

Retirement Policy

Retirement Policy

POLICY STATEMENT

1. Introduction

The Council has had a policy for considering applications for early retirement for many years. It was first introduced at a time when the Council was wishing to reduce staffing numbers in certain services and when the costs associated with the early payment of pensions were far less prohibitive than they are now. In addition, there have been successive changes to the Local Government Pension Scheme which have reduced the benefits payable in the form of added years to the present situation where added years are no longer payable.

However, there will still be occasions where the Council needs to reduce staffing numbers, either as a result of financial constraints, or following a restructuring exercise, or in the interests of efficiency. In addition, employees may wish to apply for voluntary early retirement and there must be a process to consider these applications.

The increase in the State Pension age from 60 to 65 for women has been phased in over a ten year period between 2010 to 2018. State pension age for both men and women has then risen to 66 between 2018 and 2020, and then to 67 between 2026 and 2028.

Men and women may also choose to give up work before age 67 depending on their personal circumstances. Whether or not they will be eligible to receive their local government pension will be dependant upon their age and reckonable service and the Pension Regulations in force at the time. Employees should check their entitlement with Human Resources or Local Pensions Partnership Administration.

2. Purpose

This Policy covers applications from employees who wish to either retire early or take advantage of the flexible retirement. This Policy does not apply to employees retiring early on medical grounds, for which there is a separate policy.

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POLICY PROCEDURE

1. FLEXIBLE RETIREMENT

As an alternative to stopping work employees may wish to consider a number of other alternatives such as:

- Winding down by reducing hours within the employee's current job and grade using the existing work / life balance policy.
- Stepping down into a lower graded post or one with fewer hours, where there is a vacancy.
- Retiring / resigning and returning to work for the Council in a different job which could include temporary work or for a specified short-term period.
- Retiring / resigning and being available for casual / occasional work.

Some of these options could have an effect on the employee's pension. Advice should be sought therefore, from either human resources or your pension service before any decisions are made.

All applications to vary working hours or duties will be considered by the Head of Service/Asst Director and the Human Resources Manager and will be subject to the usual considerations of cost, service delivery requirements, the ability to reorganise work amongst existing staff, the ability to recruit suitable additional staff and the overall impact on performance.

Flexible retirement is always at the discretion of the Council as there could be costs to the council. This option is therefore subject to the Council's consent.

2. PROCEDURE FOR APPLYING FOR FLEXIBLE RETIREMENT

All applications for flexible retirement with employer consent should be submitted in writing to the Head of Service/Asst Director and the Human Resources Manager and should indicate whether the request is on the basis of:

- a reduction in hours;
- a reduction in grade; or,
- a combination of both.

An application must also include an explanation of what impact, if any, the employee thinks agreeing to the request will have on the service and how, in the employee's opinion, any such impact might be accommodated. The employee must also specify the revised working pattern that they wish to work.

Each application will be considered on its merits, taking into account the following factors:

- whether pension benefits payable are subject to actuarial reduction or could result in a pension strain cost being charged to the Council;
- the need for the Council to make savings;

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- any additional costs to the service, for example additional recruitment or training costs;
- any effect on the ability of the service to meet service demands or customer requirements;
- the ability to reorganise work amongst existing staff;
- the ability to recruit suitable new / additional staff;
- the overall impact on quality of service;
- the overall impact on performance;
- planned structural changes.

3. Approval / Refusal of an application for Flexible Retirement

- The HR Manager will obtain an estimate of pension benefits and pension strain costs from the Pension Service.
- If there is no pension strain cost to the Council and the Service Manager wishes to approve the application, the application for flexible retirement will be approved and the details of the variation in hours / grade will be confirmed in writing. The HR Manager will make the necessary arrangements for the payment of pension benefits. If the application is refused at this stage the employee will be informed in writing and given a right of appeal to the Chief Executive or Director.
- An employee's pension benefits may be subject to a reduction if they are drawn earlier than age 67. The Council will not agree to waive these reductions.
- The Council will only agree to a flexible retirement which involves a pension strain cost being charged to the Council, where there are salary and other savings identified within the Service Area which render the cost of the pension strain, as a minimum, cost neutral within the first two years following retirement.
- If the application is refused the employee will be informed in writing and given a right of appeal to the Chief Executive or Director.
- Employees who Flexibly Retire will have the option to rejoin the pension scheme with immediate effect. If no action is taken they will be automatically enrolled back into the pension scheme as part of normal pension rules. An option remains open for them to opt out if they so wish.

4. RETIREMENT IN THE INTERESTS OF THE EFFICIENCY OF THE SERVICE

Subject to the following factors, in rare cases the Council may wish to agree to the retirement of an employee aged over 55, in the interests of the efficiency of the service. The factors for consideration are:

- Whether the early retirement of the employee will result in improved efficiencies in service delivery or will facilitate changes within the operation of a Service.
- Any savings which might be realised.
- Compassionate grounds.
- The cost of agreeing to the retirement and the requirement to make savings will be in line with paragraph 3.4 above.

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An employee retiring in the interests of the efficiency of the service may or may not be eligible for a redundancy payment depending upon the circumstances of the case.

5. VOLUNTARY EARLY RETIREMENT

In order to be eligible to apply for early retirement under the Local Government Pension Scheme regulations, an employee must be aged 55 or over with three months or more membership of the Pension Scheme. Applications should be made in writing and submitted to the employee's Head of Service/Asst Director and the Human Resources Manager. Discussions should take place between the Head of Service/Ass Director and the Human Resources Manager to determine whether any savings could be made by allowing the application for early retirement either:

- through non-filling of the applicant's post or;
- through a reorganisation of the workload resulting in savings or;
- through the non-filling of a vacancy elsewhere in the Council

The appropriate Trade Union will be consulted at this stage.

In addition to the early payment of pension and lump sum benefits, an applicant may also qualify for a redundancy payment but must satisfy the statutory definition of redundancy in order to be eligible.

Following consideration of the application, estimates will be prepared by the Human Resources Manager of the costs to the Council, including pension strain costs, of agreeing to the application.

The application, including estimates of cost and savings, will be considered by the Chief Executive, Director of Resources, the relevant Head of Service/Assistant Director and the Human Resources Manager. Applications will only be granted where there are savings to the Council which will usually entail the loss of the post, reductions in hours or loss of other posts within the Council. The savings within two years of the retirement date must exceed the pension strain cost and any other costs associated with the retirement. As a minimum, the financial effect of the retirement should be cost neutral. All decisions will aim to be made within 2 months of application with updates provided during the waiting period.

There is an option for employees aged at least 55 to retiring and drawing all of their pension benefits without the Council's consent, however the benefits payable will be actuarially reduced. If this option is taken this will be classed as a resignation on the grounds of retirement.

As this option will have an effect on the employee's pension, advice should be sought from human resources and the pension's service before any decision is made.

6. FOLLOWING EARLY RELEASE OF BENEFITS AND/OR REDUNDANCY

Where an employee has left the employment of the Council on the grounds of early retirement or redundancy, there must be a period of at least 4 weeks before any return to Local Government employment. In the case of Head of Service and above the period must be at least 12 months.