EARLY RETIREMENT DISCRETIONARY PENSION ARRANGEMENTS POLICY

Human Resources and Organisational Development

PLYMOUTH
CITY COUNCIL

CHANGES

05 October 2006: New policy, replaces early retirement scheme.

10 October 2006: Correction (removal of reference to age 65 in section LGPS flexible retirement, LGPS has no set limit).

01 April 2008: Correction (removal of reference to specific age for benefits, change age 50 to 55 in appendices, add 25% reduction to flexible retirement).

March 2010: Styling revised in line with corporate guidelines.

May 2010: Explanations of added years and augmentation added, Reference to protections for LSC TUPE transferees added.

01 October 2011: Removal of discretionary compensation lump sum payment due to redundancy for non NEOST staff.

November 2014: Policy reviewed and updated following introduction LGPS 2014 scheme. Removal of Employer Consent provisions for employees aged 55 to 60. Section 5 updated to reflect current statutory redundancy weekly payment.

Policies are available in large print, Braille or other languages.

If you would like help understanding the contents of this policy, please speak to your line manager or contact the HR Policy Team for assistance.

CONTENTS

1 PURPOSE

This policy outlines the council's discretionary arrangements regarding:

- Early termination of employment
- Flexible retirement

This policy (as amended) replaces the authority's Early Retirement Scheme, which was effective from 01 October 1999 and was amended in 2001.

2 SCOPE

In the interests of consistency and fairness, this policy applies to all Plymouth City Council employees, although the arrangements relating to early/flexible retirement are specific to members of either the Local Government Pension Scheme (LGPS) or Teacher's Pension Scheme (TPS).

In addition, reference is made to Plymouth City Council's position on augmenting provisions and converting cash sums to periods of pension membership in cases of early termination, and this is specifically relevant to active pension members.

3 NOTIFICATION OF FUTURE CHANGES

These are by definition 'discretionary arrangements'. Should the discretions be revised, under the regulations the Council must, before the expiry of one month from the date of revision of the policy:

a. Send a copy of the revised policy statement to the pension scheme administering authority.
b. Publish the revised policy statement.

4 EARLY TERMINATION OF EMPLOYMENT

Early termination as defined in the Regulations covers termination:

- By reason of redundancy, or
- In the interests of the efficient exercise of the employing Authority's functions.

4.1 Compensatory added years

In the event of early termination of employment by reason of redundancy or efficiency, an employer could award additional service in the form of compensatory 'added years'. This option was removed from the LGPS in October 2006 and therefore to ensure consistency Plymouth City Council does not award 'added years' to members of the TPS.

4.2 Augmentation

Under the LGPS, an employer may increase the membership of any active pension scheme member, this is known as augmentation. In the event of early termination of employment by reason of redundancy or efficiency, Plymouth City Council's policy will not augment a member's benefits.

4.3 Conversion of cash sums into pension membership

In the event of redundancy or efficiency ending employment, the authority has chosen not to utilise the option to convert cash sums in excess of any statutory redundancy payment into a period of pension membership.

4.4 Lump sum compensation payments

4.4.1   Lump sum compensation in the event of early termination by reason of 'redundancy'

Under the Employment Rights Act 1996, where employment is terminated early by reason of redundancy, and length of service exceeds two years, employees are entitled to statutory redundancy pay. This authority only pays discretionary lump sum payments, in the event of termination of employment due to redundancy, to employees not employed under Plymouth Book terms and conditions, where the pay ceiling is doubled. Examples are shown in **Section 5**.

4.4.2   No lump sum compensation payment in the event of early termination by reason of 'efficiency'

On the rare occasions that an arrangement is made with an employee for their employment to be terminated early in the interests of the efficient exercise of this organisation's functions, employees over the required minimum age under the specific pension regulations, will be entitled to their statutory benefits under the terms of the LGPS, however they will not be entitled to any discretionary compensation payment.

5   PCC CALCULATION OF STATUTORY REDUNDANCY PAY

Employee	No of weeks pay based on statutory calculation	Weeks pay	Weekly pay	Total redundancy payment	Calculation of statutory entitlement (1)	Statutory weekly pay (2)	Additional weekly pay (3)
Employee A – age 21 with 3 years service, £250 weekly pay	3 yrs service x ½ wk pay	1.5	£250	£375	£375	£250	n/a
Employee B – age 60 with 30 years service, £500 weekly pay	1 yrs service x 1 wks pay + 19 x 1½ wks pay	29.5	£500	£13688	£13688	£464	n/a
Employee C (employed under NEOST T's & C's) – age 36 with 12 years' service £700 weekly pay	12 yrs' service x 1wk pay	12	£700	£8400	£5568	£464	£236

(1) Statutory weekly pay x no of weeks

(2) Statutory weekly pay currently £464 (as at 6 April 2014), normally increases on 6 April each year, or actual pay, whichever is lower

(3) Additional weekly pay is only paid to non-Plymouth Book employees where their actual pay is more than the statutory redundancy amount, but total amount capped at double statutory.

6   FLEXIBLE RETIREMENT

Under the Local Government Pension Scheme Regulations employees over the required minimum age under the specific pension regulations, whose hours or pay has reduced may request to take early retirement.

To ensure consistency with the Teachers Pension Scheme, Plymouth City Council will only consider release of the benefits where there is a reduction of at least 25% of the employee's gross pay, and, will only agree where there is no cost to the employer for the release of benefits. In addition, Plymouth City Council will not waive any reduction applied to the benefits.

Some examples of where an employee may be eligible to apply to take flexible retirement are as follows:

- Employee accept as a new job role on less hours or lower grade as part of a restructure
- Request by employee to reduce hours or move to lower graded post approved by employer
- Reduction in grade following job evaluation review.

7 EARLY RETIREMENT SCHEME REDUNDANCY PAYMENTS DUE

Employees age and service	Basis of redundancy calculation	Amount of weekly pay used in calculation	Number of weeks due
Age 18-55, with at least 2 years' service (1)	Employment Rights Act 1996	Statutory Weekly pay (2)	As per attached ERA 1996 compensation table
Age 55 or over, with less than 2 years service	Local government compensation regulations	Statutory weekly pay (2)	1 week's pay only
Age 55 or over, with 2 or more years' service (1)	Employment Rights Act 1996	Statutory weekly pay (2)	As per attached ERA 1996 compensation table

(1) Employee must have 2 years continuous Local Government service to qualify for a redundancy payment.
(2) Non-Plymouth Book employees pay ceiling double that of statutory weekly pay.

8 EARLY RETIREMENT SCHEME (CURRENT) REDUNDANCY-PENSION BENEFITS DUE

Employees age and service	Statutory basis of pension benefits	Pension benefits due
Age 55, with more than 2 year's pension scheme membership (1)	Local government pension scheme regulations	Immediate payment of pension benefits

(1) Employees who joined the LGPS prior to 1 April 2014 require 3 months membership of pension scheme to receive immediate payment of benefits.

9 EARLY RETIREMENT SCHEME (CURRENT) EFFICIENCY OF THE SERVICE - PENSION BENEFITS DUE

Employees age and service	Statutory basis of pension benefits	Pension benefits due
Age 55 , with more than 2 year's pension scheme membership (1)	Local government pension scheme regulations	Immediate payment of pension benefits

(1) Employees who joined the LGPS prior to 1 April 2014 require 3 months membership of pension scheme to receive immediate payment of benefits.

10 FLEXIBLE RETIREMENT - BENEFITS DUE

Employees age and service	Statutory basis of pension benefits	Pension benefits due
Age 55 (1), with more than 3 months service	Local government pension scheme regulations	Immediate payment of pension benefits, but pension benefits are subject to reduction (2).

(1) Where employee has TUPE'd from another employer, protections may apply.

(2) Where an employee's pension benefits are subject to reduction, Plymouth City Council will not waive the reduction.

11 ERA TABLE 1996 AMENDED AFTER 01 OCTOBER 2006 - STATUTORY REDUNDANCY PAY

Age in years	Complete years service																		
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18	1	1½	2																
19	1	1½	2	2½															
20	1	1½	2	2½	3														
21	1	1½	2	2½	3	3½													
22	1	1½	2	2½	3	3½	4												
23	1½	2	2½	3	3½	4	4½	5											
24	2	2½	3	3½	4	4½	5	5½	6										
25	2	3	3½	4	4½	5	5½	6	6½	7									
26	2	3	4	4½	5	5½	6	6½	7	7½	8								
27	2	3	4	5	5½	6	6½	7	7½	8	8½	9							
28	2	3	4	5	6	6½	7	7½	8	8½	9	9½	10						
29	2	3	4	5	6	7	7½	8	8½	9	9½	10	10½	11					
30	2	3	4	5	6	7	8	8½	9	9½	10	10½	11	11½	12				
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11½	12	12½	13			
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12½	13	13½	14		
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13½	14	14½	15	
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14½	15	15½	16
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15½	16	16½
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16½	17
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17½
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½
61+	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30