



Local Government Pension Scheme (LGPS 2014) Early Retirement Policy

The STAR Multi Academy Trust

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This policy is scheduled for review on	

Contents	Page
Introduction	2
Retirement on the grounds of Redundancy	2
Retirement in the interests of efficient exercise of Functions	2
Early Retirement	4
Flexible Retirement	5
Business Case for Flexible Retirement	10

1. Introduction

This Policy is intended to cover all employees who have membership of the Local Government Pension Scheme, but specifically excludes retirement on the grounds of ill-health. Individuals covered by that particular circumstance will have consideration for retirement dealt with under the regulations of the Local Government Pension Scheme and should also refer to the STAR MAT Attendance Management Policy.

The normal age at which retirement benefits become payable is at a minimum of 65, and is linked to your State Pension Age. This document also sets out the STAR MAT's Policy on flexible retirement, i.e. the ability to work for the STAR MAT whilst in receipt of a local government pension after the age of 55.

Allowing staff to retire early has the following consequences:-

- i) It can be used to benefit service delivery and/or the efficient operating of the STAR MAT.
- ii) There is a loss to the Pension Fund, firstly through the non-collection of anticipated pension contributions, and secondly because the pension is paid out earlier and for a longer period. In cases of voluntary early or flexible retirement, this cost will normally be recovered from the member of staff. In cases of retirement on grounds of efficiency or redundancy, the cost would normally be recovered, under cost centre management arrangements, directly from the business unit budget where the employee is based. This is known as 'strain' cost.
- iii) If the early retirement of staff is not carefully managed it can lead to a loss of much needed expertise and knowledge from the STAR MAT and this is addressed by the Trust's Policy on flexible retirement.

There are a number of circumstances when retirement benefits may be paid before normal retiring age and this Policy looks at those in more detail. As stated, however, it does not include retirement on the grounds of ill-health, for which there are separate arrangements under the Local Government Pension Scheme. In the interests of equity amongst all staff, applications for early retirement will not be approved in place of appropriate disciplinary action or formal action under the capability procedure.

2. Retirement on the grounds of redundancy

When employment is lost due to redundancy, the Local Government Pension Scheme provides for the immediate payment of pension benefits to any employee who contributes to the Scheme, who is aged 55 or over and with more than three months' of service. Employees who are made redundant aged under 55 will have any accrued pension benefit deferred.

To qualify for early payment of pension on these grounds, the statutory definition of redundancy must be met, together with Regulation 30(7) of the Local Government Pension Scheme Regulations 2013. Further details, together with redundancy benefits, can be found in the Reorganisation and Redundancy Procedure.

Where an employee is entitled to pension benefits these will include:-

- (a) Pension benefits as they may have accrued at the date of retirement and as they may subsequently be adjusted annually.
- (b) A lump sum payment calculated on relevant reckonable service at the date of retirement.

Added years will not be granted to accrued reckonable service. In the Early Retirement Policy Document of 2002, the policy was not to award Added Years to reckonable service. Compensatory Added Years were abolished from October 2006, and the ability to award a discretionary, one-off, lump sum payment, not exceeding two years' pay (104 weeks), was introduced. This one-off lump sum payment will not be granted.

3. Retirement in the interests of the efficient exercise of functions

This Scheme will be applied at the discretion of the Chief Education Officer, following a recommendation from the relevant School Head Teacher. The Scheme is only 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.

In cases other than those concerning redundancy or permanent ill-health, the STAR MAT will consider retirement in the interests of efficient exercise where it is possible to identify an increase that can be achieved in the operating efficiency of the STAR MAT's services.

In considering applications, the Chief Executive will have regard to the following criteria:-

- i) The availability of a clear statement on the benefits gained and the way in which the early retirement is to be funded. Normally, the statement will demonstrate how the additional costs arising out of the early retirement can be met within the first three years from the date of retirement.
- ii) Whether there will be any additional consequential savings to the STAR MAT.
- iii) Whether the early retirement will facilitate an increase in the efficiency of the business unit 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) The health of the employee, if that is such that the individual suffers from a serious medical condition but which is insufficient to meet the definition of ill-health retirement within the pension regulations.
- v) Whether approving the early retirement will facilitate reorganisation of staffing within the business unit to better facilitate service delivery.
- vi) Any other circumstances which may be relevant to the decision and which may contribute to the more efficient exercise of the STAR MAT's functions.

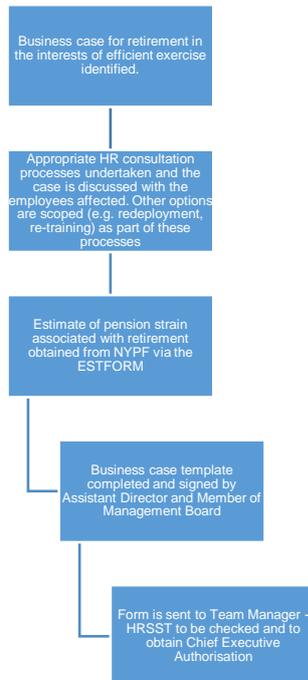
It should be noted that the above criteria are not listed in any rigid order of merit or importance, though any request made will not be approved unless funding and efficiency considerations are satisfactorily addressed.

Where retirement in the interests of efficient exercise is approved by the Chief Executive the employee will receive:-

- a) Pension payments as they have accrued at the date of retirement and as they may subsequently be adjusted annually.
- b) A lump sum payment calculated on relevant reckonable service at the date of retirement.

Added years will not be granted to accrued reckonable service. In the Early Retirement Policy Document of 2002, the policy was not to award Added years to reckonable service. Compensatory Added Years were abolished from October 2006, and the ability to award a discretionary, one-off, lump sum payment, not exceeding two years' pay (104 weeks), was introduced. This one-off lump sum payment will not be granted.

Process for Early Retirement in the interests of Efficient Exercise:



4 (a) 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 2014 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.

Process for Early Retirement:

Employee decides to investigate voluntary early retirement

Employee completes the EstForm2 (Request from an LGPS Member) and sends to Pensions@northyorks.gov.uk

On receipt of the benefits estimate from the Pension Fund, the employee can give notice to their manager of their leaving date in line with usual leavers process

4(b) Flexible Retirement at Employee's Request

Flexible retirement provisions allow employees aged 55 and above to apply to the School 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.

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 his/her 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 early 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 early retirement will facilitate reorganisation of staffing within the business unit to better facilitate service delivery.
- v) The personal circumstances of the employee.
- iv) 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:-

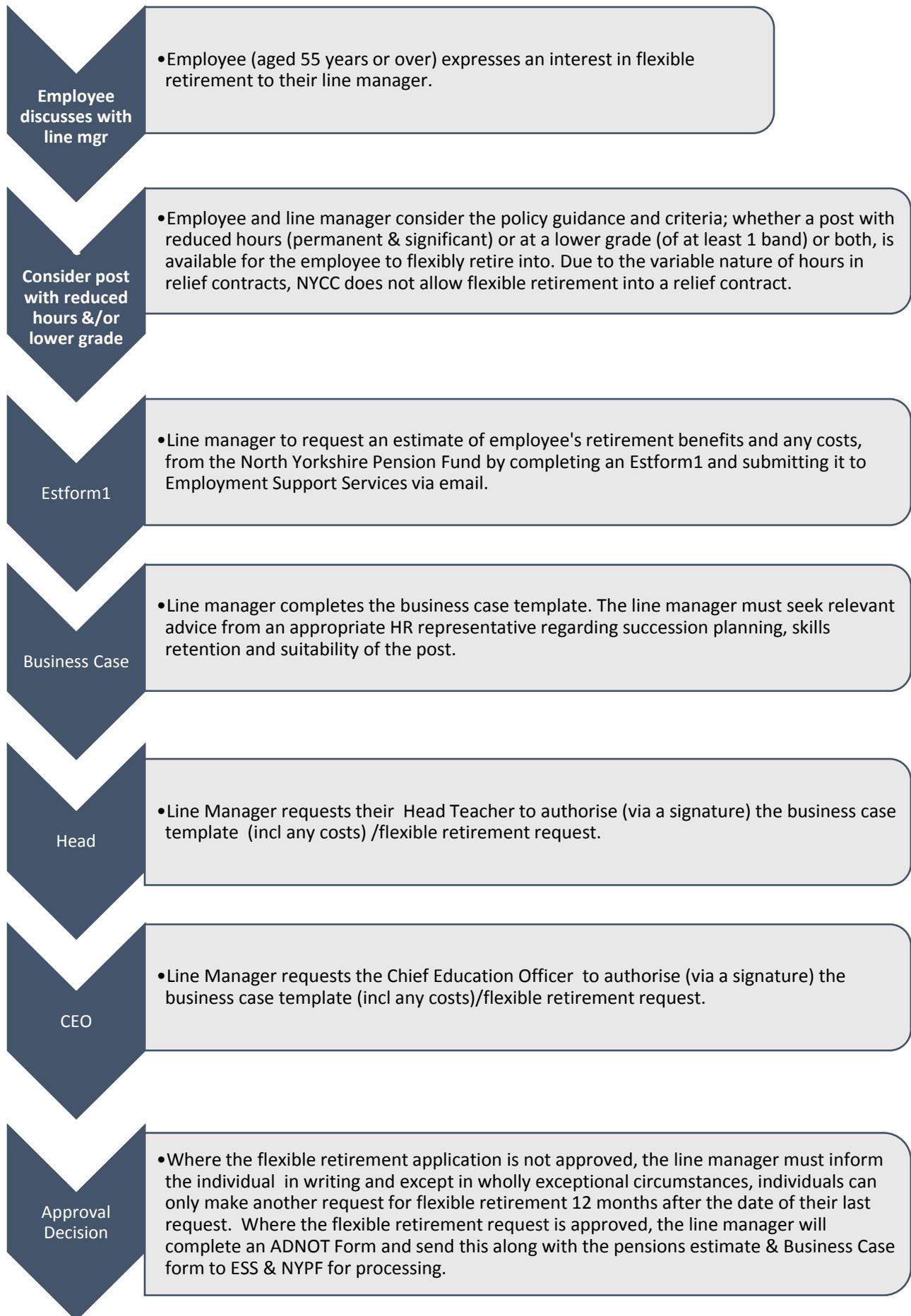
- a) Pension benefits they have accrued at the date of retirement which may subsequently be adjusted annually, but actuarially reduced as appropriate in accordance with the relevant Local Government Pension Scheme (LGPS) regulations. The LGPS Employer Discretion Policy 2014 as amended states that there 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 Chief Education Officer 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 Retirement Policy 2006 (as amended April 2014) for full details, guidance and criteria. 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 Head Teacher with any supporting information.
6. Head Teacher to consider case having regard to supporting information and the STAR MAT Early Retirement Policy 2006 (as amended April 2014) 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 Line Manager and, where appropriate, seek advice from the Employment Support Service. 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.
9. For information about this process, please contact the Employment Support Service.

The number of approved early retirement cases will be regularly monitored.

A copy of the completed form should be retained by the applicant, on the employee's Wisdom 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: [Click here to enter text.](#) 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 (including pension strain)**
- 2. How will the cost of the retirement be met within the 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

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 4(a)(i) or 4(b)(i) of the STAR MAT Early Retirement Policy 2006 (as amended April 2014)

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 2006 (as amended April 2014)

Signed.....Dated.....

Chief Education Officer

In cases of retirement on grounds of the Efficient Exercise of the STAR MAT's functions:

To be completed by the Chief Education Officer:

I **support/do not support** this application in accordance with the criteria and Guidance set out in STAR MAT Early Retirement Policy 2006 (as amended April 2014)

Signed.....Dated.....

Chief Education Officer