care inspectorate

Retirement and Early Severance Policy

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Glossary

Term	Explanation
Actuarial reduction	The amount an LGPS pension is reduced if it is taken before an individual's Normal Pension Age.
CARE (Career Average Revalued Earnings) Scheme	From 1 April 2015 your pension will be worked out on a career average basis. The benefits at retirement are based on your earnings and length of membership of the scheme.
Commutation of pension	Is defined as giving up part or all of the pension payable from retirement in exchange for an immediate lump sum.
Compensatory added years (CAY)	Extra years are added to the number of years you have contributed to the Pension Scheme and the number of added years depends on your total previous service and pension scheme membership. A lump sum on redundancy or efficiency of service grounds will be paid to you by your employer and will be taxable if, when added to Payment in Lieu and/or Statutory Redundancy Payment or any other termination payment, it exceeds £30,000. Only the excess amount over £30,000 is taxable.
Discretionary compensatory payments (DCP)	Discretionary Compensation Payment is an enhanced redundancy payment based on the statutory redundancy entitlement and includes your statutory redundancy pay. The amount employees are entitled will depend on their continuous service.
Normal pension age	If you were a member of the LGPS prior to 1 April 2005 you will have a protected normal pension age. This protected normal pension ages is 65 for the majority of LGPS members. For pensionable service after 31 March 2015, the normal pension age is linked to the state pension age. Scheme members (depending on the age and scheme entry date) may have different normal pension ages for the pre and post 2015 membership periods. The normal pension age in the LGPS is linked to your state pension age (but with a minimum of age 65). If the state pension age changes in the future then this change will also apply to your normal pension age for benefits built up after 31 March 2015.

	• You must draw all of the pension benefits you have accrued prior to 1 April 2009. • You have the choice to draw all, part or none of the pension benefits you have accrued after 31 March 2009 and before 1 April 2015 and a further choice to draw all, part or none of the pension benefits you have accrued after 31 March 2015. • If you draw pension benefits before your normal retirement age your benefits may be reduced to take account of your pension being paid for longer. How much your benefits are reduced depends on how early you draw your benefits compared to your normal retirement age. If you draw pension benefits after your normal retirement age your benefits may be increased to reflect the shortened payment period.
Previous service	This includes all service with the Care Inspectorate plus previous service with any other associated employer/organisation. Details of employers which are regarded as associated organisations are included in the Redundancy Modification Order.
Protected disclosure	The employee will be protected by The Public Interest Disclosure Act (1998). See Whistleblowing Guidance for further information.
State pension age	This depends on your age and gender. To calculate your state pension age please visit https://www.nidirect.gov.uk/articles/calculate-your-state-pension-age
Vesting period	The period of membership used to calculate benefits e.g. 2 years
Voluntary early retirement	You choose to retire before the normal official age of retirement and the Care Inspectorate agrees to your early retirement.
Voluntary redundancy	If your post is affected by workforce change we may ask for employees to consider applying for voluntary redundancy. If the Care Inspectorate agrees your post will cease to exist at that time.

Retirement Policy

1. Purpose

We are committed to equal opportunities for all our employees which is why we do not have a compulsory retirement age for our employees. We recognise the contributions of a diverse workforce, including the skills and experience of older employees. We believe that employees should, wherever possible, be permitted to continue working for as long as they wish to do so. We also appreciate that some of our employees might want to change the way they work to get a better work life balance and may be interested in things like Flexible Retirement.

When the time is right employees may wish to retire and if they do so then they will need guidance and support to make the transition from employment to retirement. There are also occasions where it may be in our organisational interests to allow employees to retire early.

2. Scope

This policy and procedure is linked to the provisions applicable to members of the Local Government Pensions Scheme (LGPS) and to employees who transferred from The Principal Civil Service Pension Scheme. Our scheme administrator is the Tayside Pension Fund which operates from within Dundee City Council.

All eligible employees under the age of 75 are contractually enrolled into the LGPS on appointment (apart from those employees who have a contract that is for less than 3 months duration- but they can opt into the LGPS if they wish to do so). Employees can choose to opt out of the LGPS after they start employment with us. To opt out employees need to request a S1 form available from Tayside Pensions, complete it and return it to them.

Any future changes to the LGPS scheme or associated regulations may affect the operation of this policy and procedure.

This policy **does not apply** to the small number of transferred staff who retained membership of the NHS Pension Scheme – further advice on retirement or any element of this pension scheme can be found at www.sppa.gov.uk.

3. Guiding principles

- A commitment to treat all employees with respect and care and dignity, regardless of age or any other protected characteristic.

- We will plan ahead so that the need for redundancies and/or early retirement can be minimised wherever possible. We will do this through robust workforce and succession planning. This will helps us to have the right employees in the right place with the right skills and experience at the right time.

- We have a no compulsory redundancy policy and will always try to agree changes in a consensual and voluntary manner. We will consider alternatives to early retirement including re-training, job matching or secondment opportunities.

- In line with our statutory equality duties, we will monitor all equality groups as defined by the Equality Act 2010 for all employees that apply for voluntary redundancy.

- We will balance the needs of the Care Inspectorate, our employees and the long term financial strength of the pension fund.

- We will consider requests for early retirement on a case by case basis.

- Where there is a potential cost to the Care Inspectorate approval of a request for retirement is determined by the Resources Committee, where there is no cost to the organisation this can be approved by the employee's line manager.

4. Monitoring and review

The Head of Organisational Development and the Partnership Forum are responsible for monitoring and implementing this policy. We will review this policy every three years making amendments as appropriate in consultation with the Partnership Forum.

Retirement Policy

5. When to use this policy

You would use this policy to:

- **Request flexible retirement if you are age 55 (or over) and have at least 2 years membership with the LGPS.** For additional information please refer to Section 8 'Flexible Retirement Procedure'.

- **Request to retire early if you are aged between 55 and 59 and have at least 2 years membership with the LGPS.** The approval of the Care Inspectorate is needed and your request may be rejected if it is not in the Care Inspectorate's operational and/or financial interest. For additional information please refer to Section 9 'Early Retirement Procedure- Employee Initiated'.

- **Retire if you are aged 60 or over and have 2 years pensionable service with the LGPS.** If you choose to retire early you would need to submit your resignation, providing your appropriate notice period. For additional information please refer to Section 9 'Early Retirement Procedure- Employee Initiated'.

- **Consider your options during a period of workforce change (for example Voluntary Redundancy or Voluntary Early Retirement)**. For additional information please refer to Section 10 Early retirement procedure- employer initiated.

- **Get more information on ill health retirement.** For additional information please refer to Section 11- Ill Health Retirement.

- **To know what happens if you choose to work beyond the normal retirement age.** For additional information please refer to Section 12- Retirement after age 65 procedure.

6. Roles and responsibilities

- Employees are encouraged to obtain independent financial advice to inform their own decision making.

- HR Team can help managers and employees understand the process and will liaise with Tayside Pension Fund to organise any pension quotes.

- Line managers are required to signpost employees to relevant information and tell their budget holder if an employee mentions that they are interested in flexible retirement or early retirement. Line managers are involved in the approval process but are not responsible for agreeing any decisions.

- Budget holders (Senior Management Team and Executive Team) will consider an employee's request where there is a cost to the organisation before it goes to Resources Committee.

- Resources Committee will consider each business case and approve or reject the option as appropriate.

7. Preparing for retirement

Employees who are members of the Local Government Pension Scheme can request details of their pension entitlement directly from Dundee City Council's Pension section. Contact details are available by visiting the following website www.dundeecity.gov.uk/pensions or by writing to them at:

Tayside Pension Section,
Finance Department,
Floor 4,
Dundee House,
50 North Lindsay Street,
Dundee,
DD1 1NZ

Currently, we do not offer a pre-retirement course in-house. However we will support our employees to attend a pre-retirement course through the Scottish Pre-Retirement Council. Further details are available on their website www.sprc.org.uk. Employees should contact the HR Team for further advice before booking on a course.

There is additional information on our intranet site: Home > Strategy and Improvement > Organisational Development > Pay and pensions > - Pension

The following websites are also helpful sources of external support:

http://www.ifabrokers.co.uk

http://www.lgpsregs.org/index.php/scotland

http://www.laterlife.com

http://www.ageuk.org.uk/scotland/work-and-learning/pre-retirement-training/

https://www.citizensadvice.org.uk/debt-and-money/pensions/nearing-retirement/preparing-your-finances-for-retirement/

https://www.moneyadviceservice.org.uk/en/articles/checklist-things-to-do-as-retirement-approaches

There is a lot of information in this policy, some of which will be relevant to your particular situation and some which is not, but might be later. You do not need to read the whole policy. To help you access the information you need the policy has been divided into the following **five separate procedures**:

1. Flexible retirement procedure (Section 8)
2. Early retirement procedure (Section 9)
3. Voluntary redundancy/ voluntary early retirement procedure (Section 10)
4. Ill health retirement procedure (Section 11)
5. Retirement after age 65 procedure (Section 12)

8. Flexible retirement procedure

What is flexible retirement?
If you are **age 55 (or over**) and you have at least 2 years membership with the LGPS you can request flexible retirement. This is an option where you can access all of or a proportion of your pension earned to date but at the same time as receiving your pension you can continue working for the Care Inspectorate. Members will automatically be brought back into the pension scheme following flexible retirement but have the right to opt out if they choose. Flexible retirement is an attractive option for some as it can help with both their work life balance and the transition into full retirement.

Flexible retirement can also help us as an organisation to retain key skills, abilities, knowledge and expertise for an extended period of time, which we may otherwise lose. Flexible retirement can also help us with succession and workforce planning. Looking at our age profile we know that we need to plan ahead so that when our older employees decide to leave we have a robust process in place to retain key skills, knowledge and experience within our organisation.

To qualify you must reduce your working hours and/or grade to the extent that your revised salary is no more than 80% of your current salary. This is a permanent contractual change where you reduce your salary by at least 20% by reducing your working hours, changing to a job with a lower grade or a combination of these two options.

Flexible working and LGPS pension implications

Retirement benefits from the LGPS are generally paid out when an employee reaches the normal retirement age or state pension age if later. But if you take flexible retirement:

- All of the benefits that relate to any pre 1 April 2009 membership you have will be released. This means you can elect to draw all, none or some of the benefits that relate to your membership from 1 April 2009.
- Before your normal pension age your benefits may be reduced to take account of being paid for longer. How much your benefits are reduced depends on how early you draw your benefits and if you have an earlier protected retirement age.
- After normal retirement age some of your benefits may be increased to reflect late payment. (The 2014 regulations state that service from 1 April 2015 will only be increased from state pension age).
- You can choose to give up some of your pension as an additional tax-free lump sum. This is called commutation of pension.
- You will be taxed on your salary and your annual pension.
- Membership from the 1 April 2015 is now a Career Average Revalued Earnings scheme (CARE) as such it is the amount of pay received in the year paid at 1/49ths or 1/98th if the member opts for 50:50 Scheme.
- You will build up a new set of rights in respect of your on-going employment, or continue making contributions if you take part of your pension. Eligibility for discretionary compensation payment will be based on continuous service, including service before flexible retirement. The amount of Compensatory Added Years may differ depending on the amount of service in the continuing post (see Section 10 for further information).

Any continuing service will now be payable under the 2014 Regulations as CARE therefore this part is not final pay at retiral, final pay is only used for the calculation for the service up to the 31st March 2015.

Eligibility for flexible retirement- the legal requirements

To be able to apply you must:

- be aged 55 years or older

- have 26 weeks service at date of request
- have at least two years membership of the Local Government Pension Scheme (LGPS)
- either make a change to reduce your hours or change your duties or responsibilities
- have not made a flexible retirement request in the previous 12 months

How to request flexible retirement

The HR Team can help managers and employees understand the process and will liaise with Tayside Pension Fund to organise any pension quotes.

It is important you take the time to consider how flexible retirement will affect your personal situation before you submit your Flexible Retirement Request Form. You might find it helpful to refer to the Flexible Retirement Employee Factsheet or attend the Pre-Retirement Course.

Reduction in hours of work	You may request to reduce your contractual hours in your existing role and become part time. Your salary will reduce and will be pro rata against the full time equivalent salary. Your annual leave and other entitlements will also be calculated on a pro rata basis.
Change your job	You may decide that you would prefer to move to a lower graded role. This would involve us identifying a suitable, alternative job for you if your request was approved. You will receive your pension benefits that you have accrued for your previous role and service.

It is important that you seek independent financial advice before you submit your request to make sure that you are aware of any financial changes which will occur.

You should have an informal discussion with your line manager to discuss any queries before you submit your request.

Once you are certain that you wish to apply for flexible retirement, you need to complete sections 1 and 2 of the **Flexible Retirement Request Form.** This outlines your proposal as to why you would like to work under the grounds of flexible retirement and how this may impact your team. All flexible retirement requests must be made **at least six months'** before you want the arrangement to take effect. This timeframe allows us time to consult with other employees affected, or to recruit a replacement. After you have completed both sections, you should pass this on to your line manager for their input.

Considering flexible retirement requests
You should send you request to your line manager. Your line manager will then speak to the budget holder (a member of the Senior Management Team) to get their early thoughts to how the arrangement may work in practice. Your manager will be asked whether or not they support the application in principle. This will be factored in to the decision making process.

When considering flexible retirement proposals, management should always assess how agreeing a request can result in benefits to the Service. For example, if an employee is asking to reduce hours there should be an initial presumption that the **hours will not be replaced**, thus resulting in a budget saving. They will also:

- Collect evidence of costs of allowing the retirement.
- Collect evidence of savings and benefits of allowing the flexible retirement.
- Consult with anyone else affected by the proposal.
- Decide whether the application will be approved or not considering the criteria for granting flexible retirement and the costs to the Care Inspectorate.
- Keep records of your decision making process.

Where the budget holder supports an application, a calculation of estimated benefits payable will be prepared and forwarded to the employee. At the same time the budget holder should discuss this with a representative from Finance and HR and prepare a report which details the costs associated with the request and how these will be justified by the benefits to the Service. If the request is being turned down the budget holder should write to the employee explaining why the proposal cannot be taken forward.

All requests will be carefully considered by your line manager and if there is a cost to the organisation it will also need to be considered by the Head of Service/Service Manager, Executive Director and Resources Committee.

There may be times when a flexible retirement request is refused if there was a financial or organisational reason for this. If your request is rejected your manager will discuss the reasons for this with you.

If you are under 60 you can you choose to pay the strain on the pension fund. As there would be no financial cost to the organisation there is no requirement for your request to be considered/approved by Resources Committee. However, your Head of Service/ Service Manager or Executive Director would need to approve your request.

Flexible retirement and the rule of 85
As the employer we are not able to request for the employee to absorb the strain on the fund cost where the individual already meets the rule of 85 at the date of ‘leaving’ for flexible retirement.

If the employee meets the rule of 85 at the date of the estimate request and has protection on their service up to the 31/03/2008 these benefits cannot be paid with any reductions. This means that an employee is unable to absorb the full strain on the fund cost as their pre-2008 service is protected. They would only be able to absorb costs for their service post 2008. This means that there is a strain on the fund costs to the Care Inspectorate for the pre 2008 service. Either way there would be a cost to the Care Inspectorate if an employee met the rule of 85 and requested flexible retirement. However, if the employee were to retire fully rather than take flexible retirement then they would be given the option to absorb the full strain on the fund costs.

All requests that have a financial cost must be determined by the Resources Committee. This is to ensure that the request can be supported from both a financial and organisational perspective. If an employee's request for flexible retirement is approved they will receive their salary (on the reduced hours or grade).The decision from Resources Committee is final. The employee can consider requesting early retirement if they are under 60 or they can choose to retire if they are over 60.

Starting flexible retirement

HR will write to the employee with details of the aspects that have changed. Typically this letter will include,

- Start date of Flexible Retirement (it must start on the first day of the pay period).
- New or changed place, hours, or days of work
- New or changed job title or role
- New or changed duties or responsibilities
- Confirmation that in accepting flexible retirement the employee may not at a later date apply for a job that would result in him or her earning more than 80% of the pre flexible retirement salary (as adjusted for nationally agreed pay increases)

If you have reduced your hours then your salary and leave entitlements will be worked out on a pro rata basis. Your pension will be paid in monthly arrears and is subject to the Pension Increase (Review) Order which provides increases currently in line with Consumer Price Index.

If you do not opt out of the pension scheme your contributions will be deducted from your salary.

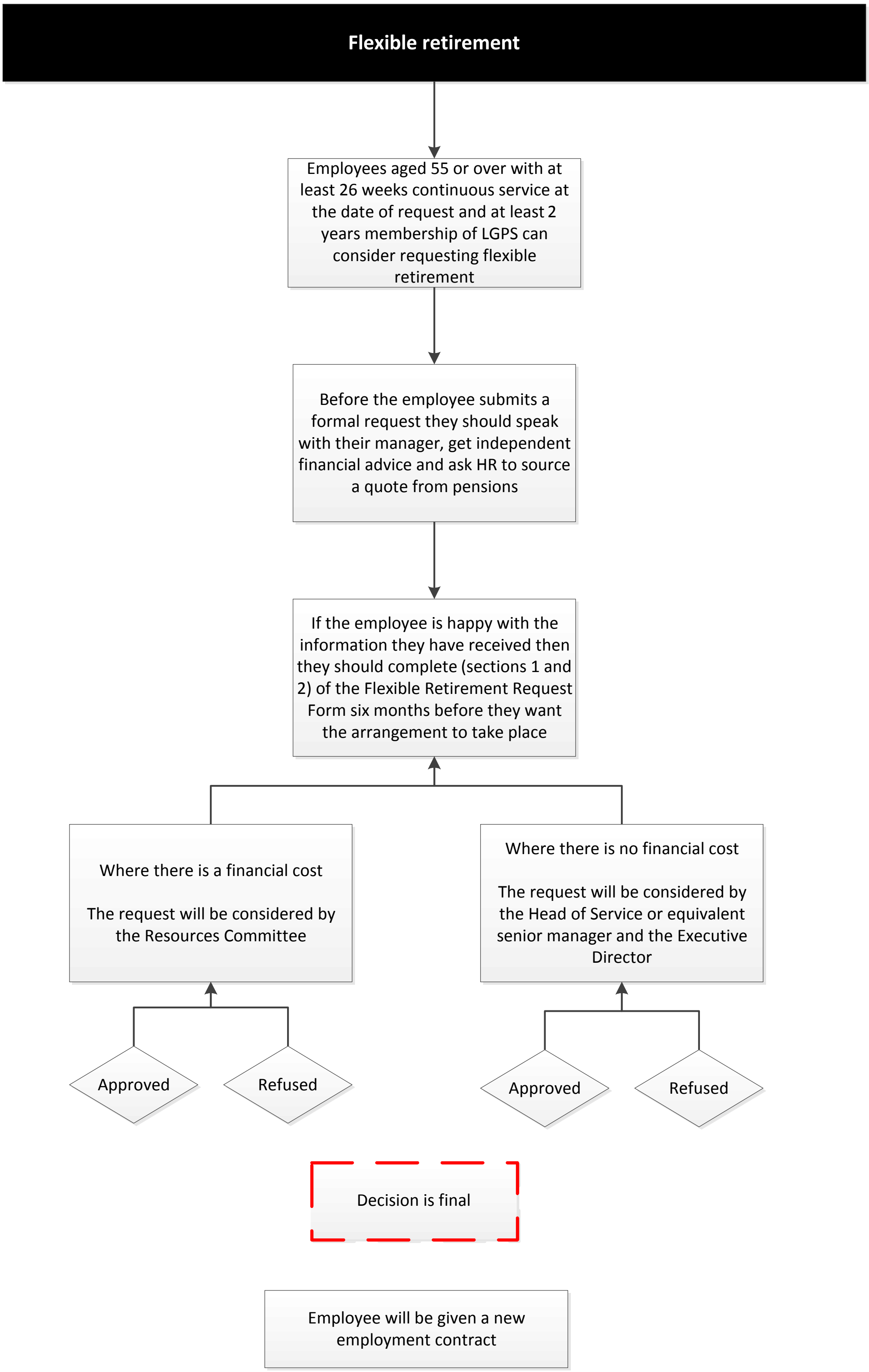
Changing a flexible retirement arrangement

It is unusual to change a flexible retirement arrangement once it has been agreed. However, if you wanted to change the arrangement later (e.g. reduce your hours) you would do so by submitting a Flexible Working Request. This would have to be considered and approved by a member of the Senior Management Team and a member of the Executive Team.

Ending a flexible retirement arrangement

If you have a flexible retirement arrangement and you wish to leave, you would just need to write a resignation letter, providing your appropriate notice period. When you choose to retire fully your new retirement benefits will be recalculated to include all of the post 31 March 2009 benefits you have not previously drawn and the further benefits you have accrued in respect of your continued employment (at reduced hours and/or lower grade). When you retire fully your new retirement benefits will be based on your new membership period and pensionable pay at retirement.

If you were flexibly retired and wanted to consider retirement in the interests of business efficiency then eligibility for any discretionary compensation payment will be based on continuous service, including service before flexible retirement.


Flexible retirement
Employees aged 55 or over with at least 26 weeks continuous service at the date of request and at least 2 years membership of LGPS can consider requesting flexible retirement
Before the employee submits a formal request they should speak with their manager, get independent financial advice and ask HR to source a quote from pensions
If the employee is happy with the information they have received then they should complete (sections 1 and 2) of the Flexible Retirement Request Form six months before they want the arrangement to take place
Where there is a financial cost
The request will be considered by the Resources Committee
Where there is no financial cost
The request will be considered by the Head of Service or equivalent senior manager and the Executive Director
Approved
Refused
Approved
Refused
Decision is final
Employee will be given a new employment contract

Related information & policies

- Flexible Retirement Form
- Flexible Retirement Employee Factsheet
- Flexible Working Policy
- LGPS Employer Discretions Policy Statement

9. Early Retirement Procedure– employee initiated

If you are considering early retirement then you must contact the HR team who will contact Tayside Pension Fund to obtain the relevant information to assist you with your decision.

If you choose to take your pension before your normal pension age it will normally be reduced, as it is being paid earlier. You can choose to defer drawing your benefits but you must draw them before age 75. Deferring drawing your benefits will reduce any reduction applied due to you retiring before normal pension age. If you defer drawing your pension until after your normal pension age, your benefits will be paid at an increased rate to reflect late payment.

If you are under 60 you can voluntarily retire early without approval if you choose to pay the strain on the pension fund. In this situation you would set out your intention to retire early/resign in writing to your manager by providing your normal notice period. You should also contact pensions. Your line manager would then manage you through our leavers' process. As there would be no financial cost to the organisation there is no requirement for your request to be considered/approved by Resources Committee.

Age	Approval Level
Ages 50/55*-59	**Can retire with the approval of the Care Inspectorate.** In cases of early retirement because of redundancy or in the interests of business efficiency the minimum age for employees who were in active scheme membership of the LGPS (Scotland) of the scheme on 5 April 2006 is 50*. For all other scheme members the minimum age is 55. Requests should be assessed against the benefits to the organisation and the associated costs. The Care Inspectorate's policy is to support such requests where it can be demonstrated to be in the interests of the organisation. Approval of an application (where there is a cost to the organisation) for early retirement is determined by the Resources Committee. All applications for early retirement will be accompanied by full and detailed cost implications. Each case will be considered on its own merits at the time of application and full case details will be presented to the Resources Committee. Where no demonstrable benefits can be identified, requests for early retirement under this category will normally be refused. If you choose to retire in this way, your pension may be reduced to take account of it being paid for longer.
Age 60+	**Can retire without the approval of the Care Inspectorate-** employee just needs to provide their appropriate notice in line with their contract. There is no cost to the Care Inspectorate in this situation. If you choose to retire in this way, your pension may be

	reduced to take account of it being paid for longer.
Before normal retirement age	Employees who are members of the LGPS may request to retire early with a reduction in their pension which takes account of the fact that they will be receiving their pension before normal retirement age and not making the contributions they would otherwise have been making.

Early retirement and the rule of 85
Historically, employees aged between 55-59 could request retirement regardless of whether or not they met the 'Rule of 85'.This is where your age in full years and your total amount of membership of the LGPS scheme in full years add up to 85, at date of retirement. To qualify for full protection for the Rule of 85 the person must be born before 01/04/1960 and joined the pension scheme before 01/12/2006.

In this situation there was a strain on the pension fund associated with these retirements. But if the employee met the 'Rule of 85 and we consented to the early payment of benefits, the strain costs are automatically met in full by us as the employer. If the employee did not meet the 'Rule of 85', the employee would have met the strain costs by way of an actuarial reduction to their pension benefits. Such requests were relatively rare as the pension reduction could be significant.

Under the new (2014) pension regulations the **'Rule of 85' will no longer automatically apply.** Instead employers have the discretion as to whether or not to apply the rule. This means that when giving consent to a request for early retirement, where the employee meets the 'Rule of 85', we do not necessarily need to pay the strain costs in full. This gives us greater flexibility in dealing with requests for retirement under the age of 60 as follows:

- The employer does not apply the 'Rule of 85' resulting in the employee meeting the strain costs in full by way of an actuarial reduction to their pension benefits, with no cost to the employer.
- The employer applies the 'Rule of 85' resulting in the employer meeting the strain costs as they did under the 2009 Scheme.
- The employer does not apply the 'Rule of 85' but agrees that the strain costs are shared between employee and employer (there is no set apportionment) with a reduced cost to the employer and a partial reduction in the employee's pension benefits.

This means that for leavers after 31 March 2015, the discretion to waive actuarial reductions in whole or part on any grounds is now extended to all types of retirement. Requests for early retirement will be considered on a case by case basis.

Care Inspectorate Approval Required
We recognise that in some circumstances it is in the interests of the Care Inspectorate for employees to be allowed to retire earlier than the normal retirement age.

If you are aged 50/55* to 59 you may be able to retire and receive payment of your benefits immediately but this is only possible with the organisation's consent. Employees granted early retirement will normally be treated as terminating their employment by mutual agreement. This means additional membership cannot be awarded.

Care Inspectorate Approval Not Required

You can choose to retire and draw your pension from the LGPS at any time from age 60 to 75, provided you have 2 years scheme membership. However, there might be a strain on the pension fund costs if you do not meet the rule of 85 (age plus service equals 85 or more). If there is a strain on the fund then you can choose to absorb the cost. Before you decide, please contact HR Ops and they will arrange to get an estimate from the pension section to check if there are any costs.

You do not need the approval of the Care Inspectorate and you need only provide notice of terminating your employment in line with your contractual notice period.

If you choose to take your pension before your normal pension age it will normally be reduced, as it's being paid earlier. If you take your pension later than your normal pension age it is increased because it is being paid later. You must draw your benefits in the LGPS before your 75th birthday.

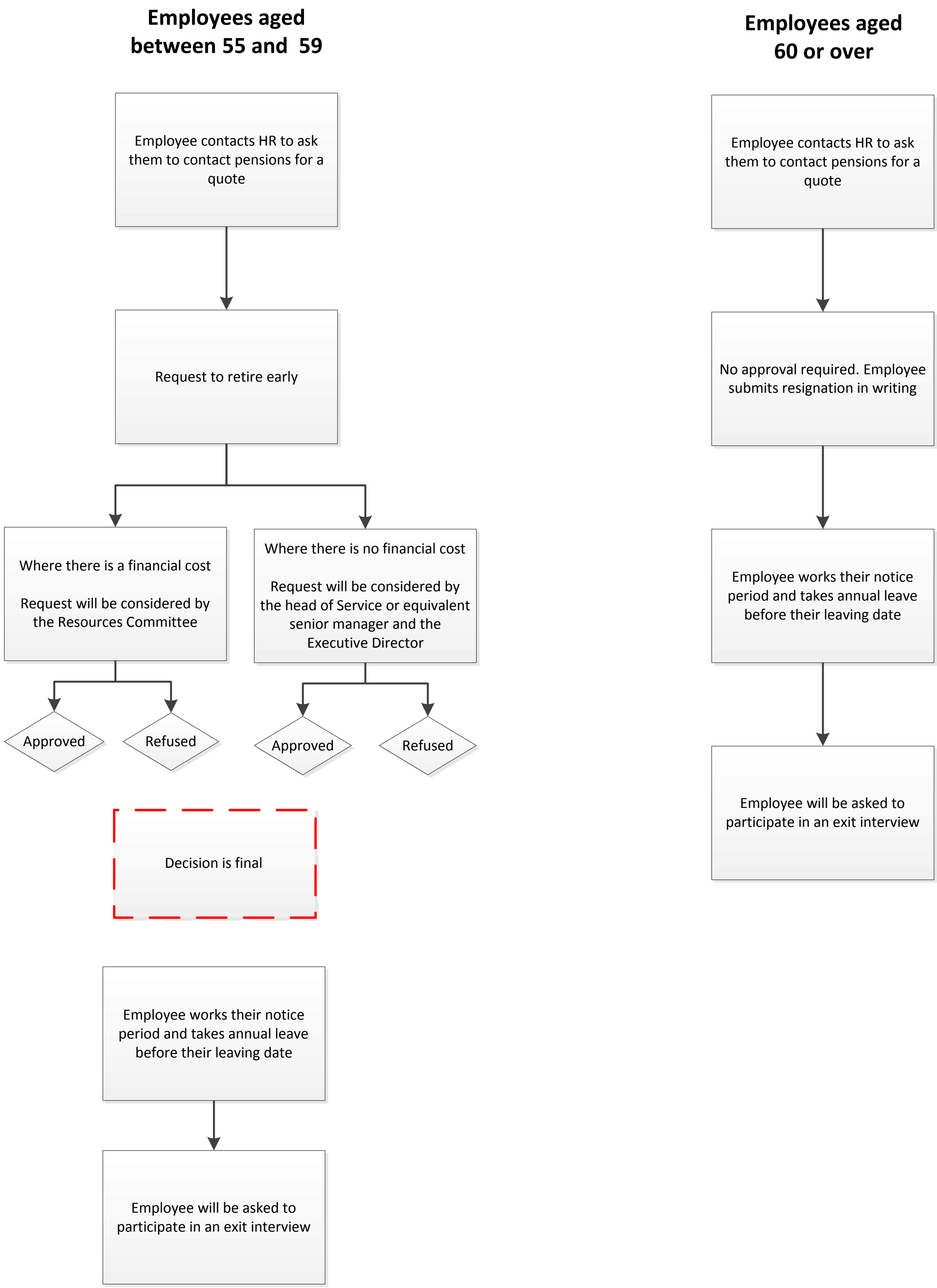
Leaving the Care Inspectorate through early retirement

You will be expected to work your notice period. If you have an outstanding debt to the Care Inspectorate for example, an overpayment of salary, you will be expected to repay the outstanding amount in full. Normally any balance of annual leave should be used before leaving.

Related information & policies

LGPS Employer Discretions Policy Statement

Early retirement



10. Early retirement procedure- Employer Initiated Voluntary Redundancy or Early Retirement

In order to deliver business efficiency changes the organisation may consider offering voluntary redundancy or early retirement to specific groups of employees.

The list below provides some examples of when this may be appropriate, although this is not intended to be an exhaustive list:

- If we need to restructure in a way that results in posts being deleted from our establishment, or
- If we need to achieve business efficiency improvements and reduce our overall operating costs.

The Care Inspectorate may offer a Voluntary Early Retiral/Redundancy scheme to facilitate any necessary reductions in staffing levels based on the budget position and business needs of the Care Inspectorate.

Staff will only be approved to leave under this scheme where changes to the permanent establishment of the Care Inspectorate which will result in a sustainable budget saving.

Please note that if an employee chooses to apply for release under this scheme there is no guarantee their application will be approved. The Executive Team reserve the right to decide whether or not to progress and recommend any individual application under this scheme. Following an ET decision to progress an application the application will require to be submitted to the Resources Committee for approval if there is a financial cost. This is in accordance with the Care Inspectorate Retirement Policy.

Volunteering for Early Retirement/Redundancy

Once the scheme has been publicised volunteers will be asked to submit a note of interest for voluntary redundancy or early retirement. Once the HR Team have received your note of interest they will contact Tayside Pension Fund to get an estimate for early retirement or voluntary redundancy payment. At this stage there is still no legal obligation for either the Care Inspectorate or employee to proceed.

Eligibility
Eligible employees will be offered the opportunity to submit an initial expression of interest (without commitment at this stage) for VER/R. Eligibility is summarised below:

- Employees who are aged 50* and over and in the pension scheme.
- Employees aged 50 or under or who are not in the pension scheme.
- Have a substantive role in an affected staff group.
- The employee has been displaced from their substantive post due to an organisational change process and the organisation is looking to match the individual into a suitable alternative post.
- Volunteers are not designated for a future transfer to another organisation.
- Be from a staff group where there is no known shortage of their specialism.

The scheme is not applicable to employees who have already been served with notice of termination of employment for any reason and/or for employees who have already tendered their resignation, or who have formally advised or begun the process of their retirement.

Age	LGPS Rules
Age 50/55*	The earliest age for retirement under the LGPS can retired on the grounds of interests of efficiency of the service. The minimum age for employees who were members of the scheme on 5 April 2006 is 50*. For other scheme members the minimum age is 55.
Ages 50/55*- normal pension age.	Where the Care Inspectorate certifies that their employment is being terminated due to redundancy or in the interests of the efficiency of the service. The minimum age for employees who were members of the scheme on 5 April 2006 is 50*. For other scheme members the minimum age is 55. • Be permanently employed or on a fixed term contact (where redundancy rights apply). • Have at least 2 years' continuous service. • Have 2 years vesting period with LGPS. In cases where employees (over 50 and less than 55) who were in the LGPS on 5 April 2006 become eligible for retirement on grounds of efficiency of service, regardless of their continuous service that date or not they would be entitled to pension benefits on an unreduced basis. Any financial liability (strain on the fund) would therefore be rechargeable to the employer.

We will use a fair and transparent selection process to determine who will be offered voluntary redundancy and who will not. The selection form will contain the following criteria:

- skills, knowledge, experience, competencies (relevant for the role) and qualifications
- performance records

- absence and attendance records (absences relating to a disability, pregnancy maternity or paternity will be discounted)
- disciplinary records (excluding expired warnings)
- the potential costs involved (this is important especially where outcomes are very similar).

Potential costs and employer discretions
Additional membership compensatory added years (CAY) or discretionary compensation payment (DCP) may exceptionally be awarded in cases of retirement in the interests of business efficiency.

There is no legal entitlement to do this but we have chosen to have the flexibility to offer this where appropriate. The offer of additional compensation will be assessed by considering the costs and saving associated with the retirement. The decision on whether to award any added years, and if so, how many should be recorded and should demonstrate that this analysis has taken place.

Age	LGPS status	Discretionary payment
18-65	**Scheme member or non-scheme member** (2 years+ service)	Employees may be entitled to a **Discretionary Compensatory Payment (DCP**) but not to compensatory added years (CAY).
50/55*-normal pension age.	**Scheme member** (5years + LGPS membership) Note: The minimum age to be allowed to retire on these grounds is 55* for employees who joined the scheme after 5 April 2006)	Employees may be entitled to **added years or DCP**. Employees will be asked to indicate their preferred option prior to any application being submitted to the Resources Committee for approval. For employees under 55 who wish to seek voluntary redundancy there will be no added years offered and there is only the option of a lump sum compensation payment (up to a maximum 104 weeks).

Compensatory added years (CAY)
The award of added years is not automatic and is subject to scheme rules. These take into account the Local Government Pension Scheme (LGPS) membership.

- Added years are calculated as 1/80th pension per year and 3/80th lump sum per year.
- The number of years added (if any) shall be considered on the individual merits of each case and the circumstances at the time.

- Employees will not receive an enhancement that will take their service beyond that which they would earn up to normal retirement age, nor would take them beyond 40 years' service.
- Eligibility will be based on all previous service with the Care Inspectorate or an 'associated employer' considered under the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999 (as amended).
- The minimum age to be allowed to retire on these grounds is 55* for employees who joined the scheme after 5 April 2006. If an employee was a member of the LGPS on 5 April 2006 and they are retired on redundancy grounds the earliest age immediate benefits are paid is 50*.
- The costs of awarding added years will be fully detailed in all applications and will be measured against any savings identified from the retirement/redundancy of the employee. The key underlying concept is that of a "payback period" for the additional expenditure incurred, with the Care Inspectorate's approved payback period of 2 years being required in such cases. The payback period must incorporate the whole cost of the retiral. In certain situations we may be able to present a business case to Scottish Government to determine whether or not the payback period can be adjusted.

Rules on compensatory added years	
Employees Who Work Part Time	Additional membership for part-time employees will be reduced pro rata to their hours of work.
Employees Who Have Flexibly Retired	Employees who have flexibly retired and who have re-joined the pension scheme will have eligibility for added years based on service and membership after flexible retirement only.
Actuarial Reduction	In addition to the compensation in this policy, employees who meet eligibility requirements, made redundant or retiring early in the interests of business efficiency will not have an actuarial reduction under LGPS rules.
Re-employment	If an employee who is under notice of redundancy receives an offer of a job from another body listed in the redundancy modification order before the termination of his or her employment and takes it up within four weeks of the end of the old employment, there will be no dismissal for redundancy payment purposes. The employee will retain continuity of service. The employee will not be entitled to any redundancy compensation. If an employee takes a new job with a modification order body in these circumstances, the provisions relating to a trial period in the Employment Rights Act 1996 will apply. Therefore, if the employee decides not to continue with the job during the first four weeks he or she will be able to terminate the contract (whether with or without notice) and receive a redundancy payment from the old employer.

Rules on compensatory added years	
	Abatement may also apply – this is where an LGPS pension can be reduced or suspended if a pension recipient entered into further local government or other relevant employment. • Former employees who have volunteered for redundancy with pension should not normally be re-employed*. • These restrictions should, where possible, be applied to consultancy work. • These restrictions should, where possible, be applied to casual work, although it is recognised that this may unenforceable for practical reasons. * The Care Inspectorate will not re-employ anyone who has left under the VER/R scheme within 12 months of their leaving date.

Discretionary compensatory payments (DCP)
Exceptionally in cases of business efficiency, we may at our discretion award additional compensatory payments on early retirement. However, if an award is granted, it will not be higher than the maximum permitted under the guidelines given by Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended).

Discretionary compensatory payment (DCP) are available to all members aged 18-normal pension age who have more than two years' service within the Local Government Pension Scheme (or have transferred in other pension rights). Early payment of pension is not provided for under this discretion.

The cost is to the Care Inspectorate in respect of the compensation payment of up to 104 weeks (inclusive of statutory redundancy payments) in accordance with age and service.

Payment may be made as a single instalment or in equal annual instalments over a period not exceeding 5 years between the actual date of retirement and the employee's normal retirement date. The Service will be charged interest for payments made over more than one year.

When the employee knows the payments involved they will be asked whether or not they want to make a formal application.

Prior to any selection decision being confirmed, Finance must verify that the costs associated with each request are recoverable within 2 years. The report will go to the Executive Team and then to Resources Committee for a decision.

The Resources Committee will determine one of the following three outcomes:

1. The costs of the retirement exceed the savings and it cannot be offered. If a situation occurs where the retirement does not appear affordable, or the

employee is not interested in the compensation offered, and the Service decides that it is still in the interests of business efficiency to investigate the retirement option further, contact the Head of Organisational and Workforce Development for additional advice.

2. The costs of the retirement mean that it can be offered, but only with access to pension without reduction (if eligible), and without additional discretionary compensatory benefits.

3. The costs of the retirement mean that additional compensation can be offered. Where maximum added years, and, or, maximum DCP as identified in the tables below can be afforded this should be offered. If one of the forms of compensation is affordable but the other is not then the Service should offer only the affordable compensation. If both are affordable, both should be offered.

Employees will be advised of the outcome at an individual meeting with the budget holder. The outcome will also be confirmed in writing.

Application not approved
Decisions are taken in conjunction with expressions of interest. We reserve the right not to accept all expressions of interest if there are more expressions of interest than anticipated and/or if it is considered that it is in the interests of the organisation to retain certain employees. Where there are more applications than the required reductions in posts, priority will be given to those applications demonstrating the greatest benefits to the organisation. We will monitor all VER/R exercises to ensure they comply with our statutory equality duties under the Equality Act 2010.

There is no right of appeal.

Application approved
Subsequent to receipt of any formal offer, the employee will then have 14 calendar days to either formally accept or decline the offer of voluntary redundancy in writing.

Following formal acceptance of the offer by the employee, an offer of an informal meeting with the individual and a member of the HR Team will be extended to discuss the detail of the potential termination of their contract of employment on the grounds of voluntary redundancy / early retirement. Should individuals wish they may be accompanied at this meeting by a colleague or a recognised trade union representative.

For all employees who formally accept voluntary redundancy / early retirement, we will require the employee to sign an agreement prior to leaving the organisation. This document is a confidential written agreement undertaken by both the Care Inspectorate and the employee, which in exchange for an agreed sum of money, acts to bar the employee from taking any part of the settlement agreement to any court or employment tribunal. However, for the avoidance of doubt, the employee shall not be prevented from making a “protected disclosure”, as defined in the Employment Rights Act 1996. The employee must have taken professional legal advice from an independent source before submitting to any agreement in relation to his or her employment rights.

Payment to employee
If you are made redundant or retired in the interests of business efficiency you will receive immediate payment of the main benefits you have built up. Employees may wish to consider early retirement without reduction in the value of pension benefits, based on service to date as an alternative to receiving a redundancy lump sum.

Employees who are dismissed on the grounds of redundancy are entitled to receive the appropriate period of notice. This will be based on statutory notice periods if this exceeds contractual notice. All employees will normally be expected to work their notice period. However, in certain circumstances an earlier or later termination date may be agreed.

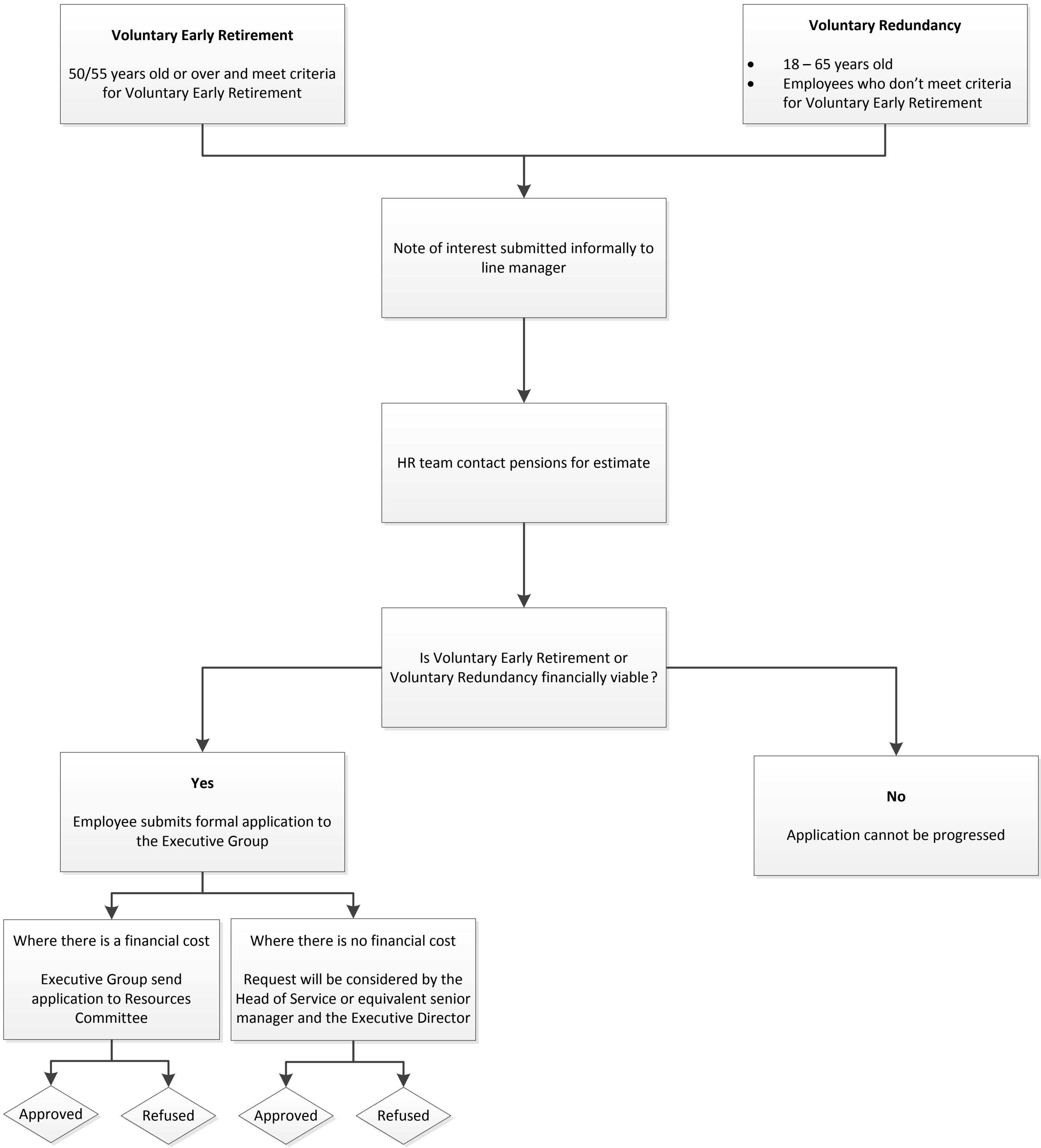
For any redundancy payments the value of a weeks' pay will be based on average earnings over a 12 week period based on their actual pay during that period rather than statutory maximum. All employees, regardless of whether they are pension scheme member or not, are entitled to a statutory provision of a lump sum redundancy payment of up to 30 weeks dependent on age and length of service included in the compensatory payment.

You will be expected to work your notice period. If you have an outstanding debt to the Care Inspectorate for example, an overpayment of salary, you will be expected to repay the outstanding amount in full. Normally any balance of annual leave should be used before leaving.

Related information & policies

- Compensatory payments ready reckoner
- Statutory redundancy payments ready reckoner
- LGPS Employer Discretions Policy Statement
- Workforce Change Policy
- VER/R Guidance
- Exit Interview

Early retirement procedure – Employer Initiated Voluntary Redundancy or Early Retirement



11. Ill health retirement procedure

If you have to leave work due to illness you may be able to receive immediate payment of your LGPS benefits. To qualify for ill health benefits, you must have at least 2 years membership with the LGPS or have transferred in other pension rights and have to leave work at any age due to permanent ill health; the LGPS provides a tiered ill-health retirement package. If you have less than 2 years' service your contributions will be refunded.

The Care Inspectorate will provide all reasonable support in order to assist an employee with a return to work. However, if it appears that an employee cannot return to work within a reasonable period we will refer the employee to an occupational health specialist. They will be approved by an Occupational Physician to assess entitlement to ill health early retirement. An employee can also ask to be referred to this specialist. Without this approval by occupational health, it is not possible to receive ill health early retirement.

Ill health benefits can be paid at any age and are not reduced on account of early payment.   There are graded levels of benefit based on how likely you are to be capable of obtaining gainful employment after you leave employment with us. The different levels of permanent ill health/tiers are explained below:

Level of permanent ill health	Explanation
Tier 1	If you have no reasonable prospect of being capable of gainful employment before normal pension age. Benefits are based on your membership built up to leaving plus all your prospective membership from leaving to normal pension age i.e. your pension will be based on the membership you would have had if you had stayed in the scheme until normal pension age.
Tier 2	If you have a reasonable prospect of being capable of gainful employment before age 65. Benefits are based on your membership built up to leaving plus 25% of your prospective membership from leaving to normal pension age.

Where an employee is not considered permanently unfit but is dismissed on the grounds of capability, the Care Inspectorate has discretion to give the employee an ill health gratuity of 1 week's pay for each year of service up to maximum of 30 weeks. The Care Inspectorate may award ill health compensation to a member who is not entitled to an ill-health pension. **(This referred to as Tier 3)**. The right to this award is not automatic and will be considered on the individual merits of each case and the circumstances at the time. As there would be a cost involved it would need to be based on a business case. The Resources Committee will be provided with details of the case, benefits/disadvantages to the organisation and full financial costings'. The decision at this stage is final.

The definitions of ill health retiral outlined above are in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008. Employees who were members of the LGPS on 31 March 2009 are protected to ensure that the extra membership they receive is no less than they would have received before April 2009.

You will be expected to work your notice period. If you have an outstanding debt to the Care Inspectorate for example, an overpayment of salary, you will be expected to repay the outstanding amount in full. Normally any balance of annual leave should be used before leaving.

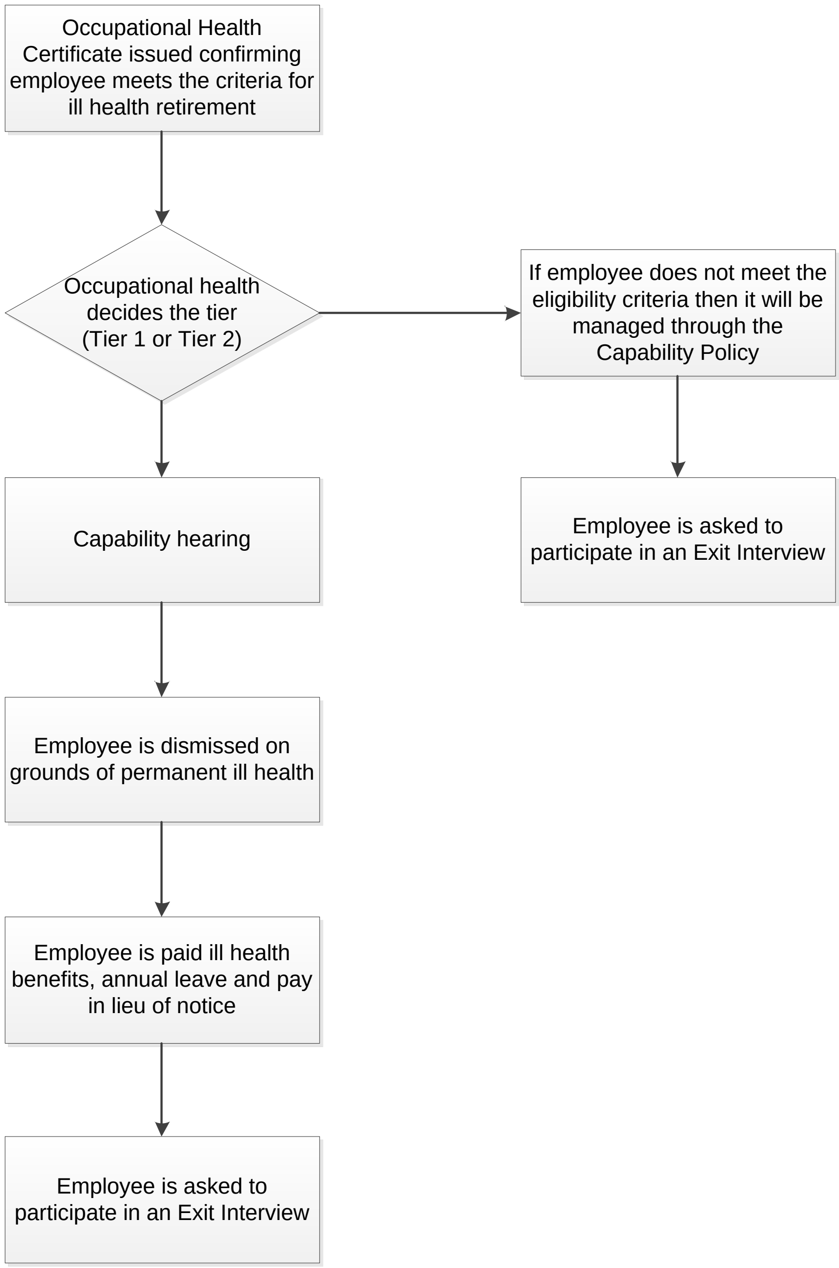
Related information & policies

- Capability Policy
- Maximising Attendance Policy
- Exit Interview

Ill health retirement

Two years LGPS membership

Any age (not reduced on account of early payment)



12. Retirement after age 65 procedure

If you carry on working beyond age 65, you can continue to pay into the LGPS building up further benefits. You can receive your pension when you retire although your pension has to be paid by your **75th birthday**. If you retire at or after age 65 you can defer drawing your pension- if a reduction is applied to your benefits, but must draw it by age 75. Depending on your age it may or not may not be paid at an increased rate.

You will be expected to work your notice period. If you have an outstanding debt to the Care Inspectorate for example, an overpayment of salary, you will be expected to repay the outstanding amount in full. Normally any balance of annual leave should be used before leaving.

Related information & policies

Exit interview

Home > Strategy and Improvement > Organisational Development > Leaving the Care Inspectorate

Working beyond age 65

If you chose to continue working after age 65 there is no need to notify your manager of your intention to carry on working

You can consider changing the way you work for example by requesting Flexible Retirement or Flexible Working

You must draw your pension no later than age 75

Please see Flexible Retirement (Section 8 or the Flexible Working Policy)

To retire you need to confirm your resignation in writing to your manager

You will be expected to work your notice period. If you have an outstanding debt to the Care Inspectorate for example, an overpayment of salary, you will be expected to repay the outstanding amount in full. Normally any balance of annual leave should be used before leaving.

Policy Audit

Title	Partnership Forum Approval Date	Version Control	Change (and reason)	Date of change	Version Control
Retirement and Early Severance Policy	March 2017	V1.0	Updated 'Working beyond age 65' flowchart to reflect that employees must draw their pension no later than age 75.	19 April 2017	V1.1
		V1.1	Updated on request from HR in relation to typos, re-ordering paragraph on flexible retirement (obtain quote from HR first), updating OD to HR.	12 June 2017	V1.2
		V1.2	Policy was updated to take into account that some requests will not have a financial cost so don't need to go to Resources Committee (e.g. employee has option to pay strain on the fund). An additional paragraph was included to clarify the Rule of 85. These changes were made in response to feedback from HR & the Head of Finance.	5 November 2018	V1.3