



FORDINGBRIDGE TOWN COUNCIL

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Retirement & Pension Policy

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Fordingbridge Town Council

Retirement & Pension Policy

RETIREMENT

Policy statement

Employees of the Town Council may continue working until they give notice that they wish to retire. From 1 October 2011, the council will not have a contractual retirement age and employees can choose when they wish to retire.

Policy Principals

The council values the contribution of all employees and seeks to maximise their potential, whilst allowing them flexibility and choice about when to end their career. This policy sets out the council's approach to the retirement of employees.

Giving notice of retirement

Employees who wish to retire from their employment are required to resign and give notice of their intended date of retirement to the Town Clerk in writing. The length of notice must be not less than their contractual notice period.

Employees are encouraged to give an early indication of their planned retirement date as this will assist the council in ensuring appropriate succession plans are in place prior to the employee's retirement.

Conditions of Service

All employees will continue to be employed on the terms and conditions of service applicable to the role they hold, therefore all the normal employment policies of the council will apply.

The effect of this policy is that for employees who have a contractual retirement age stated in their terms and conditions of service, this condition is now removed.

Retirement Process

Once an employee has decided that they wish to retire, they should inform the Town Clerk in writing of their intended retirement resignation date, in accordance with their contractual notice period. The council will write to the employee acknowledging receipt of the employee's notice of retirement resignation letter.

The Town Clerk will meet with the employee to discuss arrangements for leaving the council, including the intended leaving date, succession and handover plans and pension details.

Once a leaving date has been agreed, the council will write to the employee confirming their last date of employment, and the normal arrangements for leaving the Council will apply.

Policy Monitoring

This policy will be monitored and reviewed annually by the Staff & Remuneration Committee.

Notes

The expired Legal Position: The Employment Equality (Age) Act 2006 Default Retirement Age (DRA) which enabled employers to forcibly retire staff at age 65 year or above has been repealed and no longer has application for councils in relation to the retirement of employees.

The new Legal Position: the Government has repealed the legislation which brought the Age Regulations and Default Retirement Age into existence. The effective date for repeal was 01 April 2011, with a transition period running for a year, after which date there will be no upper age for employment

and no default retirement age. The changes are in line with Equality Act (October 2010) and the changes expected to State Pension age. Any employee who is to attain an age of 65 years on or after 01 April 2011 will be subject to the new law which makes termination of employment on the grounds of age both potentially unfair and discriminatory. For the employer, stating a Retirement Age or seeking to exercise a Retirement Age is now unlawful in the vast number of cases. This does not mean that contracts of employment must be changed but any new employment contracts should not include a clause about Retirement and policies relating to Retirement need to be altered and communicated to staff.

Pension age is when an employee can draw down their pension; for many, but not all, it is also the time when they can retire if they wish. State Pension Age may not be the same as the occupational pension age – Local Government Pension Scheme (LGPS) currently has arrangements for some scheme members where pension is available at an earlier date than State Pension.

Voluntary Retirement will still exist as a form of bringing the employment relationship to an end and will require contractual notice to be given to the employer by the employee. It will be up to employee to decide when to retire and this is likely to be based on the pension provision they have and their personal circumstances.

After April 2011 retirement clauses within contracts of employment will be largely unenforceable unless the employer identifies some “objectively justifiable reason” to discriminate on the grounds of age (for councils to comply there has to be sound evidence that an employee simply cannot work safely or effectively due to his/her age). There could be an argument for retiring older staff in order to assist with succession planning but such a position is yet to be tested in the Employment Tribunals, so no case law exists to set such a precedent.

Fair reasons for dismissal for older workers will be identical to those for all other workers namely: conduct, capability, redundancy, statutory requirement and what the law calls “some other substantial reason”. If the council is unhappy with the performance, conduct, attitude of the older worker then a process to manage performance will have to be followed under the Disciplinary policy, and the latter will require information from a medical or occupational health practitioner. If there is a health issue affecting work of an older member of staff and that employee is a member of the Local Government Pension Scheme (LGPS) the council will be obliged to explore Ill Health Retirement options for that employee.

Any process involving the need for evidence relating to conduct or capability requires a robust monitoring process so will be part of the performance appraisal and will include objective setting and regular reviews. Regular dialogue will take place at least annually at the time of the appraisal with all staff, of all ages, in which plans for the future are routinely discussed.

PENSIONS

Local Government Pension Scheme - Employers were informed in October 2012, following changes to the Pensions Act 2008, that they were required to enrol all eligible staff, not already in a pension scheme, into an accredited pension scheme. This would be done by auto enrolment but employers would be allowed to defer auto enrolment to a date set by government. This date is known as the staging date. For employers with a small number of staff i.e. Fordingbridge Town Council, the staging date is April 2017. The Town Council passed a resolution at General Council on 6th March 2013 to defer to this date.

The Town Council also advised its employees of the right to join the LGPS and provided them with information about the scheme. A resolution was passed at General Council on 6th March 2013 that all Fordingbridge Town Council staff who are eligible can join the Local Government Pension Scheme if they choose. The Local Government Pension Scheme is administered by Hampshire County Council on behalf of Fordingbridge Town Council.

Employer Discretions

Compulsory Discretions	Policy
Awarding additional pension	Additional pension will not be awarded in any circumstances
Voluntary funding of additional pension – shared cost additional pension contributions	Shared cost additional pension contributions will not be awarded in any circumstances
Flexible retirement	The Town Council may waive the actuarial reduction to allow for flexible retirement only in exceptional circumstances
Waiving of actuarial reductions	The Town Council may waive the actuarial reduction in exceptional circumstances
Switching on the 85 year rule	The Town Council will not switch to the 85yr rule in any circumstances
Post-31 March 2008 / pre-1 April 2014 leavers early payment of pension	Deferred benefits, including suspended tier three ill health pensions, will be paid early provided it is in the Town Council's interests to do so, and having regard to the Pension Fund charge for paying benefits early being affordable in each case.
Optional Discretions	
Membership Aggregation Regulation 22 (7)(b), (8)(b)	The Town Council will not allow a period longer than 12 months
Transfers of Pension Rights Regulation 100 (6)	The Town Council will not allow a period longer than 12 months

End of Policy