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REPORT / SUMMARY DECISION SHEET

PURPOSE: COMMISSIONER DECISION

Timing: Urgent

Title: Early Retirement Policy in the Interest of Efficiency - Local Government Pension Scheme

Category of Decision / Business Area Impact: Finance - Pensions

Executive Summary:

Under the Local Government Pension Scheme Regulations, employees in the LGPS aged 55 or over, leaving on grounds of the efficiency of service are entitled to immediate unreduced pension payments and an additional severance payment.

Early retirement in the interests of efficiency may be offered when staff reductions are anticipated and the employer wishes to reduce the number of affected employees by offering additional incentives to those wishing to retire sooner than planned.

Any efficiency of service retirement sanctioned should be justified by a business case showing the extent to which it:

- improves the effectiveness of the service provided,
- reduces the costs of providing those services or
- is supported by grounds of health/compassion

based on a payback period of 3 years or less.

Recommendation:

The Police and Crime Commissioner is asked to consider and approve the attached "Early Retirement Policy in the Interest of Efficiency".

Police and Crime Commissioner for Dyfed-Powys

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Nolan Principles for Conduct in Public Life.

The above has my approval / does not have my approval.

Signature:



Date:

17 / 1 / '13

Report of the Chief Financial Officer

Early Retirement Policy in the Interest of Efficiency – Local Government Pension Scheme

1. Purpose of Report

To provide a policy on retirement in the interest of business efficiency for employees who are members of the Local Government Pension Scheme (LGPS).

2. Detailed Report

At the Finance & General Purposes Committee meeting on the 19th March 2012, members approved proposals on flexible and early retirement.

This paper recommends a definitive policy on retirement on the grounds of efficiency under the provisions of the:

- Local Government Pension Scheme (Benefits, Membership & Contributions) Regulations 2007 (as amended)
- Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations, 2006 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008.

An employee may be offered retirement in the efficiency of the service if they:

- are aged 55 or over
- are members of the LGPS
- have 3 or more months membership or have transferred the equivalent pension rights into the LGPS.

An employee will be entitled to immediate payment of unreduced pension benefits and will also receive a severance payment. The Commissioner will award a severance payment based on the redundancy pay calculation multiplied by a factor of 2.5 giving a maximum redundancy payment of 75 weeks (see Appendix 1).

The costs to the employer will be the capital costs associated with an early release of pension benefit plus the cost of the additional severance payment awarded to the employee.

Any "business efficiency" retirement sanctioned by the Commissioner, should be justified by a business case showing the extent to which it:

- improves the effectiveness of the services provided,
- reduces the cost of providing those services or
- is supported by grounds of health or compassion.

based on a payback period of 3 years or less.

The consideration for retirements 'in the interest of efficiency' will originate from the Chief Financial Officer.

There will be certain circumstances in which efficiency retirement may be appropriate and these are detailed in the following paragraphs:

- Where, due to no fault of an individual employee, the work method or job content have altered to the extent that they affect fundamentally the competence of the employee (e.g. technology changes, changes in legislation or organisation, development of professional standards).
- Where an employee has a particular medical condition which, whilst not considered by the Occupational Health Manager to justify retirement on the grounds of ill health, does significantly impede the proper performance of the job.
- When an employee has particular personal or domestic circumstances, which are overwhelming to the extent that the interests of the service suffer.
- Where, through a reorganisation or other reasons, the scope and content of the duties and responsibilities have diminished to the extent that, whilst not justifying redundancy, they nevertheless adversely affect the efficiency of the organisation.
- Where a combination of circumstances, both in the job and the individual are adversely affecting efficiency, but where these circumstances do not involve wilful inadequate performance, which should be more appropriately the subject of disciplinary or capability action.

The Commissioner will update, publish and copy to the Dyfed Pension Fund (Carmarthenshire County Council) this Employer Discretion.

Should this policy be amended, a revised statement would need to be published within one month of the date of revision.

3. Impact Consideration

Implication	Impact Considered (Yes/No)	Impact Identified (paragraph reference)
Legal	Yes	Paragraph 2
Financial	Yes	Paragraph 2
Race and Equality	Yes	None
Human Rights	Yes	None
Environmental and Sustainability	Yes	None
Risk Analysis	Yes	None
National Park Implications	Yes	None

4. Appendices

Appendix 1 – Discretionary Payments Scheme matrix table

5. Background papers

Finance and General Purposes Committee paper dated 19th March 2012 – “Flexible and early retirement policy – Local Government Pension Scheme.”

6. Contact details

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Redundancy

(Based on the table issued by the Department of Trade and Industry with effect from 1st October, 2006 and enhanced in accordance with The Local Government (Early Termination of Employment) (Discretionary Compensation {England and Wales} Regulations, 2006)

Age	Service (years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
17*	2½																			
18	2½	4																		
19	2½	4	5																	
20	2½	4	5	6½																
21	2½	4	5	6½	7½															
22	2½	4	5	6½	7½	9														
23	4	5	6½	7½	9	10	11½													
24	5	6½	7½	9	10	11½	12½	14												
25	5	7½	9	10	11½	12½	14	15	16½											
26	5	7½	10	11½	12½	14	15	16½	17½	19										
27	5	7½	10	12½	14	15	16½	17½	19	20	21½									
28	5	7½	10	12½	15	16½	17½	19	20	21½	22½	24								
29	5	7½	10	12½	15	17½	19	20	21½	22½	24	25	26½							
30	5	7½	10	12½	15	17½	20	21½	22½	24	25	26½	27½	29						
31	5	7½	10	12½	15	17½	20	22½	24	25	26½	27½	29	30	31½					
32	5	7½	10	12½	15	17½	20	22½	25	26½	27½	29	30	31½	32½	34				
33	5	7½	10	12½	15	17½	20	22½	25	27½	29	30	31½	32½	34	35	36½			
34	5	7½	10	12½	15	17½	20	22½	25	27½	30	31½	32½	34	35	36½	37½	39		
35	5	7½	10	12½	15	17½	20	22½	25	27½	30	32½	34	35	36½	37½	39	40	41½	
36	5	7½	10	12½	15	17½	20	22½	25	27½	30	32½	35	36½	37½	39	40	41½	42½	

37	5	7½	10	12½	15	17½	20	22½	25	27½	30	32½	35	37½	39	40	41½	42½	44
38	5	7½	10	12½	15	17½	20	22½	25	27½	30	32½	35	37½	40	41½	42½	44	45
39	5	7½	10	12½	15	17½	20	22½	25	27½	30	32½	35	37½	40	42½	44	45	46½
40	5	7½	10	12½	15	17½	20	22½	25	27½	30	32½	35	37½	40	42½	45	46½	47½
41	5	7½	10	12½	15	17½	20	22½	25	27½	30	32½	35	37½	40	42½	45	47½	49
42	6½	9	11½	14	16½	19	21½	24	26½	29	31½	34	36½	39	41½	44	46½	49	51½
43	7½	10	12½	15	17½	20	22½	25	27½	30	32½	35	37½	40	42½	45	47½	50	52½
44	7½	11½	14	16½	19	21½	24	26½	29	31½	34	36½	39	41½	44	46½	49	51½	54
45	7½	11½	15	17½	20	22½	25	27½	30	32½	35	37½	40	42½	45	47½	50	52½	55
46	7½	11½	15	19	21½	24	26½	29	31½	34	36½	39	41½	44	46½	49	51½	54	56½
47	7½	11½	15	19	22½	25	27½	30	32½	35	37½	40	42½	45	47½	50	52½	55	57½
48	7½	11½	15	19	22½	26½	29	31	34	36½	39	41½	44	46½	49	51½	54	56½	59
49	7½	11½	15	19	22½	26½	30	32½	35	37½	40	42½	45	47½	50	52½	55	57½	60
50	7½	11½	15	19	22½	26½	30	34	36½	39	41½	44	46½	49	51½	54	56½	59	61½
51	7½	11½	15	19	22½	26½	30	34	37½	40	42½	45	47½	50	52½	55	57½	60	62½
52	7½	11½	15	19	22½	26½	30	34	37½	41½	44	46½	49	51½	54	56½	59	61½	64
53	7½	11½	15	19	22½	26½	30	34	37½	41½	45	47½	50	52½	55	57½	60	62½	65
54	7½	11½	15	19	22½	26½	30	34	37½	41½	45	49	51½	54	56½	59	61½	64	66½
55	7½	11½	15	19	22½	26½	30	34	37½	41½	45	49	52½	55	57½	60	62½	65	67½
56	7½	11½	15	19	22½	26½	30	34	37½	41½	45	49	52½	56½	59	61½	64	66½	69
57	7½	11½	15	19	22½	26½	30	34	37½	41½	45	49	52½	56½	60	62½	65	67½	70
58	7½	11½	15	19	22½	26½	30	34	37½	41½	45	49	52½	56½	60	64	66½	69	71½
59	7½	11½	15	19	22½	26½	30	34	37½	41½	45	49	52½	56½	60	64	67½	70	72½
60	7½	11½	15	19	22½	26½	30	34	37½	41½	45	49	52½	56½	60	64	67½	71½	74
61+	7½	11½	15	19	22½	26½	30	34	37½	41½	45	49	52½	56½	60	64	67½	71½	75