

**DRAFT EARLY RETIREMENT SCHEME**

<b>Version:</b>	<b>Version 1- Draft 3 – August 2014</b>
<b>Scheme Ratified by:</b>	<b>Human Resources</b>
<b>Date:</b>	
<b>Area Applicable:</b>	<b>All Caerphilly Employees except school based employees unless the School Governing Body has adopted the Scheme.</b>
<b>Review Year</b>	<b>2016</b>
<b>Impact Assessed</b>	

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### NOTE

WHEREVER THE DESIGNATION MANAGER IS USED THROUGHOUT THIS PROCEDURE, IT IS TAKEN TO MEAN HEAD OF SERVICE, LINE MANAGER, SUPERVISOR, OFFICER IN CHARGE, HEAD TEACHER OR ANYONE WHO HAS SUPERVISORY RESPONSIBILITY.

## INTRODUCTION

1. Caerphilly County Borough Council is committed to providing its employees with more choice and flexibility with regard to whether they wish to retire early or stay in work beyond normal retirement age, making their transition from working life to retirement a smoother one for the employee and the Council.
2. The Council recognises that attracting and retaining a well-trained, well motivated and flexible workforce, with a wide range of skills and experience is essential to the provision of quality services.
3. Early retirement will allow employees to finish work early thus allowing them time to pursue other activities or enjoy their retirement.

## SCOPE OF THE SCHEME

4. The Early Retirement Scheme applies to any employee where an early retirement by mutual consent on grounds of business efficiency opportunity has been identified, either by the employee or the organization, irrespective of whether they are on a fixed term or permanent contract. This does not include school based support employees unless the School Governing Body has adopted the Scheme.
5. The Council's recognised trade unions have been consulted on the Scheme.
6. The effective date of this scheme is ?? 2014. The scheme and guidelines will be used to deal with all flexible and early retirement situations.

## GUIDING PRINCIPLES

7. With effect from 1<sup>st</sup> April 2014, the majority of employees' normal retirement age will be the same as their state pension age. This is referred to as normal pension age (NPA). Employees are able to find out their normal pension age by going to <https://www.gov.uk/calculate-state-pension> .
8. However, in accordance with the LGPS Regulations, an employee can retire and gain access to their LGPS pension benefits from age 55, without their employer's consent. Pension benefits may be actuarially reduced if benefits are drawn before NPA. However, under the 85 Year Rule, if a member's age and membership in whole years equalled 85 at age 60, the member was able to retire without a reduction in benefits. Employees, who joined the LGPS on or before 30th September 2006, may (under the protections put in place due to the removal of the 85 year rule) be subject to full or partial protection from reduction.
9. Early retirement by mutual consent on the grounds of business efficiency is where an employee decides to leave the Council before their normal pension age but after age 55. Employees will not receive a reduction in their pension benefits if they leave on this basis.
10. Heads of Service are required to draw up a Business Case to demonstrate that the Service Area is able to accommodate the request both operationally and

financially. The business case should include details of the impact on service delivery and the benefit to the Service Area as well as the individual and any associated pension strain costs. This Business Case should be counter signed by the relevant Director. Where applications contain the requirement for the council to meet pension strain costs, final approval will need to be sought from the Pensions & Compensation Committee.

11. Applications for early retirement can take up to 6 - 8 weeks to process so employees should bear this in mind when making their application and allow adequate time if they have a specific date that they wish the retirement to take place on. If the business case is not viable for the Service Area, it may be possible to facilitate an early retirement by cross matching to a post within another Service Area.
12. Viable business cases would be considered as an alternative to compulsory redundancies in a Service Area. This means that applicants who apply to access early retirement could be cross-matched against those at risk. In this circumstance, please seek further advice from your HR Business Partner Team.
13. There is no automatic right for an employee's request for early retirement to be agreed.
14. Heads of Service should contact their HR Business Partner Team to discuss any applications for early retirement by mutual consent on the grounds of the efficiency that they receive. This is especially important where an application cannot be supported. In this case, Heads of Service should seek advice, prior to notifying the employee that the application cannot be supported, to ensure that the case has been reasonably considered and all alternatives have been explored. When an application is not supported, employees must be given written reasons as to why the application cannot be accommodated by the relevant Manager/Head of Service.
15. In all cases advice must be sought from your HR Business Partner Team, who will contact the Greater Gwent Pension Fund on the employee's behalf. The Greater Gwent Pensions Fund will not deal directly with employees about their pension benefits in relation to early retirement by mutual consent on the grounds of business efficiency, as employer consent is needed for the application to progress.
16. Prior to making any application for early retirement by mutual consent on the grounds of business efficiency, employees need to ensure that they obtain all the necessary information about what pension benefits are payable, additional voluntary contributions, etc and other financial matters to inform their decision to take early retirement. Employees are advised to seek independent financial advice before making any decisions.
17. Managers should be mindful of their obligations under Equalities legislation and in particular the requirement not to discriminate or treat employees differently on the grounds of age.

## **INTERPRETATION OF THE SCHEME**

19. In the event of a dispute relating to the interpretation of this scheme the Head of Workforce and Organisation Development or the Human Resources Service Manager will make the final decision on interpretation.

## **REVIEW OF THE SCHEME**

20. A review of this scheme and procedure will take place when appropriate. Any amendments will be consulted on with all the relevant parties. However, in the case of amendments relating to legislative requirements, the scheme will be amended and reissued.

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