

Human Resources Policy

Retirement Policy

Scope

This policy applies to all Council employees except teachers and youth workers for whom the Teachers Pension Scheme applies. It applies to all employees age 55 and over and for all employees regardless of age if retirement is on the grounds of ill health. It does not apply to cases of injury or death.

Policy statement

The purpose of this Policy is to explain the Council's position in relation to the retirement of employees.

Principles

Cheshire East Council recognises that there comes a time when an employee may decide to retire from their employment, and that there are a number of circumstances when retirement may be considered earlier than the normal pension age. Reasons for early retirement can relate to the individual situation of an employee, for example in the case of ill health, or be as a result of organisational changes.

Where the Council decides, in each case, that after taking all considerations into account, early retirement, flexible retirement or severance is unavoidable or appropriate for sound business reasons, the Council will exercise its discretions as agreed by Staffing Committee and in doing so will ensure that:

- It exercises its discretions reasonably and objectively
- Any enhancements are affordable in the short and long term, and provide good value for money for the tax payer.
- The future ability to deliver efficient and cost effective services to the community is not jeopardised
- The loss of skills and experience is carefully assessed to ensure that a balanced workforce is maintained

Definitions

Retirement is defined as when an employee

- voluntarily resigns at age 55 or over up to normal retirement age—and requests their pensions benefits
- leaves the Council at the age of 65 or above
- takes early retirement at age 55 or over with agreed early release of pension (redundancy, flexible retirement or efficiency grounds)
- retires on the grounds of ill health at any age.

Normal pension age/ normal retirement age is the normal scheme retirement age is linked to your State Pension age, or age 65 if this is later.

Policy

Grounds for retirement

1. Age

Employees at normal pension age in the Cheshire Pension Fund may retire from the organisation and receive payment of full pension entitlement. For further details, contact the pension fund directly.

Employees age between 55 and normal retirement age in the Cheshire Pension Fund may exit the organisation and receive reduced pension benefits. For further details, contact the pension fund directly.

2. Ill Health

The Council will consider retirement on ill health grounds where the employee is certified by an Independent Registered Medical Practitioner (IRMP) as incapable of undertaking their local authority employment (i.e. their contractual job) and have a reduced likelihood of being capable of undertaking gainful employment, whether in local government or otherwise, before their normal retirement age. Gainful employment is defined as paid employment for not less than 30 hrs in each week for a period of not less than 12 months.

Provided that the employee has at least two years membership in the Local Government Pension Scheme and if the above criteria are satisfied, the employee will receive early release of their pension in accordance with the LGPS Regulations.

Agreement to release pension on these grounds will be subject to approval of the Staffing Officer Panel.

Employees with less than two years membership in the Local Government Pension Scheme will receive a lump sum payment which is at least a refund of the contributions they have paid plus interest, less any tax and NI due.

3. Compulsory Redundancy

In a redundancy situation, as defined by the Employment Rights Act 1996 an employee may be eligible for early retirement, depending on the circumstances. Where the employee is eligible for early retirement (as defined by the LGPS Regulations) the Council's redundancy terms will include:

- the release of pension without reduction
- a pension lump sum (if applicable)
- a statutory redundancy payment based on the employees actual weeks pay.
- Where normal or full notice cannot be served, pay in lieu of notice will apply

4. Voluntary Redundancy

In respect of Voluntary Redundancies only, in addition to the redundancy terms stated above, the employee will receive an additional severance payment of 0.8 times the statutory payment, bringing the total payment to 1.80 times the statutory formula and up to a maximum of 50 weeks pay. This additional element is awarded in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2000 and the Council reserves the right to change all discretionary elements. The additional lump sum payment may be used to purchase additional pension contributions. (APC's) No pay in lieu of notice will be paid.

Release of pension on grounds of redundancy is subject to approval of the VR Panel.

Employees who are not in the LGPS will be entitled to the following:

For Compulsory redundancies - a statutory redundancy payment and where normal or full notice cannot be served, pay in lieu of notice

For Voluntary Redundancies – a statutory redundancy payment and an additional redundancy payment as above. No pay in lieu of notice will be paid.

5. Efficiency

The Council will consider retirement where the release of the employee achieves the more effective use of resources and provides value for money for the Council. It may be used to facilitate restructuring and/or to avoid a redundancy. An employee cannot be compelled to retire under this scheme, it can only be voluntary.

To be eligible an employee must be:

- age 55 or above
- in the LGPS with at least 3 months membership or transferred service.

The scheme gives unreduced payment of accrued pension benefits and employees may also be paid a lump sum payment, under the Local Government

(Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. The discretionary lump sum payment will be based on the merits of each individual case but up to a maximum of the same amount that would be permitted under the Council's Voluntary Redundancy scheme.

Factors to be taken into account in awarding compensation would include:

- Overall reasonableness, including benefits to the Council tax payer by the employee leaving the Council's service.
- Employee relations considerations.

6. Employee Requested Retirement

Active Members (present employees)

Employees may choose to resign from the organisation from age 55 years and receive their pension benefits. The employee may request that Cheshire East Council waive the pension reduction suffered.

This request will be at the employee's initiative and may be for personal reasons or they may ask for it to be considered on compassionate grounds. The benefits are actuarially reduced but this reduction may be waived on compassionate grounds or other appropriate grounds, in exceptional circumstances.

Any request under this regulation is subject to management approval, which is discretionary. Because of the increased burden this scheme may place on the Pension Fund, management discretion will only be exercised where it can be demonstrated to be in the Council's interest, where management are satisfied that such release represents value for money.

If the request is on compassionate grounds the benefits will be paid in full without actuarial reduction.

Release of benefits under this regulation is subject to approval of the Staffing Officer Panel.

Deferred members (former employees)

Applications may also be considered from former employees but release will only be approved where the Council is satisfied that such release is on compassionate grounds or other appropriate grounds. The benefits will be actuarially reduced.

Requests for release on Compassionate Grounds - Such cases normally arise as a result of an employee's/former employee's need to give up work to care for a very dependent relative. Pension release will not be agreed where the care needed is temporary (e.g. in terminal cases). Decisions will be based on the circumstances of the individual case and not on the cost, although this issue will need to be addressed if release is agreed.

Release of benefits under this regulation is subject to approval of the Staffing Officer Panel.

7. Flexible Retirement (Employee Requested)

The Council will consider requests from employees to reduce their hours or pay grade in order to release some or all of their pension.

Employees must be aged 55 or above and have at least 3 months membership of LGPS or transferred service.

The request will be considered if either;

- their substantive grade reduces by a minimum of 2 grades (e.g. grade 6 to grade 4) **And/Or**
- their contractual hours reduce by a minimum of 1/5th

Where agreed they will receive payment of all of their pension on an actuarially reduced basis, unless they are in the protected group.

Employees will not be able to apply for release of pension retrospectively.

Release of benefits for flexible retirement is subject to approval of the Staffing Officer Panel.

Costs

Responsibility for associated costs will rest with the service responsible for the early retirement/redundancy decision including those that arise from approved policy changes or the budget setting exercise. This is to ensure that the costs of the decisions made are taken into account against the financial benefits arising as a result of the efficiency savings, changes or workforce reductions.

In respect of ill health retirements there will be no specific charge against individual services.

Re-employment

The re-employment of any former employees who have left the employment of the Council or Legacy Councils on the grounds of voluntary redundancy or efficiency grounds is not permitted. Under truly exceptional circumstances, exception to this rule may be made by the Head of Human Resources in conjunction with the Leader and the relevant Portfolio Holder.

Reappointment and re-engagement includes all types of contractual relationships whether they be a contract of employment, contract of service, etc and whether the individual is appointed as an employee or engaged as an interim, direct consultancy or via an agency or other supplier.

Where a former employee has retired on the grounds of ill health and applies for a job with the Council, approval must first be given by the Occupational Health Unit and the Head of Human Resources.

Long Service Retirement Award

Upon retirement, the Council recognises and rewards employees who have achieved long service of 20 years or 30 years with Cheshire East Council (including service from legacy authorities – Cheshire County Council, Crewe and Nantwich Borough Council, Macclesfield Borough Council, Congleton Borough Council and other organisations from which employees have transferred under TUPE regulations). Awards are reimbursement for a gift to the value of £200 (20 yrs + service) and £300 (30 yrs + service) upon retirement.

Equality

Cheshire East Council will ensure that, when implementing this policy, no employee will be disadvantaged on the basis of age, disability, gender reassignment, marital status or civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. This means that the policy may need to be adjusted to cater for the specific needs of an individual, including the provision of information in alternative formats where necessary.

Monitoring and Review

The policy will be reviewed in the light of operating experience and/or changes in legislation.

Data relating to this policy will be collated and monitored periodically to ensure that the Policy is operating fairly, consistently and effectively. Issues that are identified from the data will be dealt with appropriately.

Appeals

Appeals against decision to decline requests for ill health, compassionate retirement and flexible retirement or against the application of the provisions detailed in the Pensions Discretions Policy will be dealt with in accordance with the Internal Disputes Resolution Procedure. Details are available from your Human Resources Advisor.

Appeals against decisions to decline requests for Efficiency, Redundancy or Employee Requested retirements will be considered by the Staffing Officer Panel.

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