.3.2 Efficiency retirement is not to be used as an alternative to or substitute for disciplinary action or positive managing capability.

6.3.3 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 Equality Act 2010.

7.0 Early Retirement (Voluntary Request)

7.1 Process

- Initiated by employee by means of written request to their Head of Service stating grounds and case for consideration
- The Head of Service will submit a report for approval to CMT.

7.2 Criteria

- Improvement in organisational efficiency e.g. needs of job, new skills required, need to work in different ways, improved productivity.
- Strain on the pension fund in relation to the benefit obtained by the Council
- Need to replace the post
- Length of service with East Herts Council.
- The employee has at least three months total membership or has brought a transfer value into the LGPS

7.3 Early retirement may impact on accrued pension benefits. Advice on the impact to the employee’s pension should be obtained by the employee contacting Payroll before any application is made.

8.0 Retirement on Ill Health Grounds

8.1 Process

- Initiated by employee by means of written request to their Head of Service stating grounds and case for consideration; or Initiated by management as an outcome of a Capability Hearing under the Absence Management Policy.
- The Head of Service will submit a report for approval to CMT.

8.2 Criteria:

- To qualify for ill-health retirement, the employee must have at least 3 months membership of the scheme or have transferred other pension rights into the LGPS and the Council's Medical Adviser must provide a certificate confirming that the employee is 'permanently incapable of discharging efficiently the duties of his/her employment because of ill-health or infirmity of mind or body and the employee has a reduced likelihood of obtaining gainful employment (whether in local government or elsewhere) before Normal Pension Age. There are 3 tiers for the Council's Medical Adviser to consider.
- Absence Management Policy has been followed.
- Eligible membership under LGPS provisions (See Pension Guide Book)

8.2 Benefits:

Benefits from 1 April 2008 depend on the tier the Council's Medical Adviser judges the employee falls into.

- Tier 1; if the employee is judged to have no reasonable prospect of being capable of obtaining gainful employment before Normal Pension Age, pension benefits are payable based on accrued membership plus 100% of prospective membership between leaving and Normal Pension Age.
- Tier 2; if the employee is judged to be incapable of obtaining gainful employment within 3 years of leaving but is likely to be capable of obtaining gainful employment before Normal Pension Age, pension benefits are payable based on accrued membership plus 25% of prospective membership between leaving and Normal Pension Age.
- Tier 3; if the employee is judged to be capable of obtaining gainful employment within 3 years of leaving, short-term reviewable pension benefits are payable based on accrued membership only.

Note: gainful employment means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

9.0 **Flexible Retirement**

9.1 What is flexible retirement?

Rather than continuing in your job to Normal Pension Age you can, on or after age 55 and with your employer’s consent, reduce your hours permanently and/or reduce your grade (which will require new job description and person specification) and draw your accrued Local Government pension scheme benefits whilst continuing in employment and building up further benefits in the Scheme, enabling you to ease into retirement.

9.2 The benefits to the Council of flexible retirement are:

- Retention of key skills and knowledge
- Ability to encourage knowledge and skills transfer
- Added flexibility around where the employee works and the filling of their post

The benefits to the employee of flexible retirement are:

- To support their gradual move into retirement – key lifestyle change
- Opportunity to continue contributing to the organisation while pursuing other interests
- Ability to work while accessing Local Government pension (for those in the scheme)

9.3 Can I have a gradual move into retirement?

9.3.1 You can request flexible retirement whether or not you are in the Local Government pension scheme and this will be considered by your manager, using the criteria detailed below.

9.3.2 You can continue paying into the LGPS to build up further benefits in the Scheme. See section 3.8.2 for further details.

9.4 Process

- Initiated by employee by means of an application form (see Appendix B) submitted to their Head of Service.

- The Head of Service will submit a report for approval to CMT.
- Should the employee wish to change the terms of the approved flexible retirement a new application form would need to be submitted to their Head of Service, who would submit a report for approval to CMT.

9.5 Criteria

The Council policy is that this pension scheme provision may be used in cases where:

- The permanent reduction in hours is greater than 25% of their current working hours and/or
- There is a reduction in grade
- An application for flexible retirement is received within 3 months of a change in reduction of 25% of hours and/or grade
- The employee has at least three months total membership or has brought a transfer value into the LGPS
- The employee wishes to reduce their hours permanently and/or change their grade to support their gradual move into retirement.

10.0 Authorisation Procedure for Early/ Flexible Retirement

- 10.1 On re-structuring, potential redundancy situation, or formal request by employee, the Head of Service (or individual) must seek advice/ guidance from their HR Officer who will calculate preliminary estimates of employee costs/benefits.
- 10.2 The Head of Service (with advice from an HR Officer) will undertake preliminary consultation with the employee ensuring that discussions are clearly stated to be subject to available discretions, that costs and savings quoted are estimates only and that the final decision is subject to CMT approval. This consultation may be in the course of following processes under other Council policies, such as absence management and consultation on restructuring proposals.
- 10.3 The Head of Service will request details of costs/savings from HR/Payroll and investigate the impact of the request on the service.
- 10.4 The Head of Service (with advice from an HR Officer) will undertake formal consultation with employee. Employee will be notified that recommendation is still subject to CMT approval at this stage.
- 10.5 The Head of Service will submit a report for approval to CMT.

10.6 Following CMT approval, the decision will be confirmed to the employee in a meeting and followed up in writing within 3 working days.

11.0 Re-employment and Abatement

11.1 Re-Employment of Individuals Granted Early Retirement

11.1.1 The re-employment of ex-East Herts employees who have been granted retirement with severance payments should not be undertaken without prior consultation with HR.

11.2 Abatement of Local Government Pension

11.2.1 In the case of Flexible Retirement, where a pensioner continues to work for East Herts Council there will be no abatement of pension. Should that employee obtain further employment with another Local Government Pension Scheme employer abatement of pension will apply if the pensioner's pay for the new post plus the LGPS pension exceeds the pay in the post from which the pensioner flexibly retired.

11.2.2 Where an employee takes standard or early retirement from one Local Government Employer and then takes up further employment with another Local Government Employer abatement of pension will apply if the pensioner's pay for the new post plus the LGPS pension exceeds the pay in the post from which the pensioner retired.

11.2.3 Abatement rules are set out in the LGPS Regulations 1995 and, if applicable, the LG (Discretionary Payments) Regulations 1996.

12.0 Policy review and amendment

12.1 This Policy shall be reviewed after three years or sooner in line with legislation and best practice to reflect the best possible level of support and management.

Notice of intention to retire

Employee's Name:			
Payroll Number:			
Directorate:			
Service:			
I am writing to notify the Council that I wish to retire and terminate my contract of employment.			
Proposed retirement date:			
Notice period as set out in my contract of employment:			
Once you have given notice of your intention to retire you may request a change in your working pattern in order to prepare for retirement. Would you like to discuss phased retirement?			Yes/No
The Council offers free training for employees on planning for retirement. Do you wish to receive further information on this?			Yes/No
Signed:		Date:	

Please return this form to your Head of Service.

Appendix B

Flexible Retirement Application Form

Note to the employee

It will help the Council to consider your request if you provide as much information as you can about your desired working pattern. It is important that you complete all the application form. When completing sections 3 and 4, think about what effect your change in working pattern will have both on the work that you do, your service and on your colleagues. Once you have completed the form, you should immediately forward it to your Head of Service (you might want to keep a copy for your own records). If the request is granted, this will be a **permanent change** to your terms and conditions and you will not be able to make any further requests for any new flexible retirement arrangements.

It is important to consider your application very carefully if you have more than one job, internal or external of the Council, as this may have serious tax implications. Please contact LPFA for more information regarding this.

Note to Head of Service:

Please can you confirm receipt of this application form. Please consult with Human Resources before advising the employee of any decision that has been reached.

1. Personal Details:

Name:

Payroll number:

Manager:

National Insurance No:

I would like to apply to amend my working arrangements under the flexible retirement procedure.

Criteria to request flexible retirement -

- I am over the age of 55 years old
- This is my only application to request flexible retirement.
- My request complies with the flexible retirement procedure, in that I am proposing my hours are reduced by at least 25% or my grade is reduced.
- I have considered my own personal tax implications in accepting flexible retirement

2a. Describe your current working pattern (days/hours/times worked):

2b. Describe the working pattern you would like to work under flexible retirement (days/hours/times worked):

2c. I would like my flexible retirement to commence from:

Date:

3. Impact of the new working pattern

I think this change in my working pattern will affect the Service and my colleagues as follows:

4. Accommodating the new working pattern

I think the effect on the Service and colleagues can be resolved as follows:

Signed

Dated.....

Please return your application for to your Head of Service for their consideration.