



Local Government Pension Scheme Early Retirement Policy

The STAR Multi Academy Trust

Date adopted by Academy Trust Body (based on NYCC model policy)	December 2018
Updated by NYES HR	October 2023
Approved by the Trust Board	5 December 2023
This policy is scheduled for review on	December 2026

Contents	Page
Introduction and Scope	2
Retirement on the grounds of Redundancy/Business Efficiency	2
Early Retirement	4
Flexible Retirement	5
Business Case for Flexible Retirement	10

1. Introduction and Scope

This policy is intended to cover all employees who have membership of the Local Government Pension Scheme.. Employees with membership of the Teachers Pension Scheme are also able to make applications for early or phased retirement but are covered by the regulations set out by this particular scheme rather than this policy.

There are a number of circumstances when retirement benefits may be paid before normal retirement age, either when an employee leaves employment with the Trust or remains employed on a reduced basis. This policy details the Trust's arrangements for members of the Local Government Pension Scheme in the following areas:

- Redundancy/Business efficiency
- Voluntary early retirement
- Flexible retirement

Retirement on the grounds of ill health is covered by the Attendance Management Policy.

The normal age at which retirement benefits become payable (without a reduction) is at a minimum of 65, and is linked to your State Pension Age. Due to pension scheme changes over time some staff may have an earlier normal retirement age. The provisions of this policy will only apply to staff that have reached the age of 55 at the time of retirement.

Early retirement can be an attractive option for employees as they may be able to access their pension benefits early. Early retirement may also have benefits to the Trust when redesigning or reorganising. However, there can be costs associated with the early release of pension (known as pension strain) which must be accounted for in any decision-making process. Applications for early retirement will not be approved in place of appropriate disciplinary action or formal action under the capability procedure.

The regulations governing the application of the Local Government Pension Scheme require each employer to determine how certain discretionary provisions of the scheme will be applied. The statement of The STAR MAT's policy on the exercise of these discretions is contained in the LGPS Employer Discretion Policy.

To become entitled to pension benefits, members must have a period of active service called the vesting period. The vesting period for the LGPS is 2 years, however, it can be met before 2 years in certain circumstances

2. Retirement on the Grounds of Redundancy or Business Efficiency

Where an employee, who is aged 55 and meets the 2 year vesting period, is made redundant or dismissed on the grounds of business efficiency, then their main pension benefits are payable immediately without any early retirement reductions. In the case of redundancies, this would apply to both voluntary and compulsory redundancy situations.

In line with the Redundancy, Reorganisation and Redeployment Policy, redundancy decision-making is delegated to the Governor's Selection Committee in schools and Trustees in the case of redundancies in the central team. Any pension strain costs arising out of potential redundancies must be explored as part

of the planning stage within a redundancy process. In cases of voluntary redundancy where the pension strain costs exceed £20k, approval by the Chief Education Officer is required.

Retirement on the grounds of business efficiency will only be applied in exceptional circumstances and where it is possible to identify an increase that can be achieved in operating efficiency. Such retirements will be at the discretion of the Chief Education Officer, following a recommendation from Headteacher/Executive Headteacher or Head of Service. The Scheme may only be applied to cases where an employee is dismissed on grounds of efficient exercise, or where termination is of mutual consent between the employee and employer.

Members of the LGPS under the age of 55, who are made redundant, will have their pension benefits deferred.

3. Early Retirement

Any member of the Local Government Pension Scheme who has attained the age of 55 can elect for the early payment of pension benefits, but where the employee is under 60, early payment of such benefits will be actuarially reduced so as to maintain a cost neutral position.

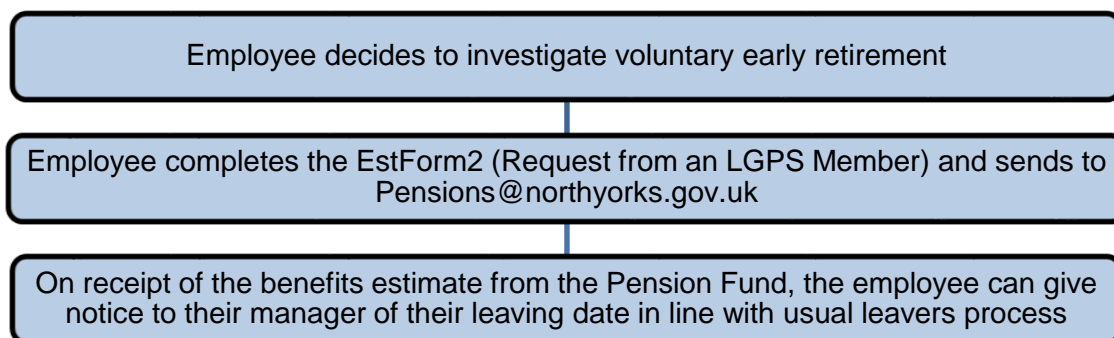
The STAR MAT Employer Discretion Policy states that there will not be a waiver of any actuarial reduction on benefits paid arising out of early retirement.

A lump sum payment is calculated on relevant reckonable service at the date of retirement, actuarially reduced in accordance with the relevant Local Government Pension Scheme Regulations.

Any member of the Local Government Pension Scheme who has attained the age of 55 and meets the 2 years' vesting period, can elect for the early payment of pension benefits on retirement. Returning to work for a relevant employer following voluntary early retirement may result in a reduction or cessation of pension benefits.

Employer approval is not required for voluntary early retirement. However, employees will need to give their normal contractual notice of their intention to retire.

Process for Early Retirement:



4. Flexible Retirement at Employee's Request

Flexible retirement provisions allow employees aged 55 and above to apply to the Trust for consent to receive pension benefits as set out below yet continue to work for the School where there is a reduction in either hours worked or pay grade. Requests for consent must be made by staff aged 55 but less than 75. This process should be managed in conjunction with the Flexible Working Policy.

Guidelines:-

'Reduction in hours' must be permanent and significant e.g. from 5 days per week to 3 days and 'lower grade' must be permanent and at least one full grade i.e. from Band 9 to Band 8

(A suitable vacancy must be available and filled by the normal recruitment and selection process unless in exceptional circumstances and in the demands of the service).

Flexible retirement will be at the discretion of the Chief Education Officer (CEO). Requests should be made by staff who are 55 or over and less than 75.

In reaching their decision, the CEO will have regard to a number of criteria.

These criteria will include:-

- i) The availability of a clear statement on the benefits gained to the STAR MAT.
- ii) Whether there will be any additional consequential savings to the STAR MAT, or costs incurred through early release of pension benefits.
- iii) Whether the flexible retirement will facilitate a saving for the STAR MAT in question, for example through the introduction of more effective working methods or the provision of an opportunity to introduce new skills into service delivery.
- iv) Whether approving the flexible retirement will facilitate reorganisation of staffing to better facilitate service delivery.
- v) The personal circumstances of the employee.

Any other circumstances which may be relevant to the decision that the CEO is asked to take.

Where a request is approved by the CEO, the employee will receive:-

- a) Pension benefits they have accrued at the date of retirement which may subsequently be adjusted annually, but actuarially reduced as appropriate in accordance with the relevant Local Government Pension Scheme (LGPS) regulations. The LGPS Employer Discretion Policy as amended states that there will be no waiver of any actuarial reduction on benefits paid on flexible retirement. There are occasions when there are costs to be picked up and the strain on the fund cannot be recouped fully by a reduction to the member's benefits. Where there is a 'strain on the fund', the CEO will consider this as part of the relevant criteria.
- b) A lump sum payment calculated on relevant reckonable service at the date of retirement, actuarially reduced in accordance with the relevant LGPS regulations.

Note: The criteria applied must constitute a proportionate means of achieving a legitimate aim; for example, in terms of service delivery/efficiency.
Under Age Discrimination legislation, it is not possible to determine an application for early or flexible retirement on the grounds of age and/or length of service (or related costs).

Process Chart for Requests for Flexible Retirement:



Process Guidance for Requests for Flexible Retirement:

1. Employees should read the STAR MAT Early Flexible Working Policy in conjunction with this policy. A request for **flexible retirement** cannot be made until the age of 55.
2. Employees wishing to pursue flexible retirement should discuss with their line manager whether this can be supported after considering the guidance and criteria in the policy.
3. For flexible retirement, employees will either be seeking a reduction in hours ('permanent and significant' – see policy for guidance) in their present post or applying for an alternative post with a reduction in hours ('permanent and significant') or grade (of at least one band) or both. Relief contracts do not guarantee a 'permanent and significant' hours reduction, due to the variable nature of hours worked. Employees therefore aren't permitted to flexibly retire into relief contracts. Details of the new proposed post and where appropriate, contact details of the new line manager should be included on the form below.

Requests for flexible retirement cannot be submitted until the new post or reduced hours in the existing post is confirmed.

4. The manager should complete the [Estform1](#) and send this to the Employment Support Service by email on EmploymentSupportService@northyorks.gov.uk to get an estimate of retirement benefits and costs to the STAR MAT (if any) from the North Yorkshire Pension Fund (NYPF).
5. Business case form (see below) and completed estimate of pension benefits and pension strain should be forwarded to the Headteacher/Executive Headteacher/Head of Service with any supporting information.
6. Headteacher/Executive Headteacher/Head of Service to consider the case having regard to supporting information and the STAR MAT Early Retirement Policy in particular, the criteria for establishing whether the proposed new post is a permanent and substantial reduction in hours and/or grade and paragraphs 4(a)(i) and 4(b)(ii). If not supported, reasons should be supplied.
7. The case (whether or not supported) to be considered by the Chief Education Officer.
8. If the case is not supported, the employee should discuss with their manager. Except in wholly exceptional circumstances, an individual can only make a further request for early or flexible retirement after a period of twelve months has elapsed since the date of the last request. In any case, the number of requests may not exceed 2 in any 12 month period.

A copy of the completed form should be retained by the applicant, on the employee's file and a copy sent to the NYPF.

5. Access to the Scheme and other Applicable Conditions

The persons covered by this policy will be STAR MAT employees who are pensionable and are subject to the LGPS regulations, are members of that Scheme (or, where applicable, are eligible for membership of that scheme) and who at the date of termination of employment have attained the age of 55.

Applications or recommendations under the terms of the policy will be made to and considered by the Chief Education Officer on behalf of the Trust Board in cases of retirement on the grounds of Efficient Exercise.

The employment groups covered by the Scheme are as follows:

- The JNC for Chief Officers of Local Authorities
- National Joint Council for Local Government Services
- The Joint Negotiating Committee for Local Authority Services (Building and Civil Engineering, Engineering Craftsmen, Electricians and Heating Ventilating and Domestic Engineers).
- The Soulbury Committee (insofar as the staff concerned are covered by the Local Government Pension Scheme).

The JNC for Youth and Community Workers (insofar as the staff concerned are covered by the LGPS).

Business Case Template for Flexible Retirement and Retirement on the Grounds of Efficient Exercise of the STAR MAT Functions:
(For use by members of the Local Government Pension Scheme only)

To be completed by the Line Manager

Service details: I

Name of Applicant:

NI number: [Click here to enter text.](#)

Date of Birth: [Click here to enter a date.](#)

Emp. Ref: [Click here to enter text.](#)

Current Job Title: [Click here to enter text.](#)

Full/part time (hours): [Click here to enter text.](#)

Band: [Click here to enter text.](#)

Type of Retirement: [Choose an item.](#)

In the case of flexible retirement, has a new post been offered? Yes

Details of proposed new post: [Click here to enter text.](#)

Job Title:

Band: [Click here to enter text.](#)

Full/part time (hours): [Click here to enter text.](#)

Established/fixed term: [Choose an item.](#)

Any other relevant details: [Click here to enter text.](#)

Grounds of application: [Click here to enter text.](#)

1. What, if any, would be the total cost to the School or service area (including pension strain)

2. How will the cost of the retirement be met within the School or service budget within the next 1-3 years?

3. Are there any additional savings which will be made from the retirement?

[Click here to enter text.](#)

4. How will the retirement benefit service delivery? (for example through facilitating more effective working methods, resourcing the service to meet service requirements, retention of skills / introduction of new skills and experience, succession planning)

[Click here to enter text.](#)

Cost of Early/Flexible Retirement (as supplied by the North Yorkshire Pension Fund). Please attach estimate

£ 0.00

Date on Pension estimate: [Click here to enter text.](#)

Signed by Applicant.....

Dated.....

I [Choose an item.](#) this application

Signed by Line Manager

Dated.....

To be completed by Head Teacher or Head of Service

I **support/do not support** this request because of the benefits to service delivery or the efficient operating of the Service **and attach statement** in accordance with of the STAR MAT Early Retirement Policy

In the case of flexible retirement, I also confirm the reduction in hours and/or lower grade is permanent and significant in accordance with the Policy.

Signed Dated.....

To be completed by Chief Education Officer

I **support/do not support** this request in accordance with the criteria and guidance set out in STAR MAT Early Retirement Policy.

Signed.....Dated.....
Chief Education Officer