

---

<b>Report To:</b>	<b>Policy and Resources Committee</b>	<b>Date:</b> 15 December 2009
<b>Report By:</b>	<b>Head of Organisational Development and Human Resources</b>	<b>Report No:</b> HR/26/09/AM
<b>Contact Officer:</b>	<b>Angela Rainey</b>	<b>Contact No:</b> 01475 712015
<b>Subject:</b>	<b>Pension and Retirement Policy and Procedures</b>	

---

## 1.0 PURPOSE

- 1.1 The purpose of this report is to recommend a revised Pension and Retirement Policy and Procedures (Appendix 1 and 2) to Committee.

## 2.0 SUMMARY

- 2.1 The Workforce Development Strategy was approved by the Policy and Resources Committee on the 26 May 2009 and has three main themes. This particular proposal is contained within Employees – our most valuable resource in providing pension and retirement provisions.
- 2.2 Changes made by the Local Government Pension Scheme (Scotland) and Teachers Superannuation (Scotland) regulations require the Council to review the benefits currently offered to employees.
- 2.3 A report was submitted to the Corporate Management Team (CMT) advising of changes to the Local Government Pension Scheme (Scotland) and Teachers Superannuation (Scotland) regulations and the requirement for the Council to review certain current pension benefits offered to employees. The report provided a summary of the benefits where the Council had discretion available and options for the CMT to consider in respect of these pension benefits. The decisions reached by the CMT have now been incorporated into the revised Pension and Retirement Policy and Procedures.

The amendments made by both pension funds were collated and presented to the Corporate Management Team (CMT). The same information is contained in Appendix 3, including the decisions made by the CMT, to allow Members to view the changes.

## 3.0 RECOMMENDATIONS

- 3.1 The Committee is asked to agree the Pension and Retirement Policy and Procedures.
- 3.2 That the Committee note that benefits in respect of severance will be included as part of the Severance Policy review and will be submitted to a future Committee.

Head of Organisational Development  
and Human Resources

## 4.0 BACKGROUND

- 4.1 Pension provision for all employees of the Council is administered by two bodies. The Strathclyde Pension Fund Office (SPFO) provides pension cover for all employees excluding Teachers whose pension provision is covered by the Scottish Teachers Superannuation Scheme (STSS) governed by the Scottish Public Pensions Agency (SPPA).
- 4.2 Both pension providers reviewed the benefits that employers can offer to employees and the outcome of the reviews has seen some benefits remaining unchanged whilst some have been amended with new benefits being introduced.
- 4.3 The changes that have been made by both providers were reported to the Corporate Management Team showing available options. The views taken by the CMT were incorporated into the attached Policy and Procedures for Pension and Retirement that includes the decisions of the CMT.
- 4.4 Contained within both pension schemes is the severance provision for avoiding additional years' service and redundancy payments to employees but at this time the Chief Executive is leading a review of the Council's severance policy and this will be submitted to a further Committee. The view taken by the CMT was to maintain the current benefits provision for severance until that review had been completed.

To enable the CMT to view the changes they were presented as an appendix, refer to Appendix 3 which shows the options and recommendations agreed by the CMT.

- 4.5 The Council requires to advise employees of the provisions being made and this will be achieved by posting the new policy and procedures on the Council's intranet service.

## 5.0 PROPOSALS

- 5.1 Appendix 3 advises the Committee of the recommendations agreed by the CMT which have been incorporated into the Pension and Retirement Policy and Members are asked to consider the CMT's proposals.
- 5.2 It is proposed that the revised Pension and Retirement Policy and Procedures be agreed by the Committee to allow employees to be advised of the benefits that the Council offers.
- 5.3 The proposals have not amended any benefits in respect of severance and the Committee is asked to note that any changes to the current position will be included in the revised Severance Policy to be submitted to a future Policy and Resources Committee.

## 6.0 IMPLICATIONS

- 6.1 Finance: The Chief Financial Officer has seen this report and his comments have been included.

Financial Implications – One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments

Financial Implications – Annually Recurring Costs/ (Savings)

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>With Effect from</b>	<b>Annual Net Impact</b>	<b>Virement From (If Applicable)</b>	<b>Other Comments</b>

6.2 Human Resources: n/a

6.3 Legal: n/a

6.4 Equalities: see Equalities Impact Assessment (Appendix 4)

## **7.0 CONSULTATION**

7.1 The Pension and Retirement Policy and Procedures have been issued for consultation to the Corporate Directors, Heads of Service and Trade Unions and any feedback has been incorporated, where appropriate

## **7.0 LIST OF BACKGROUND PAPERS**

7.1 Appendix 1 - Pension and Retirement Policy

7.2 Appendix 2 - Pension and Retirement Procedures

7.3 Appendix 3 – Summary of changes

7.4 Appendix 4 - Equalities Impact Assessment

*Organisational Development and Human Resources*

# ***PENSION AND RETIREMENT POLICY***

Version 3

Produced by:  
*Policy Development Unit,  
Organisational Development and Human Resources*  
Inverclyde Council  
Municipal Buildings  
GREENOCK  
PA15 1LX

Revised  
August 2009



**INVERCLYDE COUNCIL IS AN EQUAL OPPORTUNITIES EMPLOYER**

**THIS POLICY BOOKLET IS AVAILABLE ON REQUEST, IN LARGE PRINT, BRAILLE, ON  
AUDIOTAPE, OR CD.**

# CONTENTS

DOCUMENT CONTROL .....	3
1 INTRODUCTION .....	4
2 PURPOSE AND SCOPE OF THE POLICY.....	4
3 POLICY.....	4
3.1 General.....	4
3.2 Council’s Normal Retirement Age.....	4
4 POLICY RELATING TO SPFO MEMBERS .....	5
4.1 Pension Contribution Rates.....	5
4.2 Early, Flexible, and Actuarially Reduced Retirements .....	5
4.3 Ill-Health Retirement .....	5
4.4 Transitional Arrangements .....	5
4.5 Discretionary Elements .....	5
5 POLICY RELATING TO STSS MEMBERS.....	5
5.1 Pension Contribution Rates.....	6
5.2 Actuarially Reduced, Phased and Winding Down Retirements.....	6
5.3 Ill-Health Retirement .....	6
5.4 Transitional Arrangements .....	6
5.5 Discretionary Elements .....	6
6 RIGHT OF APPEAL .....	6
APPENDIX 1 - LGPS Discretion Provisions.....	7
APPENDIX 2 - STSS Discretion Provisions .....	11

## DOCUMENT CONTROL

<b>Document Responsibility</b>		
<b>Name</b>	<b>Title</b>	<b>Service</b>
Angela Rainey	HR Team Leader – Policy Development	Organisational Development and Human Resources

<b>Change History</b>		
<b>Version</b>	<b>Date</b>	<b>Comments</b>
1	25 <sup>th</sup> September 2003	Policy & Strategy Committee
2	April 2008	Reflect changes to new layout. No change to content.
3	August 2009	Reflect amendments to Pension Schemes, and policy title change.

<b>Distribution</b>		
<b>Name/ Title</b>	<b>Date</b>	<b>Comments</b>
Corporate Management Team	20 August 2009	Appendices of Policy only.
Corporate Directors & Heads of Service	26 August 2009	
Trade Unions	26 August 2009	

*Distribution may be made to others on request*

<b>Policy Review</b>		
<b>Review Date</b>	<b>Person Responsible</b>	<b>Service</b>
January 2011	Angela Rainey	Organisational Development and Human Resources

### **Copyright**

***All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise without the prior permission of Inverclyde Council.***

## **1 INTRODUCTION**

- 1.1 This policy and related procedures have been drawn up having regard to:
- the recommendations of Audit Scotland in respect of the management of early retirement within Councils;
  - the Local Government Pension Scheme (Scotland) Regulations and the administration of this legislation by Strathclyde Pension Fund Organisation (SPFO);
  - the Teachers Superannuation (Scotland) Regulations and the administration of this legislation by the Scottish Public Pensions Agency (SPPA) in the form of the the Scottish Teacher's Superannuation Scheme (STSS).
- 1.2 The related Pension and Retirement Procedure is available from Organisational Development and Human Resources or on ICON.

## **2 PURPOSE AND SCOPE OF THE POLICY**

- 2.1 The purpose of the policy and related procedure is to summarise the Council's arrangements for the:
- application of assigned pension contributions rates;
  - approval of early retirements, including flexible and ill health retirements;
  - working beyond the Council's defined retirement age;
  - the transferring of pension benefits from another scheme;
  - and, the position on discretionary elements.
- 2.2 The terms of the policy and procedure apply to all employees of Inverclyde Council.

## **3 POLICY**

### **3.1 General**

- 3.1.1 The Council recognises that there will be occasions when it is necessary for various reasons to reassess the size of its workforce. In so doing, decisions will take account of the statutory framework of employment law, the various superannuation schemes and related regulations, financial implications and the impact of workforce reductions on individuals, industrial relations and ultimately on service delivery.
- 3.1.2 Any decisions to release employees will be done so in accordance with the 'value for money' criteria as outlined in the Council's Severance Policy and Procedure.
- 3.1.3 It is the responsibility of individual pension members to notify their pension provider of any changes in circumstances, i.e. name, address changes, returning to employment after accessing pension benefits, etc.

### **3.2 Council's Normal Retirement Age**

- 3.2.1 The normal age of retirement from the Council for all employees shall be 65. Employees will be given the right to request to work beyond this retirement age. Procedures for the request and approval of working beyond 65 are detailed within the Pension and Retirement Procedure.

- 3.2.2 An employee who has attained the normal retirement age and is a member of SPFO, or STSS (STSS from 01/04/2007) can retire and receive pension benefits without actuarial reduction.

## **4 POLICY RELATING TO SPFO MEMBERS**

### **4.1 Pension Contribution Rates**

- 4.1.1 Inverclyde Council is responsible for calculating the pension contribution rate to be assigned for each employee. This will be determined each year in accordance with an employee's full-time equivalent (FTE) pensionable pay on the 31st March. The assigned pension contribution rate is thereafter applied in accordance with the statutory guidance produced by SPPA. Multiple contracts of employment are considered separately and therefore, may result in the assignment of separate contribution rates for each.
- 4.1.2 Contribution rates are subject to change on an annual basis depending on the employee's level of pensionable pay and in line with the Pensions Increase Legislation. Revised contribution rates will be published by the Scottish Public Pension Agency.
- 4.1.3 Pensionable pay is defined as an employee's hourly rate plus any atypical allowance, contractual overtime, and any other taxable benefit specified in the contract as pensionable. It does not include non-contractual overtime, expenses, payment in lieu of notice, and pay in lieu of lost holidays. For variable payments/atypical allowances an estimate of the annual rate will be included in the pensionable pay calculation.
- 4.1.4 An annual appeal process is available which involves one internal stage. Further details are available within the Pension and Retirement Procedure.

### **4.2 Early, Flexible, and Actuarially Reduced Retirements**

- 4.2.1 Will be considered taking into consideration the factors outlined in paragraph 3.1.1 above. Procedures for the request and approval of these retirement options are detailed within the Pension and Retirement Procedures.

### **4.3 Ill-Health Retirement**

- 4.3.1 Are subject to the approval of an Independent Occupational Health Advisor who has not previously advised, given an opinion, or been involved in the case for which the ill-health certificate is being requested.

### **4.4 Transitional Arrangements**

- 4.4.1 For a specific period, transitional arrangements are applicable for certain existing members of the pension scheme and these are detailed within the Pension and Retirement Procedures and on the SPF website – [www.spfo.org.uk](http://www.spfo.org.uk).

### **4.5 Discretionary Elements**

- 4.5.1 There are a number of discretions which employing authorities have the ability to apply. Appendix 1 outlines the Council's position in the application of these discretions.

## **5 POLICY RELATING TO STSS MEMBERS**



## **5.1 Pension Contribution Rates**

5.1.1 Pension contribution rates are a flat rate set by SPPA.

## **5.2 Actuarially Reduced, Phased and Winding Down Retirements**

5.2.1 Will be considered taking into consideration the factors outlined in paragraph 3.1.1 above. Procedures for the request and approval of these retirement options are detailed within the Pension and Retirement Procedures.

## **5.3 Ill-Health Retirement**

5.3.1 The decision as to whether a pension member is eligible for partial or total incapacity benefits will be made by the SPPA medical advisors.

## **5.4 Transitional Arrangements**

5.5.1 For a specific period, transitional arrangements are applicable for certain existing members of the pension scheme and these are detailed within the Pension and Retirement Procedures and on the SPPA website – [www.sppa.gov.uk](http://www.sppa.gov.uk).

## **5.5 Discretionary Elements**

5.4.1 There are a number of discretions which employing authorities have the ability to apply. Appendix 2 outlines the Council's position in the application of these discretions.

## **6 RIGHT OF APPEAL**

6.1 Where a right of appeal applies this will be detailed within the Pension and Retirement Procedures.

# APPENDIX 1

## LGPS Discretion Provisions

<u>Provision:</u>	<u>Option:</u>	<u>Council Position:</u>	<u>Approval by:</u>
Augmentation - Benefit Reg. 12	An employer may augment the membership of a current member at any time by up to 10 years or to the members 65 <sup>th</sup> birthday, if shorter. Can be applied at any stage of the employment relationship. Employer meets full cost which is payable within one month. For example, if employer headhunts a particular individual, could offer to increase or augment their service up to a maximum of 10 years.	The Council has chosen not to apply this discretion.	Not applicable.
Award of additional pension benefits – Benefit Reg. 13	The employer may award a member additional pension of not more than £5000 a year payable at the date the member's pension is due.	The Council has chosen not to apply this discretion.	Not applicable.
Flexible retirement – Benefit Reg. 18 (1)(b) and 18 (2)	Subject to employer consent a member may receive payment of their pension and lump sum and continue working in the same employment, as long as they reduce their hours and/or grade. To access their pension, the member must have asked for flexible retirement at the same time as asking for the reduction in hours/grade. Employer consent is not required by a member to have access to their pension benefits but is required for requesting a reduction in hours and/or grade.	Consideration will be given to any requests from employees aged at least 55* for flexible retirement, subject to cost, Council needs, etc. There must be a reduction to the grade and/or hours that the employee currently undertakes. The reduction in hours/salary should normally be at least 20% but no more than 50%. If flexible retirement is agreed, waiving of any reduction in benefits, in full or part will not normally be approved as it incurs a cost to the Council unless there is a demonstration of value for money.	Approval to waive, in whole, or in part, any reduction in a members benefit, will be required from the Head of Organisational Development and Human Resources and the Chief Financial Officer. Final approval from CMT and Policy and Resources Committee.
Ill-health gratuity – Discretionary (Amendments) Part VI	Allows an employer to provide a one-off lump sum payment to an employee in circumstances where the employment is terminated on grounds of ill-health but the employee was not eligible to receive ill-health retirement benefits.	The Council has chosen not to apply this discretion.	Not applicable.

**LGPS Discretion Provisions (continued)**

<b><u>Provision:</u></b>	<b><u>Option:</u></b>	<b><u>Council Position:</u></b>	<b><u>Approval:</u></b>
Early leavers – Benefit Reg. 30 (2)	Request for early payment of pension benefits between the ages of 55* and 60. The member must leave local government employment before they may receive their pension at the discretion of the Council and it will be actuarially reduced in accordance with the regulations.	May be approved where there is no cost to the Council or foreseeable recruitment and/or retention issues with the remaining post.	Head of Organisational Development & Human Resources, Chief Financial Officer, and Corporate Director. Final approval from CMT and Policy and Resources Committee.
Early leavers – Benefit Reg. 30 (5)	A member may request early payment of pension benefits, as described above, and the Council may waive the actuarial reduction on compassionate grounds	In extreme exceptional circumstances (i.e. on compassionate grounds) the Council may decide to approve early payment of an employee’s pension and lump sum without it being actuarially reduced. There must be a demonstration of ‘value for money’ for the release to be approved.	As above.
Late applications to pay optional contributions following authorised leave - Admin. Reg. 19	A member returning from an approved period of leave is permitted to pay the contributions that would have been payable if they had not been absent provided this election is exercised within the 30 day time limit. An employer has discretion to extend this time limit.	Will not normally be agreed unless an employee can provide evidence of extenuating circumstances. If an extension is agreed, it will be no more than an additional 30 days.	Head of Organisational Development & Human Resources, and Chief Financial Officer.
Shared cost AVCs - Admin. Reg. 22 (3)	Allows employers to set up an additional voluntary contributions (AVC) scheme requiring a contribution from the employer.	Council have elected not to set up additional shared contribution scheme. Employees already have access to AVC’s (currently Prudential) which accepts member only contributions.	Not applicable.
Transfer of previous pension benefits – Admin. Reg. 78	Allows employers to grant a 12 month extension to the initial 12-month time limit for accepting transfers in of previous public sector club schemes to the LGPS. Applies to existing active members who are outwith the 12-month period from their date of entry to the scheme.	Council may exercise discretion to extend beyond the schemes initial 12-month period where an employee has been unable to adhere to the 12-month time limit due to long term sick leave. An extension of no more than 3 months from their return from sickness absence will be granted, subject to that period not exceeding 24 months from date of entry to scheme.	Head of Organisational Development and Human Resources.

**Discretion Provisions (continued)**

<b><u>Provision:</u></b>	<b><u>Option:</u></b>	<b><u>Council Position:</u></b>	<b><u>Approval:</u></b>
Forfeiture of pension rights after employment related offences – Admin. Reg. 66	Allows an employer to apply to the Scottish Ministers to forfeit all or part of a scheme member's pension benefits in the case of conviction of a serious offence which was either gravely injurious to the state or liable to lead to a serious loss of confidence in the public service.	The Council may exercise this discretion in circumstances such as conviction of a serious crime.	Head of Organisational Development and Human Resources.
Recovery or retention where former member has misconduct obligation – Admin. Reg. 68	Allows employers to recover pension benefits in respect of acts of theft or fraud carried out by an employee or former employee.	The Council may recover from pension benefits any loss arising from criminal, negligent or fraudulent act by a former employee, provided that all other efforts to recover monetary obligations have been exhausted, in the interests of maintaining confidence in the public service.	Head of Organisational Development and Human Resources.
Calculation of a week's redundancy pay – Discretionary Reg. 4	Allows employers to increase statutory redundancy payments above statutory weekly pay limit.	A week's redundancy pay will be calculated as being the actual pensionable weekly pay received by the employee at the time of the calculation.	Not applicable.
Redundancy – Discretionary (Amendments) Reg. 20	Allows employers to increase the maximum lump sum compensation payment in cases of redundancy from 66 to 104 weeks.	The Council will have the discretion to apply up to 66 weeks which will be dependent on circumstances and a demonstration of 'value for money'. Application will be applied in line with the Council's Severance Policy and Procedures.	Chief Executive in consultation with the Chief Financial Officer, Corporate Director and the Head of Organisational Development & Human Resources. Final approval by the CMT and Policy and Resources Committee.
Early retirement (redundancy grounds) – Discretionary Reg. Part V	Allows employers to provided up to 6 & 2/3 <sup>rd</sup> added years for those aged over 55* and with 5 years or more membership.	Will apply in line with the Council's Severance Policy and Procedures.	As above.

**Discretion Provisions (continued)**

<b><u>Provision:</u></b>	<b><u>Option:</u></b>	<b><u>Council Position:</u></b>	<b><u>Approval:</u></b>
Early retirement (efficiency grounds) – Discretionary Reg. Part V	Allows employers to provided up to 10 added years for those aged over 55*.	Will apply in line with the Council’s Severance Policy and Procedures.	As above.

**Notes: -**

- \* Transitional arrangements apply. Further details available under paragraph 3.2 of the related procedure. Compensation payments under the compensation added years (CAY) provisions of the Discretionary Payments Regulations will continue to be calculated on a 1/80th annual compensation, 3/80<sup>th</sup> lump sum approach.

**Provision titles in full**

Benefit Reg. – The Local Government Pension Scheme (Benefits, Membership, and Contributions) (Scotland) Regulations 2008  
 Discretionary (Amendments) - The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Amendment Regulations 2009  
 Admin. Reg. - The Local Government Pension Scheme (Administration) (Scotland) Regulations 2008  
 Discretionary Reg. - The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998

## APPENDIX 2

### STSS Discretion Provisions

<u>Provision:</u>	<u>Option:</u>	<u>Council Position:</u>	<u>Approval:</u>
Added pension - The Teachers' Superannuation (Scotland) Regulations 2007 as amended	The employer may award a member additional pension of not more than £5000 a year. Has to be paid as a lump sum see part 13.1.6 of SSTA Employer Guide.	The Council has chosen not to apply this discretion.	Not applicable.
Early retirement (Redundancy grounds) – Teachers Compensation for Premature Retirement & Redundancy (Scotland) Regs.1996 as amended	Allows employers to increase the maximum lump sum compensation payment in cases of redundancy from 66 to 104 weeks.	The Council will have the discretion to apply up to 66 weeks which will be dependent on circumstances and a demonstration of 'value for money'. Application will be applied in line with the Council's Severance Policy and Procedures.	Chief Executive in consultation with the Chief Financial Officer, Corporate Director and the Head of Organisational Development & Human Resources. Final approval by the CMT and Policy and Resources Committee.
Early retirement (Efficiency grounds) – Teachers Compensation for Premature Retirement & Redundancy (Scotland) Regs.1996 as amended	Allows employers to provide up to 10 added years for those aged over 55* and with 5 years or more membership.	Will apply in line with the Council's Severance Policy and Procedures.	As above.
Early retirement (Redundancy grounds) – Teachers Compensation for Premature Retirement & Redundancy (Scotland) Regs.1996 as amended	Allows employers to provide up to 6 and 2/3 added years for those aged over 55* and with 5 years or more membership.	Will apply in line with the Council's Severance Policy and Procedures.	As above.

**Teacher's Pension Discretion Provisions (continued)**

<b><u>Provision:</u></b>	<b><u>Option:</u></b>	<b><u>Council Position:</u></b>	<b><u>Approval:</u></b>
Winding Down Scheme - The Teachers' Superannuation (Scotland) Regulations 2005 as amended	Phased retirement option which offers those members of STSS opportunity to go part time while protecting overall final pension entitlement. Must be at least 56 years old with a minimum of 25 years teaching service.	Participation will be dependant upon whether the Council can offer a part time contract that fits with the provision of the scheme.	Head of Organisational Development and Human Resources in consultation with the Corporate Director. Final eligibility will be determined by SPPA.
Phased Retirement - The Teachers' Superannuation (Scotland) Regulations 2007 as amended	Employee from age 55 can receive pension benefits and continue working provided they reduce pensionable salary by 25% or more for at least 12 months.	Participation will be dependant upon whether the Council can offer a reduction in hours or grade that fits with the provision of the scheme.	Head of Organisational Development and Human Resources and Corporate Director.
Actuarially Reduced Retirement Benefit - The Teachers' Superannuation (Scotland) Regulations 2005 as amended	Member of STSS between the ages of 55 and 59 can retire with actuarially reduced benefits. Consent of Council is needed but consent cannot be delayed by more than 6 months from date of application.	Council reserves right to delay consent where it is in interests of the efficiency of the service to do so. Consent will not be unduly delayed and will be granted no later than 6 months from date of application	Head of Organisational Development and Human Resources in consultation with the Corporate Director and Chief Financial Officer.

**Notes: -**

\* Transitional arrangements apply. Further details available under paragraph 4.2.1 of the related procedure.

Granted added years cannot exceed a member's pension retirement age 60 (or 65 if member on or after 1<sup>st</sup> April 2007) or 40 years membership (45 years if member on or after 1<sup>st</sup> April 2007).

**(END OF DOCUMENT)**

*Organisational Development and Human Resources*

# ***PENSION AND RETIREMENT PROCEDURE***

Version 3

Produced by:  
*Policy Development Unit,  
Organisational Development and Human Resources*  
Inverclyde Council  
Municipal Buildings  
GREENOCK  
PA15 1LX

Revised  
August 2009



**INVERCLYDE COUNCIL IS AN EQUAL OPPORTUNITIES EMPLOYER**

**THIS POLICY BOOKLET IS AVAILABLE ON REQUEST, IN LARGE PRINT, BRAILLE, ON  
AUDIOTAPE, OR CD.**



# CONTENTS

DOCUMENT CONTROL.....	2
1 PURPOSE .....	4
1.1 Aims.....	4
2 GENERAL PROCEDURES IN OPERATION.....	4
2.1 Working Beyond the Council’s Retirement Age .....	4
3 PROCEDURES RELATING TO SPFO MEMBERS.....	5
3.1 Pension Contribution Rates.....	5
3.2 Transitional Arrangements .....	6
3.3 Early Retirement in a Redundancy Situation .....	6
3.4 Early Retirement in an Efficiency Situation.....	6
3.5 Flexible Retirement .....	7
3.6 Ill Health Retirement.....	7
3.7 Rule of 85 .....	8
3.8 Certificate of Material Change .....	8
4 PROCEDURES RELATING TO STSS MEMBERS.....	9
4.1 Pension Contribution Rates.....	9
4.2 Transitional Arrangements .....	9
4.3 Early Retirement in a Redundancy Situation .....	10
4.4 Early Retirement in an Efficiency Situation.....	10
4.5 Actuarially Reduced Pension Retirement.....	10
4.6 Phased Retirement.....	10
4.7 Winding Down Retirement .....	11
4.8 Ill Health Retirement.....	11
APPENDIX 1 - FORM (HR/RET) REQUEST TO WORK BEYOND NORMAL RETIREMENT AGE ..	12
APPENDIX 2 - FORM (HR/LGPS) NOTIFICATION OF APPEAL .....	15
APPENDIX 3 – FORM (HR/LGPS) RETIREMENT AGE FORM.....	19

## DOCUMENT CONTROL

<b>Document Responsibility</b>		
<b>Name</b>	<b>Title</b>	<b>Service</b>
Angela Rainey	HR Team Leader – Policy Development	Organisational Development and Human Resources

<b>Change History</b>		
<b>Version</b>	<b>Date</b>	<b>Comments</b>
1	25 <sup>th</sup> September 2003	Policy & Strategy Committee
2	April 2008	Reflect changes to new layout. No change to content.
3	August 2009	Reflect amendments to Pension Schemes.

<b>Distribution</b>		
<b>Name/ Title</b>	<b>Date</b>	<b>Comments</b>
Corporate Directors & Heads of Service	26 August 2009	
Trade Unions	26 August 2009	

*Distribution may be made to others on request*

<b>Policy Review</b>		
<b>Review Date</b>	<b>Person Responsible</b>	<b>Service</b>
January 2011	Angela Rainey	Organisational Development and Human Resources

### **Copyright**

***All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise without the prior permission of Inverclyde Council.***

## **1 PURPOSE**

### **1.1 Aims**

- 1.1.1 To provide a common framework for dealing with responsibilities relating to pension and retirement under the following:
- the recommendations of Audit Scotland in respect of the management of early retirement within Councils;
  - the Local Government Pension Scheme (Scotland) Regulations and the administration of this legislation by Strathclyde Pension Fund Organisation (SPFO);
  - the Teachers Superannuation (Scotland) Regulations and the administration of this legislation by the Scottish Public Pensions Agency (SPPA) in the form of the the Scottish Teacher's Superannuation Scheme (STSS).
- 1.1.2 These procedures should be used in conjunction with the Council's *Pension and Retirement Policy* which is available from Organisational Development and Human Resources (OD&HR) or on ICON.

## **2 GENERAL PROCEDURES IN OPERATION**

### **2.1 Working Beyond the Council's Retirement Age**

- 2.1.1 The Council's retirement age is 65 years old. In line with Employment Equality (Age) Regulations 2006, employees nearing the age of 65 will be issued with correspondence from OD&HR between 6 and 9 months prior to their 65<sup>th</sup> birthday. This correspondence will advise of the Council's intention to retire them but also of the right to request to work beyond the normal retirement age. Enclosed in this correspondence will be the form (HR/RET) - Requesting to Work Beyond Normal Retirement Age (Appendix 1) which must be completed by all employees regardless of whether they wish to retire or not.
- 2.1.2 If requesting to work beyond the normal retirement age the employee will be required to discuss this with their line manager prior to returning the completed form to OD&HR. Guidance on the process to be followed is detailed within the form.
- 2.1.3 If wishing to proceed with retirement the employee should complete Section 1 of the form and return to OD&HR for processing.
- 2.1.4 It is important that all timescales are met when choosing whether to work beyond the normal retirement age or not. These timescales are detailed on the guidance notes within form HR/LGPS/Requesting to Work Beyond Normal Retirement Age.
- 2.1.5 Where an employee has been refused their request to work beyond the normal retirement age they will have the right of appeal. The appeal must be submitted in writing to the Head of OD&HR who will arrange for it to be heard by a Corporate Director not previously involved in the approval process.

### **3 PROCEDURES RELATING TO SPFO MEMBERS**

#### **3.1 Pension Contribution Rates**

- 3.1.1 Payroll Services will be responsible for calculating the pension contribution rate to be assigned to each employee. This will be done so on an annual basis and determined on an employee's full-time equivalent (FTE) pensionable pay as at the 31<sup>st</sup> March. Communication of the revised rate will be published in an employee's payslip.
- 3.1.2 Employees have the right of appeal against their assigned pension contribution rate. The appeal will be an annual process since the assessment of pensionable pay and assignment to a contribution rate will occur yearly. The process will involve one internal stage.
- 3.1.3 Appeals must be submitted in writing by an employee to OD&HR using the form (HR/LGPS) - Formal Appeal (Appendix 2) within 6 months of the notification of the assigned contribution rate. A submitted appeal will be acknowledged within 10 working days.
- 3.1.4 Submitted appeals will then be considered by the Head of OD&HR (or nominated representative) in consultation with Strathclyde Pension Fund. Where it is deemed further information is required in order to make a decision on an appeal additional details may be requested either in writing or at a meeting with the employee. If a meeting is required the employee will be entitled to have a representative present.
- 3.1.5 Appeal outcomes will be provided in writing and within 2 months of the date the appeal was submitted.
- 3.1.6 Although there is no further internal appeal stage, an employee has the right to raise an appeal in writing to the Scottish Ministers within 6 months.
- 3.1.7 There will be no in year changes to contribution rates once these have been set on the 31<sup>st</sup> March each year. There is however, provision for changing a contribution rate where there has been a permanent material change to a member's terms and conditions. For example, a change in the assigned contribution rate may be appropriate where an employee has had a significant reduction in salary with no protection as a result of a pay review. Approval for any such changes must be sought from the Chief Financial Officer and the Head of OD&HR.

### 3.2 **Transitional Arrangements**

3.2.1 For a specific period, transitional arrangements are applicable for certain existing members of Strathclyde Pension Fund. These are:

Retirement Type	Date Joined Scheme	Retiral Age	Protection End Date	Further Information
Redundancy / Efficiency	Before 06.04.06	50	N/A	Unlimited
	06.04.06 – 31.03.09	50	31.03.2010	Minimum age rises to 55 after protection end date.
	From 01.04.09	55	N/A	N/A
Flexible	Before 01.04.09	50	31.03.2010	Minimum age rises to 55 after protection end date.
	From 01.04.09	55	N/A	N/A
Rule of 85	Before 01.12.06	60 by	31.03.2020	Pension paid, no reduction.
	Before 01.12.06	Not 60 by	01.04.2020	Only benefits accrued from 01.04.08 will be reduced. An employee who meets the rule of 85 before 2020 but stays on will have service from 01.04.2020 reduced.
Retiral Type	Date Joined Scheme	Protection		
Ill-Health	Before 01.04.09	If a leaver would have had a larger enhancement under the old regulations, then benefits will be calculated using the old scheme enhancement.		

3.2.2 All information from this paragraph onwards will relate to the eligibility criteria for retirement options as defined by the new LGPS scheme. Where an employee is covered by the above transitional arrangements they should bear these in mind when considering their eligibility for retirement.

### 3.3 **Early Retirement in a Redundancy Situation**

3.3.1 Where the Council has taken the policy decision to endorse redundancies on either a voluntary or compulsory basis the relevant identified group potentially affected will be advised as per the Council's Severance Policy and Procedures. The Council may decide to invite employees aged 55 and over and with 5 years or more pension membership to indicate their interest in being considered for early retirement. In considering any request in line with the 'value for money' criteria, the Chief Executive will consult with the Chief Financial Officer, Corporate Director and the Head of OD&HR. Final approval will be required by the Corporate Management Team and Policy and Resources Committee.

3.3.2 For discretions that may apply in these circumstances reference should be made to Appendix 1, Pension and Retirement Policy.

### 3.4 **Early Retirement in an Efficiency Situation**

3.4.1 Retirements in the interests of efficiency of the service for employees aged 55 and over and with 5 years or more pension membership may be considered as per the

Council's Severance Policy and Procedures. In considering any request in line with the 'value for money' criteria, the Chief Executive will consult with the Chief Financial Officer, Corporate Director and the Head of OD&HR. Final approval will be required by the Corporate Management Team and Policy and Resources Committee. Either an employee or the employing Service may initiate early retirement in the interests of the efficiency of the service. Where the employee initiates the application then it should be made in the first instance to the Corporate Director.

- 3.4.2 For discretions that may apply in these circumstances reference should be made to Appendix 1, Pension and Retirement Policy.

### **3.5 Flexible Retirement**

3.5.1 Employees aged 55 and over with at least two years pension membership can apply for flexible retirement. Flexible retirement involves a reduction in your hours/grade and partial withdrawal of pension benefits while being able to continue in employment. Approval from the employer is required and requests for flexible retirement must be done so using the form (HR/LGPS) - Flexible Retirement (Appendix 3) which also contains guidance on the process to be followed in considering such a request.

3.5.2 For flexible retirement to be considered the reduction in hours/salary should normally be at least 20% but no more than 50% of the current hours/salary.

3.5.3 Where appropriate, figures from SPFO may be requested to establish strain on the fund costs to the Council. If flexible retirement is agreed, waiving of any reduction in benefits, in full or part will not normally be approved unless there is a demonstration of value for money.

3.5.4 Approval is required by the Head of Service. Final approval is required by the Head of OD&HR. Where a strain on the fund cost exists but is demonstrated as being 'value for money', final approval will be required by the Corporate Management Team and thereafter the Policy and Resources Committee.

3.5.5 Employees who have had their flexible retirement request refused may appeal in writing to the Head of OD&HR who will arrange for the appeal to be heard by a Corporate Director.

### **3.6 Ill Health Retirement**

3.6.1 Ill health retirements are subject to the approval of the Council's Occupational Health Adviser. To be eligible for ill health retirement the Council's Occupational Health Advisor must determine one of two tier levels:

Tier 1: that the member's ill-health or infirmity of mind or body renders the member permanently incapable of discharging efficiently the duties of the member's current employment; or

Tier 2: that there is a reasonable prospect of the member obtaining gainful employment before age 65 (i.e. for not less than 30 hours per week for a period of not less than 12 months).

The benefits which apply to each tier are:

Tier 1: 100% of actual and prospective service up to age 65;

Tier 2: 100% of your service to date PLUS 25% of your prospective service up to age 65.

- 3.6.2 If the above criteria is met, the Occupational Health Advisor will complete and submit a S18 certificate to OD&HR for processing.
- 3.6.3 Where a S18 certificate is received a Human Resources (HR) Advisor and the line manager may arrange to meet with the employee to confirm termination of employment arrangements, if this has not been previously discussed. Where ill-health has been granted, the employee's employment will be terminated on the grounds of ill-health and they will be entitled to any pay in lieu notice due. The HR Advisor will confirm the termination of employment in writing. The employee will also be required to complete Part 1, of the S9 form and return to the HR Advisor as soon as possible.
- 3.6.4 Where an employee has been terminated on the grounds of ill-health they will have the right of appeal. Any appeal should be submitted in writing to the Head of OD&HR who will arrange for the appeal to be heard by the Human Resources (HR) Appeals Board.
- 3.6.5 Where an employee has been rejected for ill-health retirement they will be entitled to a one stage internal appeal as per the LGPS Internal Dispute Resolution Procedures. Appeals must be submitted in writing to the Head of OD&HR within 6 months of being refused ill-health retirement. A submitted appeal will be acknowledged within 10 working days.
- 3.6.6 Submitted appeals will then be considered by the Head of OD&HR (or nominated representative) in consultation with Strathclyde Pension Fund. Where it is deemed further information is required in order to make a decision on an appeal additional details may be requested either in writing or at a meeting with the employee. If a meeting is required the employee will be entitled to have a representative present. Appeal outcomes will be provided in writing and within 2 months of date the appeal was submitted.
- 3.6.7 Although there is no further internal appeal stage, an employee has the right to raise an appeal in writing to the Scottish Ministers within 6 months.

### **3.7 Rule of 85**

- 3.7.1 Although the Rule of 85 was removed from the scheme in 2006 a number of protections remain as detailed in paragraph 3.2.1. Where the criteria outlined in paragraph 3.2.1 is met, an employee may request early retirement where the sum of their age and length of service is at least 85. This is known as the Rule of 85. The discretion to release the employee rests with the Council. Where an employee is released under the Rule of 85 no added years will be awarded.
- 3.7.2 Applications for retirement under the Rule of 85 will be subject to approval by the Chief Executive in consultation with the relevant Corporate Director, the Chief Financial Officer and the Head of Organisational Development & Human Resources. Final approval will be required by the Corporate Management Team and Policy and Resources Committee.

### **3.8 Certificate of Material Change**

- 3.8.1 A Certificate of Material Change (Form S20) applies when:

“There is a material change in circumstances caused by an employee’s incapacity to continue to discharge efficiently his or her duties OR from other circumstances beyond the employee’s control AND as a result of the material change the employee has suffered a reduction or restriction in pay”. *Extract from Form S20, SPFO.*

3.8.2 Where an employee believes their circumstances meet the criteria outlined in paragraph 3.8.1 they should discuss this further with a HR Advisor. Where it is agreed the criteria has been met, the HR Advisor will arrange to have Form S20 forwarded to Payroll with a request to have it complete and sent to SPFO on behalf of the employee.

3.8.3 Form S20 will not be issued where a reduction in pay follows:

- a temporary increase in pay, or;
- a temporary increase is reduced to a level which is above normal pay, or;
- a temporary reduction in pay is made.

3.8.4 Form S20 remains in force for a period of 10 years from the date of the material change.

## 4 PROCEDURES RELATING TO STSS MEMBERS

### 4.1 Pension Contribution Rates

4.1.1 Pension contribution rates are a flat rate set by SPPA.

### 4.2 Transitional Arrangements

4.2.1 For a specific period, transitional arrangements are applicable for certain existing members of STSS. These are:

Retirement Type	Date Joined Scheme	Retiral Age	Protection End Date	Further Information
Normal Pensionable Age (NPA)	Pre 01.04.07	60	N/A	N/A
	After 01.04.07	65		
If a deferred member subsequently returns on or after 01.04.07 they may come under transitional arrangements that preserve their NPA as 60. Further details can be found from either the member's handbook, employer's handbook or <a href="http://www.sppa.gov.uk">www.sppa.gov.uk</a>				
Premature Retirement on Efficiency or Redundancy Grounds	Pre 30.06.06 member, and	50 by	06.04.2010	Minimum age rises to 55 after protection end date (06.04.2010).
	Post 30.06.06	55	N/A	N/A
Actuarially Reduced Pension	Pre 01.04.07	55-60	N/A	N/A
	Post 01.04.07	55-65	N/A	N/A
Phased Retirement	Pre 06.04.88	55	Require only 2 years pensionable service.	
	Post 06.04.88	55	Require 5 years pensionable service.	

4.2.2 All information from this paragraph onwards will relate to the eligibility criteria for retirement options as defined by the current STSS scheme. Where an employee is



covered by the above transitional arrangements they should bear these in mind when considering their eligibility for retirement.

#### **4.3 Early Retirement in a Redundancy Situation**

4.3.1 Where the Council has taken the policy decision to endorse redundancies on either a voluntary or compulsory basis the relevant identified group potentially affected will be advised as per the Council's Severance Policy and Procedures. The Council may decide to invite employees who meet premature retirement age criteria to indicate their interest in being considered for early retirement. In considering any request the Chief Executive will consult with the Chief Financial Officer, Corporate Service Director and the Head of OD&HR. Final approval will be required by the Corporate Management Team and Policy and Resources Committee.

4.3.2 For discretions that may apply in these circumstances reference should be made to Appendix 2, Pension and Retirement Policy.

#### **4.4 Early Retirement in an Efficiency Situation**

4.4.1 Retirements in the interests of efficiency of the service may be considered as per the Council's Severance Policy and Procedures. In considering any request in line with the 'value for money' criteria, the Chief Executive will consult with the Chief Financial Officer, Corporate Director and the Head of OD&HR. Final approval will be required by the Corporate Management Team and Policy and Resources Committee. Either an employee or the employing Service may initiate early retirement in the interests of the efficiency of the service. Where the employee initiates the application then it should be made in the first instance to the Corporate Director.

4.4.2 For discretions that may apply in these circumstances reference should be made to Appendix 2, Pension and Retirement Policy.

#### **4.5 Actuarially Reduced Pension Retirement**

4.5.1 Employees aged between the ages of 55 and 65 can retire with actuarially reduced benefits. Consent from the Council is required but cannot be delayed by more than 6 months from date of application.

4.5.2 Any requests for an actuarially reduced pension must be done so using the SPPA form STSS: (RET) and referring to the SPPA 'Guidance Notes STSS (RET)' which can be obtained from the SPPA website: [www.sppa.gov.uk](http://www.sppa.gov.uk) or from OD&HR. Completed forms should be sent to the Head of OD&HR for consideration.

#### **4.6 Phased Retirement**

4.6.1 Employees aged 55 and over with at least 5 years pension membership can apply for phased retirement. Phased retirement requires a reduction in salary of at least 25% for a minimum of 12 months. The reduction may be due to either a reduction of hours or salary. Any applications for such a request must be done so using the SPPA form STSS: (PHA) 1 and referring to the SPPA 'Notes for Guidance for Completing Form STSS (PHA) 1' which can be obtained from the SPPA website or from OD&HR. Completed forms should be sent to the Head of OD&HR for consideration.

## **4.7 Winding Down Retirement**

- 4.7.1 Winding down is a phased retirement option which offers those members approaching retirement age, the opportunity to continue in employment on a part-time basis whilst protecting their overall final retirement pension entitlement.
- 4.7.2 To request winding down retirement you must meet a number of eligibility criteria including approval from the Council. Applicants must be at least 56 years old with a minimum of 25 years teaching service. Further eligibility criteria is detailed within your Members Guide, or from the [www.sppa.gov.uk](http://www.sppa.gov.uk) website. Any applications for such a request must be done so using the SPPA form STSS: (WD) 12 and referring to the SPPA 'Guidance Notes for Winding Down' which can be obtained from the SPPA website or from OD&HR. Completed forms should be sent to the Head of OD&HR for consideration.

## **4.8 Ill Health Retirement**

- 4.8.1 Before ill-health retirement would be considered by SPPA consideration must have been given to look at ways to helping employees remain in or return to work (i.e. redeployment, workplace adjustments, a post with less responsibility, etc).
- 4.8.2 Where 4.8.1 has been considered, or where it is deemed not appropriate, an employee may apply, through OD&HR, to be considered for ill-health retirement by completing and returning to SPPA the following forms: STSS (INC), and STSS (MED).
- 4.8.3 All applications, supporting medical evidence and other supporting documents will be sent to the Medical Advisors appointed by SPPA who will assess the evidence provided and make a recommendation to SPPA. Thereafter, both the employee and OD&HR will receive notification on the outcome from SPPA. To be eligible for ill health retirement one of the following must be determined:
- Total Incapacity : granted to members who are totally incapable of teaching and where the teacher's ability to carry out any work is impaired by more than 90% and is likely permanently to be so; or
- Partial Incapacity: granted to members who are totally incapable of teaching, but can undertake other employment.
- 4.8.4 Where ill-health retirement has been granted a HR Advisor and the line manager may arrange to meet with the employee to confirm termination of employment arrangements, if this has not been previously discussed. Where ill-health has been granted, the employee's employment will be terminated on the grounds of ill-health and be entitled to any pay in lieu notice due. The HR Advisor will confirm the termination of employment in writing.
- 4.8.5 Where an employee has been terminated on the grounds of ill-health they will have the right of appeal. Any appeal should be submitted in writing to the Head of OD&HR who will arrange for the appeal to be heard by the Education Appeals Board.
- 4.8.6 Where an ill-health retirement application has been rejected by SPPA employees will have the right to ask SPPA for a review of this decision. The process to be followed in requesting a review will be indicated within the correspondence issued by SPPA to the employee advising of their rejected application.

**APPENDIX 1**

**FORM (HR/RET)**

**REQUEST TO WORK BEYOND NORMAL RETIREMENT AGE**

**Note to the Employee**

All employees have a statutory right to **request** to work beyond the Council's normal retirement age and the Council has a legal obligation to consider such requests. When completing this form you should do so in conjunction with the Council's Pension and Retirement Policy and Procedures which are available on ICON or from Organisational Development and Human Resources (OD&HR).

This form should be used to:

- indicate you wish to proceed with your retirement at 65; or
- make an application to work beyond the Council's normal retirement age of 65 under the Council's Pension and Retirement Policy and Procedures.

**Before completing this form, you should discuss any implications for your pension benefits with a representative from your pension fund.**

In all cases, please ensure you complete Section 1 of this form. A completed copy of this form **must** be sent to Organisational Development and Human Resources (OD&HR).

**Your request is subject to final approval from the Head of OD&HR.**

This form should be completed as soon as possible, but no later than **4 months** before you reach the Council's normal retirement age of 65. Please bear in mind that if your request to continue working beyond 65 is not granted it can still take up to a further 3 months to process your pension.

**Note to the Manager**

On receipt of this form, you must do the following:

- arrange a meeting within **14 days** to discuss the employee's request and consider it thoroughly;
- provide the employee with a written response detailing the outcome of this meeting within **7 days**;
- allow the employee the right to be accompanied at the meeting by a trade union representative, or person of their choice;
- complete Section 2 (f), then send this form and a copy of any correspondence to OD&HR for final consultation and processing.

Confirmation will be issued to the employee subject to final approval from the Head of OD&HR. If you require any assistance in dealing with the request, please contact OD&HR. Example letters can be requested from OD&HR.

**SECTION 1 – to be completed by the employee**

**(A) PERSONAL DETAILS**

Name:			
Pension Scheme Member	<input type="checkbox"/> YES	<input type="checkbox"/> NO	NI Number:
Member of Scheme:	<input type="checkbox"/> STSS	<input type="checkbox"/> SPFO	Date of Birth:
Service:			Work Location
Job Title:			Grade
Date joined Council:			Contact Number:

**(B) REPRESENTATIVE DETAILS**

Name of Trade Union / Representative:		Name of Representative & Contact Number	
---------------------------------------	--	---	--

**(C) NOT WORKING BEYOND RETIREMENT**

I wish to proceed with my intended retirement date at age 65.

Please tick one box below:

- I wish to draw my pension benefits.  
 I am not a member of the pension scheme.

**GO TO (E) SIGN AND DATE THE FORM. RETURN AS SOON AS POSSIBLE TO OD&HR IN THE STAMPED ADDRESSED ENVELOPE.**

**(D) REQUESTING TO WORK BEYOND RETIREMENT**

- I wish to request to continue working beyond my 65<sup>th</sup> birthday. I wish to work on:
- For a stated period (e.g. 1 year), please specify:
  - Until a certain date, please specify:

**Go to (E) sign and date this form. You must now forward your form to your line manager who will consider your request.** In considering your request, your line manager will do the following:

- Arrange a meeting within 14 days with you to discuss your request. You have the right to be accompanied at this meeting.
- Provide you with a written response detailing the outcome of this meeting within 7 days.
- Complete the remaining sections of the form and submit to OD&HR.

You have the right of appeal if your request is refused. If choosing to appeal, you must do so in writing within 5 working days of receipt of the letter from your line manager. Your appeal must be submitted to the Head of OD&HR who will arrange for it to be heard by a Corporate Director not previously involved in the approval process.

**(E) EMPLOYEE DECLARATION**

I confirm that I have discussed the pension implications with a representative from the pension scheme or another appropriate person (where applicable).

Signed:	_____	Date	_____
---------	-------	------	-------

**SECTION 2 – to be completed by the line manager**

(a) Date application received:			
(b) Has the employee requested to work beyond 65?	<input type="checkbox"/> YES <b>(Go to part C)</b>	<input type="checkbox"/> NO <b>(Go to part I)</b>	
(c) Has a meeting taken place with the employee to discuss the request?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
(d) Date of meeting:			
(e) Has employee received written confirmation of your decision?	<input type="checkbox"/> YES (attach copy)	<input type="checkbox"/> NO	
(f) Has the request been approved?	<input type="checkbox"/> YES <b>(Go to part G)</b>	<input type="checkbox"/> NO <b>(Go to part H)</b>	
Please note that a line manager may only approve to support applications to work beyond the Council's normal retirement age, the final decision is made by the Head of OD&HR.			
<b>(g) Request Support:</b>			
Confirm new intended date of retirement:			
Please now sign and return this form, along with a copy of your correspondence to OD&HR.			
<b>(h) Request Rejected:</b>			
Please state reason(s) for refusal			
Has employee been informed of right of appeal via the Head of OD&HR?	<input type="checkbox"/> YES	<input type="checkbox"/> NO	
<b>Please now sign and return this form, along with a copy of your correspondence to OD&amp;HR.</b>			
<b>(i) Authorisation</b>			
<u>Name</u> (please print):		<u>Designation:</u>	
<u>Signed:</u>		<u>Date:</u>	<u>Ext:</u>

**APPENDIX 2**

**FORM (HR/LGPS)**

**NOTIFICATION OF APPEAL**

**Note to the Employee**

Please use this form in conjunction with the Council's Pension and Retirement Policy and Procedure to formally lodge an appeal against your assigned pension contribution rate.

If completing by hand, please do so **CLEARLY** and in **BLACK INK**.

The form must be completed in **FULL** and returned to the Head of OD&HR, Municipal Buildings, Clyde Square, Greenock, PA15 1LX within 2 months of the notification of your assigned contribution rate. If you require any assistance in completing this form, please contact OD&HR (extension 2756 / 2880).

**SECTION 1 - PERSONAL DETAILS**

Name:		Employee Reference No:	
Address:			
Home Contact Number:		NI Number:	
Service:		Work Location:	
Designation:		Work Contact No:	
Contracted Hrs per Week:		Line Manager:	

**TRADE UNION DETAILS**

Name of Trade Union / Representative:		Representative Contact No:	
---------------------------------------	--	----------------------------	--

**SECTION 2 – PAY DETAILS**

Estimated annual salary (base on current hourly rate)	
Estimated annual amount of pensionable benefits (i.e. allowances, contractual overtime)	
Estimated total annual salary	
Detail pension contribution rate you propose applies	

**SECTION 3 – GROUNDS OF APPEAL**

Please provide the date you received notification of your assigned pension contribution rate:	
---	--

In the space below please detail, in full, your reason/s for appeal. Please note it is not sufficient to only state “you do not agree”. You must detail the reason/s why you believe your assigned contribution rate has been assigned incorrectly:

(continue on a separate sheet if required)

<b>EMPLOYEE SIGNATURE:</b>	
----------------------------	--

<b>DATE:</b>	
--------------	--

**APPENDIX 3**

**FORM (HR/LGPS)  
FLEXIBLE RETIREMENT APPLICATION FORM**

**Note to the Employee**

This form should be used to make an application for flexible retirement in conjunction with the Council's Pension and Retirement Policy and Procedures which are available on ICON or from Organisational Development and Human Resources (OD&HR).

To be eligible to make a request for flexible retirement you need to meet the following criteria:

- have been a member of Strathclyde Pension Fund for at least 2 years;
- be at least age 55 (aged 50 for those who joined the scheme before 6<sup>th</sup> April 2006 and who will be 50 by 5<sup>th</sup> April 2010).

To access your pension under this scheme you must ask for flexible retirement at the same time as asking for a reduction in your current grade and/or hours. The reduction in grade and/or hours should be at least 20% but no more than 50% of your current position. Any requests for a reduction in grade and/or hours requires to be approved by Inverclyde Council.

If a flexible retirement request is approved you must inform Strathclyde Pension Fund in writing. You should note that it may take up to a minimum of 3 months prior to the date of your retirement to ensure that pension benefits are paid promptly.

Ensure you complete Section 1 of this form prior to forwarding it to your Line Manager or Head of Service for their consideration. A meeting will then be arranged within 14 days of receipt to discuss your request. You will receive a written response within 7 days of this meeting. If the request is granted this will mean a permanent change to your terms and conditions unless otherwise agreed.

You have the right of appeal if your request is refused. If choosing to appeal, you must do so in writing within 5 working days of receipt of the letter from your Line Manager. Your appeal must be submitted to the Head of OD&HR who will arrange for it to be heard by a Corporate Director not previously involved in the approval process.

**Note to the Manager**

On receipt of this form, you must do the following:

- arrange a meeting within **14 days** to discuss the employee's request;
- provide the employee with a written response detailing the outcome of this meeting within **7 days**;
- allow the employee the right to be accompanied at the meeting by a trade union representative, or person of their choice;
- complete Section 2 then send this form and a copy of any correspondence to OD&HR for final consultation and processing.

Confirmation will be issued to the employee subject to final approval from the Head of OD&HR. If you require any assistance in dealing with the request, please contact OD&HR. Example letters can be requested from OD&HR.



**SECTION 1 – to be completed by the employee**

**(a) PERSONAL DETAILS**

Name:		Date of Birth:	
Employee Reference Number:		NI Number:	
Service:		Location:	
Job Title:		Grade:	
Date joined Inverclyde Council:		Hours:	
Date joined pension scheme:		Contact Number:	

**(b) TRADE UNION DETAILS**

Name of Trade Union / Representative:		Contact Number:	
---------------------------------------	--	-----------------	--

**(c) ABOUT YOUR APPLICATION**

Describe your current contracted working pattern (days/times/contract type, i.e. 52 week, term time)

--	--	--	--

Is your request for a reduction in:  Grade  Hours  Both

Describe how you would like this reduction to apply and explain any affect you think it will have on your Service.

--	--	--	--

Describe how you think any difficulties could be overcome:

--	--	--	--

**Please Note: this will result in a permanent change to your contract of employment and you will have no right to revert to your previous working arrangements.**

Date you wish the change to commence from:

Effective date of retirement:

--	--	--	--

**(d) DECLARATION**

Signed: \_\_\_\_\_ Date \_\_\_\_\_

--	--	--	--

**SECTION 2 – to be completed by the Manager**

(a) Date application received:					
(b) Has a meeting taken place with the employee to discuss the request?		<input type="checkbox"/> YES		<input type="checkbox"/> NO	
(c) Is the request supported?		<input type="checkbox"/> YES		<input type="checkbox"/> NO	
<b>(d) If yes,</b>					
Please confirm details of agreement:					
Date wishing to take effect from:					
<b>(e) If no,</b>					
Please state reason(s) for refusal:					
Has employee been informed of right of appeal via the Head of OD&HR?		<input type="checkbox"/> YES		<input type="checkbox"/> NO	
<b>Please now sign and return this form, along with a copy of your correspondence to OD&amp;HR.</b>					
Name (please print):		Designation:			
Signed:		Date:		Ext:	

## APPENDIX 3

### STRATHCLYDE PENSION FUND OFFICE (SPFO)

### (FOR ALL EMPLOYEES EXCEPT TEACHERS)

No.	<u>Brief Description:</u>	<u>New Proposal / Currently Used / Provision Exists Not Used</u>	<u>CMT OPTIONS:</u>	<u>CMT DECISION:</u>
1	<u>Golden Handshake or Retainer</u> Providing up to 10 years additional pension membership to an active member and meeting the full cost within one month.	New Proposal	a) put in place to attract or maintain key individuals; b) say no to option; c) have as a discretion to use at certain times (i.e. compete within skill shortage climates) with final approval at Committee.	(B) – no to option. The Council has the option of applying market supplements in climates of skill shortage.
2	<u>Golden Handshake or Retainer</u> As in (1) above but in monetary value rather than additional pension membership. Can award up to £5000 per year.	New Proposal	a) put in place to attract or maintain key individuals; b) say no to option; c) have as a discretion to use at certain times (i.e. compete within skill shortage climates) with final approval at Committee.	(B) – no to option. The Council has the option of applying market supplements in climates of skill shortage.
3	<u>Flexible Retirement</u> Employee can receive pension and lump sum but continue working in same employment as long as there is a reduction in hours and/or grade. Employer can choose to waiver any reduction in benefits to an employee but may incur a cost.	Currently Used	a) continue to apply as currently, subject to value for money and approval processes; b) as in (a) but with additional condition that reduction in hours and/or grade must be at least 20% but no more than 50%. c) decide not to accept and approve any flexible retirement requests.	(B) Continuing flexible retirement and stipulating criteria will allow more flexibility when required for manpower planning.

## APPENDIX 3

<b>No.</b>	<b><u>Brief Description:</u></b>	<b><u>New Proposal / Currently Used / Provision Exists Not Used</u></b>	<b><u>CMT OPTIONS:</u></b>	<b><u>CMT DECISION:</u></b>
4	<b><u>Ill-health Gratuity</u></b> One off lump sum payment (up to 30 week's pay) where employment is terminated on grounds of ill-health but no access to pension as ill health retirement not approved.	New Proposal	a) put in place to support employees who have an ill-health retirement application refused but are subject to a termination of employment on ill-health grounds; b) say no to option; c) have as a discretion to use in exceptional circumstances subject to value for money and approval processes.	(B) – no to option. Two-tiers of ill-health retirement already apply.
5	<b><u>Early Leavers</u></b> Employee under 60 yrs leaving local government service and requesting early payment of pension benefits (actuarially reduced) require their employer's consent.	Currently Used	a) consider such requests where there is no cost to the Council or foreseeable recruitment/retention issues with the remaining post; b) say no to option.	(A)
6	<b><u>Early Leavers</u></b> As in (5) above but employee asks for actuarial reduction to be waived by employer on compassionate grounds.	Provision Exists Not Used	a) consider only in extreme exceptional circumstances (compassionate grounds) but must be subject to value for money criteria and thereafter, Committee approval; b) say no to option.	(A)
7	<b><u>Late Applications – Contributions</u></b> Members who had authorised leave can pay optional contributions within 30 days. Employer can extend this time limit.	New Proposal	a) consider extending to no more than an additional 30 days in extenuating circumstances; b) say no to option.	(A)

## APPENDIX 3

<b>No.</b>	<b><u>Brief Description:</u></b>	<b><u>New Proposal / Currently Used / Provision Exists Not Used</u></b>	<b><u>CMT OPTIONS:</u></b>	<b><u>CMT DECISION:</u></b>
8	<u>Forfeiture of Pension</u> Council can apply to Scottish Minister to forfeit all or part of an employee's pension benefits in the case of conviction of a serious offence.	New Proposal	a) consider having as an option should it be required; b) say no to option and refrain from mentioning in policy.	(A) Would provide the Council with flexibility where a conviction has occurred for a serious offence (i.e. one which would lead to serious loss of confidence in the public service, gravely injurious to the state).
9	<u>Recovery or Retention of Pension</u> Council could recover pension benefits in respect of acts of theft or fraud by current or former employee.	New Proposal	a) consider having as an option providing that all other efforts to recover monetary obligations have been exhausted; b) say no to option and refrain from mentioning in policy.	(A) Would provide the Council with flexibility to recover any losses arising from criminal, negligent or fraudulent acts.
10	<u>Redundancy Payments</u> Currently the Council offers up to 66 weeks. Option now to increase to up to 104 weeks.  Choose to reduce the current option of up to 66 weeks to up to 30 weeks for all;	New Proposal	a) maintain the current policy that up to 66 weeks; b) choose the option to increase up to 104 weeks; c) choose to reduce the current option of up to 66 weeks and apply the statutory redundancy table (i.e. max. 20 weeks).	(A) In line with other Local Authorities.

## APPENDIX 3

<b>No.</b>	<b><u>Brief Description:</u></b>	<b><u>New Proposal / Currently Used / Provision Exists Not Used</u></b>	<b><u>CMT OPTIONS:</u></b>	<b><u>CMT DECISION:</u></b>
11	<u>Early Retirement (Redundancy)</u> No actuarial reduction to pension for release in these circumstances. Employer can provide up to 6 & 2/3 <sup>rd</sup> added years (for those with 5 yrs + service) in addition to redundancy payment (up to 30 week's pay).	Currently Used	a) maintain the current procedures; b) choose to apply as per the voluntary severance policy due to be submitted in near future.	(B)
12	<u>Early Retirement (Efficiency)</u> No actuarial reduction to pension for release in these circumstances. Employer can provide up to 10 added years.	Currently Used	a) maintain the current procedures; b) choose to apply as per the voluntary severance policy due to be submitted in near future.	(B)

## APPENDIX 3

### SCOTTISH TEACHING SUPERANNUATION SCHEME (STSS) (TEACHERS ONLY)

<b>No.</b>	<b><u>Brief Description:</u></b>	<b><u>New Proposal / Currently Used / Provision Exists Not Used</u></b>	<b><u>CMT OPTIONS:</u></b>	<b><u>CMT DECISION:</u></b>
1	<u>Golden Handshake or Retainer</u> Providing up to £5000 per year to an active member.	New Proposal	a) put in place to attract or maintain key individuals; b) say no to option; c) have as a discretion to use at certain times (i.e. compete within skill shortage climates) with final approval at Committee.	(B) – no to option.
2	<u>Redundancy Payments</u> Currently the Council offers up to 66 weeks. Option now to increase to up to 104 weeks.	New Proposal	a) maintain the current policy that provide up to 66 weeks; b) choose the option to increase up to 104 weeks; c) choose to reduce the current option of up to 66 weeks and apply the statutory redundancy table (i.e. max. 20 weeks).	(A) In line with other Local Authorities.
3	<u>Early Retirement (Efficiency)</u> Option to provide up to 10 added years to employees being released in these circumstances with over 5 yrs membership.	Currently Used	a) maintain the current procedures; b) choose to apply as per the voluntary severance policy due for submission in near future.	(B)

## APPENDIX 3

<b>No.</b>	<b><u>Brief Description:</u></b>	<b><u>New Proposal / Currently Used / Provision Exists Not Used</u></b>	<b><u>CMT OPTIONS:</u></b>	<b><u>CMT DECISION:</u></b>
4	<u>Early Retirement (Redundancy)</u> Option to provide up to 6 & 2/3 <sup>rd</sup> added years to employees being released in these circumstances with over 5 yrs membership and in addition to redundancy payment (up to 30 week's pay).	Currently Used	a) maintain the current procedures; b) choose to apply as per the voluntary severance policy due for submission in near future.	(B)
5	<u>Winding Down Scheme</u> Phased retirement option that offers opportunity to go part-time (dependant upon whether Council can offer part-time post that fits provision of scheme) while protecting final pension entitlement. No cost.	Currently Used	a) continue to apply as no cost to Council. b) say no to option; c) have as a discretion to use at certain times.	(A)
6	<u>Phased Retirement Scheme</u> Employee age 55+ can receive pension and continue working provided they reduce pensionable salary by 25%+ for at least 12 months. No cost.	Currently Used	a) continue to apply as no cost to Council and cannot opt out as per regulations.	Suggest (a) is put in place. No cost implications.



## APPENDIX 3

<u>No.</u>	<u>Brief Description:</u>	<u>New Proposal / Currently Used / Provision Exists Not Used</u>	<u>CMT OPTIONS:</u>	<u>CMT DECISION:</u>
7	<u>Actuarially Reduced Retirement</u> Employee between 55 and 59 can retire with actuarially reduced benefits. Consent of Council needed but consent cannot be delayed by more than 6 months from date of application	Currently Used	a) continue to apply Council right to delay consent where it is in the interests of the efficiency of the service to do so but not longer than 6 months; b) do not opt to apply discretion.	(A)

---

## INVERCLYDE COUNCIL EQUALITY IMPACT ASSESSMENT TEMPLATE

### Essential Information

**Name of the policy:**

Pension and Retirement Policy and Procedures

**Is this policy:**

New  
Reviewed

**Name of Officers completing this form:**

Angela Rainey

**Designation (s):**

HR Team Leader (Policy)

**Department:**

Organisational Development & Human Resources

**Date of Impact Assessment:**

27<sup>th</sup> August 2009

### Aims and Objectives

1. Does the policy affect people?      Yes       No

**2. What are the main aims of the policy? Please list:**

- application of assigned pension contributions rates;
- approval of early retirements, including flexible and ill health retirements;
- working beyond the Council's defined retirement age;
- the transferring of pension benefits from another scheme;
- and, the position on discretionary elements.

For the Procedure the main aims are:

## APPENDIX 4

“To provide a common framework for dealing with responsibilities relating to pension and retirement under the following:

- the recommendations of Audit Scotland in respect of the management of early retirement within Councils;
- the Local Government Pension Scheme (Scotland) Regulations and the administration of this legislation by Strathclyde Pension Fund Organisation (SPFO);
- the Teachers Superannuation (Scotland) Regulations and the administration of this legislation by the Scottish Public Pensions Agency (SPPA) in the form of the the Scottish Teacher’s Superannuation Scheme (STSS).

**3. Who is affected by the policy or who is intended to benefit from the proposed policy and how? Please list:**

The terms of the policy and procedure apply to all employees of Inverclyde Council.

**4. How will you put the policy into practice and who will be responsible for delivering it? (e.g. other Council departments, partner agencies, communities of interest, equality target groups. Who else is involved in the delivery of this policy?)**

Communication of the Policy and Procedures will be done via the Council’s Intranet and publication of the document via Corporate Induction. Partner agencies include Scottish Public Pensions Agency (SPPA), who provide advice on legislative pension changes but also administer the Scottish Teachers Superannuation Scheme (STSS), and Strathclyde Pension Fund (SPF) who administer the Local Government Pension Scheme. Finance Services will also take an active role in the delivery of such a Policy and Procedure and their role is clearly outlined in the documents.

**5. How have they been involved in the process? (e.g. consultation, stakeholders, council working groups)**

Consultation has been undertaken with Management, CMT, Trade Unions, and SPF. In regard to Pension Discretions applicable to Employers, consultation has been undertaken thoroughly with SPF and feedback incorporated into the Policy documents. The Policy and Procedures will also be put to Policy & Resources Committee to receive final approval.

**6. What resources are available? Is there any change in the resources available?**

There is no expected change on resources to that currently in operation.

**7. How does this policy impact on other policies?**

This policy will complement and support other Council policies and procedures in particular the Council’s Severance Policy (currently in draft format but due to be approved in near future).

**8. How does the policy fit within the wider aims of the Council?**

This policy fits into many wider aims of the Council and in various ways. It will ensure employees are contributing to the pension schemes in line with legislation, supporting a flexible workforce (i.e. flexible retirement, early retirement options when downsizing, allowing employees the opportunity to request working beyond retirement age).

**9. How does this policy impact on different groups of people?**

## APPENDIX 4

This policy will have a positive or neutral impact on all equality groups.

<p><b>10. What evidence do you have to help identify any potential impacts of the policy? (Evidence could include: consultations, surveys, focus groups, interviews, projects, user feedback, complaints, officer knowledge and experience, equalities monitoring data, publications, research, reports, local, national groups.)</b></p>	
<b>Evidence</b>	<b>Details</b>
Consultation	See 5 above.
Research	See 5 above. We also gathered information from other Local Authorities on their processes.
Officer's knowledge and experience (inc feedback from frontline staff).	Developed by MCIPD qualified professionals with key input from Management, Trade Unions, Pension Administrators, and other HR colleagues who are also MCIPD qualified.
Equalities monitoring data.	Key equality information, such as gender, ethnic, age, etc. are stored in the Council's HR/Payroll system.
User feedback(inc complaints)	See 5 above.
Stakeholders  Other	See 3 above.

# APPENDIX 4

## 11. Impact

What does the information tell you about the potential impact of this policy on the following equality groups?

Equality Target Group	Positive Impact +	Neutral Impact =	Negative Impact -	Cross cutting theme
Race		=		
Disability		=		
Gender (male, female, transgender)		=		
Religion and Belief		=		
Age		=		
Lesbian, Gay and bi-sexual		=		
Other groups to consider				

## 12. From the Equality Target Groups you have highlighted above describe the positive and negative impacts and the groups affected.

Positive impacts (describe groups affected)	Negative impacts (describe groups affected)
--	--

If you do not have any potential negative impacts go to Question 14 and summarise the results of your assessment.

## APPENDIX 4

13. If you have identified any negative impacts use the matrix below to identify the level of the negative impact and the number of people potentially affected by the negative impact.

Number of People	<p><b>Your policy is likely to be unlawfully discriminatory.</b></p> <p><b>Refer to the EIA Guidance on how to modify your policy.</b></p>	<p><b>Your policy is likely to be directly discriminatory</b></p> <p><b>You must reject or substantially modify your policy</b></p>
	<p><b>Consider ways in which you can minimise or remove any low level negative impact that affects a small number of people.</b></p>	<p><b>Your function or policy is likely to be unlawfully discriminatory.</b></p> <p><b>Refer to the EIA Guidance on how to modify your function or policy.</b></p>
	<u><b>LOW</b></u>	<u><b>HIGH</b></u>

**Level of Negative Impact**

**14. Summarise the results of the Equality Impact Assessment. Include any action which has been taken as a result of the Equality Impact Assessment. Please note if you have changed, modified or consulted on your policy.**

Overall the policy appears to be positive and no amendments, modification has been required. There could be an argument of age discrimination in relation to early retirement options with added years. These are pension legislative decisions. The provision of added years will be tackled within the Council's Severance Policy therefore the EIA in relation to the Severance Policy will refer to impacts on equality.

Consultation has been carried out as detailed under 5 above.

**15. How will the implementation of the policy be monitored?**

Feedback from all stakeholder groups. Records from the HR/Payroll system which confirm number of employees utilising the benefits of the pension scheme, i.e. flexible retirement, early retirement, working beyond 65, etc. Reviewed in January 2011.

**16. How will the results of monitoring be used to develop the policy?**

The ongoing monitoring and review of the policy will include action to amend, where required, in consultation with specific groups.

**17. When is the policy due to be reviewed?**

January 2011 and thereafter every 3 years unless legislative requirements determine otherwise. Any changes will be taken through the EIA process.

## APPENDIX 4

**18. Please use the space below to detail any other matters arising from the Equality Impact Assessment process.**

The impact assessment should now be authorised by the officers.

<b>Policy Title</b>	:
Name of Person (s) who completed the Assessment	Name: Angela Rainey Position: HR Team Leader Date: 27/08/09
Authorised by:	Name: Position: Date:

On completion of this step the Equality Impact Assessment will be published on Inverclyde Council's Website.