

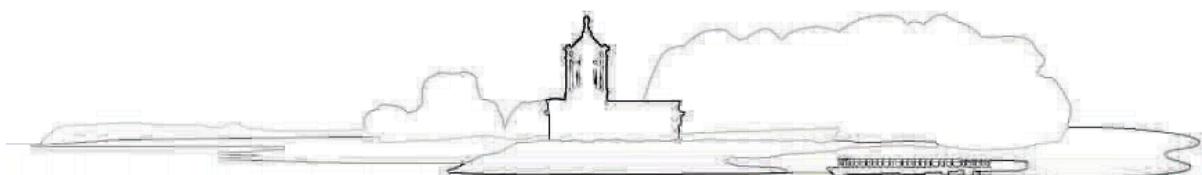


Rutland County Council

EARLY RETIREMENT POLICY – LOCAL GOVERNMENT PENSION SCHEME

Version & Policy Number	Version 5.0
Guardian	Human Resources
Date Produced	June 2017
Next Review Date	June 2018

Approved by Resources DMT	June 2017
---------------------------	-----------



Approved by Employment
Committee

17 March 2015
(no changes submitted in 2016)

INTRODUCTION

This Policy outlines the Council's approach to early retirement for staff who are members of the Local Government Pension Scheme. This reflects the changes to the discretions permitted by the LGPS 2014 scheme.

The Local Government Pension Scheme (LGPS) contains provisions for the early retirement of staff and this policy will be updated to reflect any changes in scheme provision. Further guidance for employers and employees can be obtained from Leicestershire County Council Pension Section who administers the scheme on behalf of local authorities in the region.

Contents

	<i>Page</i>
1.0 Policy	4
2.0 Voluntary Early Retirement	4
3.0 Redundancy and Early Retirement	5
4.0 Ill-Health and Early Retirement	5
5.0 Efficiency of the Service and Early Retirement	6
6.0 Flexible Early Retirement	7

1.0 POLICY

- 1.1 This Early Retirement Policy is applicable for relevant staff employed by the Council who are members of the Local Government Pension Scheme, seeking early retirement on the following grounds:
 - 1.1.1 Voluntary early retirement
 - 1.1.2 Redundancy
 - 1.1.3 Ill-Health
 - 1.1.4 Efficiency of the Service
 - 1.1.5 Flexible Retirement
- 1.2 This policy operates within the requirements of the national legal framework, employment legislation, Local Government Pension Scheme regulations, EEC Directives etc.
- 1.3 This policy will be subject to review to take account of budgetary constraints as well as changes to legislation and pension scheme regulation. The review will take place annually unless legislative changes require a review at an earlier date
- 1.4 All Councils are required to produce a statement of their policy on discretions under Regulation 60 of the LGPS Regulations 2013 and keep this under review.
- 1.5 The Council does not grant any discretionary enhancements under Regulation 12: Augmentation (increase of scheme membership).
- 1.6 The Council does not award discretionary compensation by way of enhancements or added years to Pension benefit.
- 1.6 Directors are required to submit a full schedule of costs for each individual case to be considered for early retirement under this policy. This should also clearly set out the rationale for the early retirement and demonstrate full consideration of alternatives. Approval will then be sought from the Chief Executive.
- 1.7 Directors and Heads of Service should consult with Human Resources on all matters relating to an employee's premature retirement.

2.0 VOLUNTARY EARLY RETIREMENT

- 2.1 Pension scheme members can retire and have receipt of their LGPS benefits in full from their normal retirement age (this will be either age 64 or the member's state pension age).
- 2.2 Employees can voluntarily retire and take their benefits from age 55 onwards, subject to potential reductions. The Council has not adopted the regulation that would waive a member's reductions. As outlined in paras 1.5 and 1.6, the Council does not waive reductions due to early release of pension benefit, nor grant any enhancement.

2.3 Employees seeking voluntary early retirement under the age of 55 (and have not retired for reasons for certified ill-health) will become entitled to deferred benefits and their pension will be put 'on hold' in the pension fund and offered to them when they reach the age of 55.

3.0 REDUNDANCY AND EARLY RETIREMENT

- 3.1 Employees who are made redundant by the Council, and are aged over 55 and have been a member of the LGPS with at least 3 months membership (or transferred service), will be entitled to the immediate unreduced payment of their LGPS benefits.
- 3.2 The Council will follow its Restructure Policy before any redundancies are confirmed. All redundancies and payments are subject to the approval of the Council or as it may be delegated.
- 3.3 The Council will be responsible for the capital costs associated with an early release of pension benefit arising from a redundancy (in addition to the full redundancy costs). A full estimate of benefits and associated costs must be obtained from Leicestershire Local Government Pension Scheme prior to any decisions to terminate employment on redundancy grounds with early retirement.
- 3.4 Leicestershire County Council Pension Section requires written confirmation and approval of the early retirement /redundancy.
- 3.5 No redundancy payment is payable where the early retirement is for reasons of efficiency of the service.
- 3.6 The Council does not provide any additional enhancement or compensation by way of redundancy payments. The week's pay for calculation of redundancy payment is based on actual week's pay and is not capped at the statutory maximum.

4.0 ILL-HEALTH AND EARLY RETIREMENT

- 4.1 A member of the LGPS may leave the Council by reasons of being permanently incapable of discharging efficiently the duties of their current role or any other available comparable employment with the Council, and there is a reduced likelihood of the employee being capable of obtaining gainful employment before age 65.
- 4.2 There are no criteria regarding age but an employee must have built up at least 2 years contributory membership (either through LGPS membership or transferring in another public sector pension) in the scheme before they become entitled to an ill health pension benefit.

4.3 The Council will utilise the services of its appointed Occupational Health Adviser by way of early referral to understand the impact of an employees' medical condition on their ability to carry on working for the Council before any decisions are taken. The decision to grant ill health retirement to a member or former member rests entirely with the employer. This decision will be made with reference to the advice given by the Independent Registered Medical Practitioner (IRMP) on the ill health certificate.

4.4 An IRMP must certify that a member of staff is permanently incapable of undertaking any gainful employment.

4.5 The IRMP will advise against one of three tiers as follows:

The first tier

- When there is no reasonable prospect of the member being capable of undertaking any gainful employment before reaching his/her Normal Pension Age (NPA). In these circumstances, the member receives benefits based on their accrued rights up to the date of termination and enhancement equal to all his/her prospective service from that date to his/her NPA.

The second tier

- If, on the other hand, the member is judged to be incapable of undertaking any gainful employment within 3 years after leaving local government employment, but is likely to be able to do so before reaching his/her NPA, benefits equal to his/her accrued rights and enhancement of 25% of his/her prospective service to NPA will be awarded.

The third tier

- This is when the member is judged to be capable of undertaking gainful employment within 3 years after leaving that local government employment. An employee who leaves local government employment as a 3rd tier member will be entitled to their annual accrued benefits payable as a pension for such time as the 3rd tier member does not obtain gainful employment (or is capable of it), or until the employer stops payments following the review. The third tier pension is payable for a maximum of 3 years.

4.6 The Leicestershire County Council Pension Section will be consulted with and clarification sought of eligibility, criteria and benefit payable, based on the scheme regulations in place at the time, prior to confirmation an employee's termination of employment on ill-health grounds.

5.0 EFFICIENCY OF THE SERVICE AND EARLY RETIREMENT

5.1 Employees who are released from the Council on the grounds of efficiency of the service, and are aged over 55 and have been a member of the LGPS with at least 3 months membership (or transferred service) will be entitled to the immediate unreduced payment of their LGPS benefits.

- 5.2 The consideration for early retirement ‘in the interest of efficiency of the service’ will be considered at the Council’s discretion. This option may be considered when all other possible alternatives have been exhausted, eg. reduction in hours, retraining, redeployment. Full consideration should also be given as to the appropriateness of other policies and procedures, eg. redundancy, ill-health. Efficiency retirement is not to be used as an alternative to or substitute for disciplinary action or positively managing capability.
- 5.3 The Council will be responsible for the capital costs associated with an early release of pension benefit arising from efficiency of the service. A full estimate of benefits and associated costs must be obtained from the Leicestershire County Council Pension Section prior to any decisions to terminate employment on efficiency grounds with early retirement.
- 5.4 Leicestershire County Council Pension Section require written confirmation and approval of the early retirement on the grounds of efficiency.

6.0 FLEXIBLE EARLY RETIREMENT

- 6.1 The Council has a policy in relation to Flexible Early Retirement. Employees are able, from age 55, to retire and receive pension benefits without leaving employment, with the approval of the Council to release benefits. Conditions and regulations regarding Flexible Retirement are provided by the Leicestershire Pension Scheme.
- 6.2 It is not the Council’s policy to provide any enhancement to benefits on the release of Pension as part of a Flexible Retirement Agreement.
- 6.3 The Council will consider applications for Flexible Retirement on the grounds of:
- 6.3.1 A reduction in working hours by a minimum of 40% and agree a workable new pattern of hours which meets the needs of the service. Hours cannot be increased, once reduced, by any means including overtime. (b) A reduction in grade (and salary; this should be a minimum of one grade lower – salary protection does not apply. A reduction in grade will result in the application of the appropriate salary, leave entitlement, notice period and any other specific terms and conditions as applies to the particular post. One agreed, there will be no automatic right nor entitlement for the employee to increase
- 6.3.2 An assessment of the financial implications and identification/approval of a budget (see para 6.5)
- 6.4 An employee should submit their initial request/application to their line manager who will consider in the first instance operational/business implications. If agreed in principle, Human Resources will request an estimate of benefit to be sent to the employee and the value of any capital costs to the Council.

6.5 Decision on the approval of a request will be made on the basis of:

- 6.5.1 Meeting business and operational needs ie. continuity of service, by the relevant Head of Service
 - 6.5.2 Approval of the costs/budget provision (where applicable) by the Chief Executive in conjunction with the relevant Director.
- 6.6 Where Flexible Retirement is agreed, Human Resources will make arrangements for the necessary amendment to contract/terms and conditions and ensure appropriate amendments are made to salary.
- 6.7 Where Flexible Retirement is not agreed, the relevant Senior Manager/Head of Service will ensure the employee is notified and of the reasons. The employee may still proceed with a request to reduce their hours without release of pension. A request for Flexible Retirement under this policy is separate from the statutory right to request flexible working.

A large print version of this document is available on request



**Rutland
County Council**

Rutland County Council
Catmose, Oakham, Rutland LE15 6HP

01572 722 577
enquiries@rutland.gov.uk
www.rutland.gov.uk