

## **LGPS Early Retirement Policy Management Guidance – School based employees**

This Guidance should be read in conjunction with the LGPS Early Retirement Policy.

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### **Abbreviations used in this document:**

<b>ADNOT</b>	Advance notification of retirement form
<b>ESS</b>	Employment Support Services
<b>ESTFORM1</b>	Request of Estimate of Benefits (from employer)
<b>ESTFORM2</b>	Request of Estimate of Benefits (from employee)
<b>LGPS</b>	Local Government Pension Scheme
<b>NYPF</b>	North Yorkshire Pension Fund
<b>VER</b>	Voluntary Early Retirement

### **1. Introduction**

- 1.1 This Guidance details the application and approval processes associated with the provisions of the LGPS Early Retirement Policy. It assumes that the school uses ESS to provide payroll services for its employees. Where this is not the case the school will need to make alternative arrangements with its payroll provider.
  
- 1.2 As NYCC is the employer of all employees within maintained schools, approval for release of pension benefits as a result of business efficiency or flexible retirements must be obtained from the Director of CYPS or Chief Executive as detailed within the LGPS Early Retirement Policy. This will apply even if the school does not contract with NYCC for HR or payroll provision.

- 1.3 Voluntary redundancy requests can be approved at school level by the Headteacher or Governing Body, depending on the school's delegation arrangements. However, where the delegated budget has been withdrawn/where schools have an Interim Executive Board, voluntary redundancy requests may only be approved by the Director of CYPS.
- 1.4 Where approval is required from the Director of CYPS, all relevant application information must be sent to NYHR who will co-ordinate approval on behalf of the school.

## **2. Voluntary Early Retirement**

- 2.1 To be eligible the member must have attained the age of 55, but have not reached their normal retirement age, at the proposed date of retirement and have met the 2 years' vesting period. Employer approval is not required for any member of the LGPS wishing to take Voluntary Early Retirement (VER).
- 2.2 Prior to deciding to take VER the employee may wish to receive an estimate of their pension benefits showing the effect of any actuarial reduction arising from early payment. This can be obtained by logging on to 'Your Online Record' at [www.nypf.org.uk](http://www.nypf.org.uk) where it is possible to run individual estimates. Alternatively, employees can complete an ESTFORM2 and submit it to ESS.
- 2.3 Should the employee decide to proceed with their VER they should submit their resignation in writing to their line manager/Headteacher giving their normal contractual notice. Within their resignation the employee should state that they wish to take VER to enable ESS to notify NYPF of the retirement and provide any required salary and service information. Managers/Headteachers must ensure that they notify ESS of the retirement and submit a completed ADNOT form in a timely manner, to minimise any delays in the pension coming into payment.

## **3. Redundancy**

- 3.1 Members of the LGPS will receive the release of unreduced pension benefits if they are made redundant having attained the age of 55.
- 3.2 As part of the planning process, any redundancy costs, including pension strain costs, must be considered. Receiving pension strain information can take a number of weeks, therefore, it is important that this information is requested early within a process as soon as an employee is identified as being potentially at risk.
- 3.3 To obtain pension strain costs the manager/Headteacher must complete an ESTFORM1 and forward this to ESS. ESS will then complete the relevant sections and forward this to NYPF to calculate the pension benefits which the employee would receive and the strain costs. These will then be returned to the manager/Headteacher who completed the ESTFORM1.
- 3.4 Requests for **voluntary redundancy**, which would result in the release of an employee's pension benefits, may be approved by the Headteacher/Governing Body, in line with the school's delegation arrangements. Applications should not be considered until an estimate of the pension strain costs has been received. Where the delegated budget has been withdrawn/where schools have an Interim Executive Board, voluntary redundancy requests may only be approved by the Director of CYPS.

3.5 When an application for voluntary redundancy has been approved or notice of a compulsory redundancy served which results in the release of pension benefits, the line manager/Headteacher must notify ESS and submit a completed ADNOT form to enable the required information to be sent to NYPF. This should be done in a timely manner to minimise any delays in the pension coming into payment.

3.6 Further information regarding redundancy, including voluntary redundancy, is available within the school Restructuring, Redundancy and Redeployment Policy and guidance.

#### **4. Business Efficiency**

4.1 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 the operating efficiency of the school. Such retirements will be at the discretion of the NYCC Chief Executive, following a recommendation from the Director of CYPS. 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.

4.2 Employees may only be granted retirement on the grounds of business efficiency if they are aged 55 or over at the date of retirement and have met the 2 year vesting period. Where retirement on the grounds of business efficiency is agreed the employee will be entitled to receive unreduced pension benefits on the same basis as in redundancy situations.

4.3 In considering applications, in addition to the recommendation of the Director of CYPS, the Chief Executive will have regard to the following criteria:-

- 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
- Whether there will be any additional consequential savings to the school
- Whether the early retirement will facilitate an increase in the efficiency of the school, for example through the introduction of more effective working methods or the provision of an opportunity to introduce new skills into service delivery
- 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
- Whether approving the early retirement will facilitate reorganisation of staffing within the school to better facilitate service delivery
- Any other circumstances which may be relevant to the decision and which may contribute to the more efficient exercise of the school's functions.

4.4 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.

4.5 To obtain pension strain costs an ESTFORM1 must be completed and forwarded to ESS. ESS will then complete the relevant sections and forward this to NYPF to calculate the pension benefits which the employee would receive and the strain costs. These will then be returned to the manager/Headteacher who completed the ESTFORM1.

4.6 A business case should be prepared for consideration by the Director of CYPS/Chief Executive which should be submitted through NYHR. A template business case is available for this.

4.7 When a decision has been made to grant retirement on the grounds of business efficiency the manager/Headteacher must provide to ESS a completed ADNOT form, business case signed by the Director of CYPS and the Chief Executive and a copy of the pension cost estimate.

## **5. Flexible retirement**

5.1 Employees wishing to pursue flexible retirement should discuss their request with their Headteacher including whether it may be achieved through a reduction in hours within their current post or by applying for an alternative post with a reduction in hours and/or grade. Requests for a reduction in hours in the employee's current post may need to be considered in line with the statutory provisions of the Flexible Working Policy (but see 5.3 below). Requests under the Flexible Working Policy can only be refused on certain statutory grounds. These are:

- The burden of additional costs
- A detrimental effect on ability to meet customer demand
- A detrimental impact on quality
- A detrimental impact on performance
- An inability to reorganise work among existing staff
- An inability to recruit additional staff
- Insufficient work for the periods the employee proposed to work
- A planned structural change of the business

5.2 Requests for Flexible Retirement may be refused on other grounds. However, where a valid flexible working request has been made, the variation to working arrangements can only be refused for the above statutory reasons.

5.3 Only one request can be considered under the Flexible Working Policy in each 12 month period. Therefore, only one application for flexible retirement which involves a variation of the employee's working hours in their current post, can be considered in line with the provisions of the Flexible Working Policy in the same period.

5.4 Consideration should be given to the implementation and timing of the new working arrangements. Employees should be given the opportunity to consider their estimated pension benefits and receive a decision regarding their flexible retirement request before being required to agree to new contractual arrangements.

5.5 Any contractual changes agreed as a result of a flexible retirement request will be permanent.

### ***Application Process***

5.6 When an employee has expressed a wish to pursue flexible retirement, the line manager should request an estimate of retirement benefits and costs by completing and sending ESTFORM1 to ESS.

5.7 Once the estimate has been received the estimated pension benefit statement should be shared with the employee. Having received this information, should the employee still wish to request flexible retirement, they should notify their line manager/Headteacher who will complete a business case (a template business case is

available). The employee will be asked to sign the form to confirm their wish to pursue flexible retirement.

- 5.8 On completion, the line manager/Headteacher should forward this with the pension estimate to the Director of CYPS (through NYHR) with any supporting information. All cases, whether or not supported by the line manager/Headteacher, should be forwarded for consideration.
- 5.9 In considering an application for flexible retirement, the following will be considered:
- potential costs and savings of the proposal
  - impact on ability to meet customer demand
  - the personal circumstances of the employee
  - ability to reorganise work amongst existing employees
  - ability to recruit additional staff
  - impact on service quality and/or performance
  - availability of work during the periods the employee proposes to work
  - any relevant planned structural change
  - any other circumstances which may be relevant to the request
- 5.10 In cases where there are no pension strain or pension strain costs up to £20k, approval can be given by the Director of CYPS.
- 5.11 In cases where the pension strain cost exceeds £20k, then approval must be obtained from the Chief Executive.
- 5.12 Pension strain costs which arise as a result of flexible retirements will be charged to the school which requested approval for the request. This will apply even when the employee takes on a lower graded or part-time post outside the school and elsewhere within NYCC, unless an alternative agreement is reached.
- 5.13 When a decision has been reached following a flexible retirement request the employee must be notified as soon as possible (example Letter 1). The line manager/Headteacher must also notify ESS regarding any contractual change and the decision to grant flexible retirement. Managers/Headteachers must provide to ESS a completed ADNOT form, signed business case and copy of the pension cost estimate.
- 5.14 Where applications have not been approved then the employee should be informed of this decision and the reasons for it. This will usually be done by the line manager/Headteacher and confirmed in writing to the employee (example Letter 2).
- 5.15 The process for considering flexible retirement applications for LGPS members is included as a flow-diagram at Section 6.

## 6. Flexible retirement process – flow-diagram

