

RETIREMENT POLICY & PROCEDURE

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Name of originator/author:	Alison Gooding, HR Manager, MLCSU
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CONSULTATION SCHEDULE

Name and Title of Individual/Group Consulted	Date Consulted
Staff Engagement Group	June 2019
Staff Side	June 2019

APPROVALS & RATIFICATION SCHEDULE

Name of Committee approving Policy	Date
Communications, Engagement, Equalities & Employment Committee	06 June 2019
Governing Bodies meetings in common	29 August 2019

VERSION CONTROL

V	Version/Description of amendments	Date	Author/amended by
1	Single policy across all 6 CCGs	04.2013	Alison Gooding
2	Adapted to show alignment	05.2019	Jane Chapman
3			
4			

Impact Assessments – available on request

	Stage	Complete	Comments
Equality Impact Assessment	1	Aug 2019	No amendments recommended
Quality Impact Assessment	N/A		
Privacy Impact Assessment	N/A		

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POLICY STATEMENT

This policy is designed to assist employees who are considering or have taken the decision to retire and outlines the options available and support that can be expected from management.

SUMMARY

- This policy has been revised in line with Department of Health (DoH) Guidance regarding Retire and Return, issued July 2017, and changes to the ill health retirement process since the issuance of the current policy in 2013.
- With regards to the retire and return process, the DoH guidance aims to help employers put in place policies and procedures so that decisions to re-employ staff can be justified in terms of service need and value for money. Applications should not be automatically approved and should take account of current and future workforce requirements. The context of tight public finances and pay restraint has meant that use of "retire and return" has been the subject of some negative media publicity, raising questions about inappropriate use of NHSPS benefits
- With regards to the ill health retirement process, the policy refers individuals to the CCGs Attendance Management Policy, which outlines the process to be followed when an employee indicates they wish to pursue ill health retirement.
- All other elements of the policy remain unchanged from the current version.

1. **POLICY STATEMENT**

- 1.1 This policy is designed to assist employees who are considering or have taken the decision to retire from service and outlines the options available and support that can be expected from management.

2 **PRINCIPLES**

- 2.1 The CCGs do not operate a compulsory retirement age.
- 2.2 When considering retirement options employees should bear in mind the potential impact on their pension.
- 2.3 The provisions of Section 16 of NHS Terms and Conditions will apply to employees retiring early on grounds of redundancy.
- 2.4 The Minimum Retirement Age for members of the NHS Pension Scheme – 1995 section is 50, except for staff who joined on or returned to the scheme after 6 April 2006 for whom the Minimum Retirement Age is 55. The minimum retirement age for members of the 2008 section and the 2015 Pension Scheme is 55.
- 2.5 The Normal Retirement Age for members of the NHS Pension Scheme 2015 is the same as their State Pensionable Age which can be calculated here - <https://www.gov.uk/calculate-state-pension>. Members of the 1995 section of the NHS Pension Scheme have a Normal Retirement Age of 60 (55 For Special Class Status) and members of the 2008 section have a Normal Retirement Age of 65.
- 2.6 Employees considering retirement, particularly flexible retirement, should discuss their plans initially with their line manager.
- 2.7 Information on retirement options and benefits is available from an HR representative or the NHS Pensions website www.nhsbsa.nhs.uk/pensions.
- 2.8 Employees should bear in mind that NHS Pensions requires 4 months' notice of any request for payment of pension benefits.
- 2.9 Flexible retirement requests will be considered in line with the procedure set out in the Flexible Working Policy.
- 2.10 Advice, guidance and support will be provided to Line Managers during the implementation and application of this policy by the Human Resources Team.

3 PROCEDURE

The Procedure for Normal Age Retirement and Flexible Retirement options is detailed at PART 2

4 EQUALITY

- 4.1 In applying this policy, the Organisation will have due regard for the need to eliminate unlawful discrimination, promote equality of opportunity, and provide for good relations between people of diverse groups, in particular on the grounds of the following characteristics protected by the Equality Act (2010); age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, and sexual orientation, in addition to offending background, trade union membership, or any other personal characteristic.

5 MONITORING & REVIEW

- 5.1 The policy and procedure will be reviewed periodically by Human Resources in conjunction with relevant internal committees and Trade Union representatives. Where review is necessary due to legislative change, this will happen immediately.

PART 2

6 PROCEDURE

- 6.1 Employees who have decided that they wish to retire or are considering retirement, particularly flexible retirement, should discuss their plans initially with their line manager.

Normal age retirement

- 6.2 Employees wishing to fully retire from work must resign from their employment, giving the appropriate contractual notice. They will be expected to take all accrued annual leave prior to their leaving date.

Flexible Retirement

- 6.3 Flexible retirement provides flexibility regarding the age at which an employee retires, the length of time it takes to retire and the nature and intensity of work in the lead up to final retirement. It assists the Organisation by retaining the skills of key employees who are approaching, or are at, retirement age and provides a greater choice for employees.

7 Pre-retirement wind down (existing post)

- 7.1 An employee approaching their retirement may wish to gradually reduce the number of hours they work leading up to their actual date of retirement.
- 7.2 The employee should put their request in writing to their line manager, clearly outlining their proposed work pattern, start date and retirement date.
- 7.3 Requests will be considered in line with the procedure in the Flexible Working Policy, and judged on the basis of business needs.
- 7.4 If a reduction in hours is agreed, the employee will be paid pro rata to the reduced hours worked. Annual leave entitlement will also be calculated on a pro rata basis

8 Pre-retirement step down (lower banded role)

- 8.1 An employee approaching retirement may request to continue working in a less demanding role.
- 8.2 The employee should put their request in writing to their line manager, clearly outlining their proposed role, hours of work, start date of the arrangements and retirement date.
- 8.3 Requests will be considered in line with the procedure in the Flexible Working Policy, and judged on the basis of business needs.
- 8.4 If a change in role is agreed, the employee will be paid the appropriate rate for that post. If there is a reduction in working hours, the employee will be paid pro rata to hours worked. Annual leave entitlement will also be calculated on a pro rata basis.
- 8.5 Members of the NHS Pension Scheme 1995 and 2008 Sections who are over the minimum retirement age, and whose pay reduces by at least 10% for a minimum period of 12 months, may apply for the higher rate of pay to be voluntarily protected for pension purposes. The application via SMR9 Form must be made within 15 months of the date the rate of pay is reduced.
- 8.6 When the employee leaves, their pension up to the date they stepped down will be based on the higher rate of pay, and their pension earned after the step down date will be based on the reduced rate of pay. Cost of living increases will be applied to the protected higher rate of pay and both pensions will be added together for payment.
- 8.7 If a lower banded and suitable post is not readily available there is no obligation on the Organisation to create a role.

9 Retire and Return

- 9.1 Under the provisions of the NHS Pension Scheme, employees have the option to retire from service and take all their pension benefits before returning to NHS employment.
- 9.2 Employees considering this option, who have NHS Pension Scheme membership prior to 5th April 1997, must request the Guaranteed Minimum Pension (GMP) check from the Pensions Officer in the first instance. Retirement cannot go ahead unless the GMP check has been passed.
- 9.3 Employees considering this option, and who wish to return to employment with the CCG must make their request in writing, to their line manager, as far in advance as possible. The request must include the proposed retirement date and when, and in what capacity, the individual would like to return to work afterwards.
- 9.4 Updated guidance in relation to retiring and returning to work was issued by the Department of Health in July 2017. A full copy of the guidance is available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/634529/NHS_retire_and_return_guidance.pdf
- 9.5 Requests to return to work will be considered in line with the procedure in the Flexible Working Policy, and considered against factors identified in the above Department of Health guidance. Applications should be considered on their own merits and requests should not be automatically approved or declined. The CCG will specifically consider:
- The requirement for the post to be filled through 'retire and return' in light of cost improvement pressures
 - Equality requirements
 - Value for money
 - The standard of the employee's work and attendance
 - The employee's competence (skills, knowledge and experience) against the essential requirements of the post
 - Whether the hours proposed can be accommodated / meet service needs
 - Succession planning and the potential impact the employee's return will have on their team
 - Whether it is in the best interests of the service to accommodate the 'retire and return' request
 - Longer term workforce / service plans for the post and team and how the 'retire and return' request fits with this

- 9.6 The above factors will need to be summarised in writing by the line manager of the employee requesting to 'retire and return', using Appendix 2. This will then need to be submitted to the CCG's Executive Team for consideration. Only a member of the Executive Team can then sign the section entitled 'Decision' on Appendix 2.
- 9.7 If the request is agreed, there must be at least a 2-week break between employments, to include a minimum 24-hour break in pensionable employment to satisfy the requirements of the NHS Pension scheme.
- 9.8 More information can be found at: <http://www.nhsbsa.nhs.uk/Pensions/4217.aspx>. Members of the 1995 section, whether above or below normal retirement age, must work less than 16 hours per week within one calendar month of retirement, and/or be under the normal retirement age, to avoid their pension being suspended. This restriction does not apply to members of the 2008 section or the 2015 Pension Scheme.
- 9.9 Employees who are in receipt of any earnings related protection will lose that protection on their return to work following the break in service.
- 9.10 Once an employee retires and receives their pension benefits in relation to their NHS service, this service will no longer be counted as 'reckonable' for redundancy purposes (para 16.6 of NHS Terms and Conditions). Where an employee takes their pension benefits and returns to work at the Organisation, reckonable service will begin from the date of return to employment after the break in service.
- 9.11 Employees who retire and take pension benefits from the 1995 Section of the NHS Pension Scheme before returning to work will not be able to re-join the NHS Pension Scheme.
- 9.12 Employees who retire and return will retain entitlements that are related to and dependent on 'reckonable' service such as annual leave and occupational sick pay, as outlined in Agenda for Change Terms and Conditions. However, entitlements that are subject to continuous service, such as redundancy, will be dependent on the member of staff accruing the relevant length of service in their new role as any previous service accrued prior to the date of retirement will no longer be considered 'continuous'.

10 Draw down (partial retirement) This option is not available to 1995 Section members

- 10.1 Members of the NHS Pension Scheme – 2008 section and 2015 Pension Scheme may elect to partially retire and take some of their benefits. To do this the employee must have reached at least the minimum retirement age of 55 and have reduced their pensionable pay by at least 10%.
- 10.2 Between 20% and 80% of pension entitlement may be taken and pension membership will continue to build up. Pensionable pay must remain reduced for at least a year otherwise eligibility to a pension will cease. Benefits can be drawn down twice before final retirement.

11 Voluntary early retirement (VER)

- 11.1 An employee may opt to take VER at any time from the minimum pension age applicable to the scheme they are, or have been, a member of provided they have at least 2 years membership. The minimum retirement age is 50 for members of the NHS Pension Scheme - 1995 section, and 55 for members of the NHS Pension Scheme - 2008 section and 2015 Pension Scheme. For employees who joined the NHS Pension Scheme – 1995 section for the first time on or after 6th April 2006, or previously left the Scheme before 31st March 2000 with deferred benefits & rejoined on or after 6th April 2006, the minimum retirement age is 55.
- 11.2 An estimate of pension benefits can be requested from a Pensions Officer however, final figures will be calculated by NHS Pensions. Employees considering VER, who have NHS Pension Scheme membership prior to 5th April 1997, must request the Guaranteed Minimum Pension (GMP) check from the Pensions Officer in the first instance. VER cannot go ahead unless the GMP check has been passed.
- 11.3 To leave employment due to voluntary early retirement the employee must resign from their employment, giving the appropriate contractual notice. They will be expected to take all accrued annual leave prior to their leaving date.

12 Late retirement

- 12.1 Employees who remain in employment beyond the normal retirement age, and remain in the NHS Pension Scheme, may continue to earn benefits to age 75 or until they reach 45 years membership. There are no provisions to increase benefits for members of the 1995 section if they are paid late. Members of the 2008 section will have any pension earned before age 65 increased to take account of the fact that it is being paid later than the normal retirement age. There is no limit on the maximum number of years membership in the 2015 scheme.

13 Ill Health Retirement

Please refer to the relevant section of the CCGs Attendance Policy which outlines the principles and processes relating to ill health retirement.

'Retire & Return' Assessment

Name of Employee Requesting 'Retire & Return':

Name of Line Manager Completing Assessment:

Assessment:

Please provide information in relation to the following factors:

The requirement for the post to be filled through 'retire and return' in light of cost improvement pressures

Equality requirements

Value for money

The standard of the employee's work and attendance

[Empty box for notes]

The employee's competence (skills, knowledge and experience) against the essential requirements of the post

[Empty box for notes]

Whether the hours proposed can be accommodated / meet service needs

[Empty box for notes]

Succession planning and the potential impact the employee's return will have on their team

[Empty box for notes]

Whether it is in the best interests of the service to accommodate the 'retire and return' request

Longer term workforce / service plans for the post and team and how the 'retire and return' request fits with this

Decision

To be completed by manager with appropriate authority.

Is the 'retire and return' application approved? (Circle as appropriate)

YES	NO
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Summary of rationale for decision

Name of manager:

Signature of manager:

Date: