



LEAVING EMPLOYMENT POLICY

Resignation, Retirement, VER & VR

POLICY PURPOSE

This Policy provides guidance for all Derby Homes employees. It covers the following

- 1) General Resignations
 - What to do if you want to leave your employment at Derby Homes
- 2) Retirement options for employees in the Local Government Pension Scheme
 - General Pension Issues
 - Age Retirement Options
 - Options for Flexible Retirement
- 3) Retirement Options for employees who are not members of the Local Government Pension Scheme
 - Retirement Options
 - Flexible retirement options
- 4) Voluntary Early Retirement
- 5) Voluntary Redundancy

Document Control

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POLICY

1. GENERAL RESIGNATIONS

You can voluntarily resign from your post at any time. Resignations must be made in writing, to your line manager providing the relevant notice period. You must date your letter and state the last date of your employment. Check your employment contract for details of your notice period. As a general rule the following notice periods apply by grade as follows:

Probationary Period	One week
Scale 1 - 6	Four weeks
Senior and Principal Officers	Eight weeks
Chief Officer	Twelve weeks

2.0 RETIREMENT OPTIONS FOR EMPLOYEES WHO ARE MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME

Employees who are members of the Local Government Pension Scheme can get information about their retirement options from http://www.derbyshire.gov.uk/working_for_us/pensions/.

Derby Homes cannot offer you advice about your pensions but can give you information about some choices that are available to you.

Under the Local Government Pension Scheme Regulations 2013, each employer is required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of Pension Discretions under the Pension Scheme. The LGPS Regulations 2013 stipulate this requirement in four areas, namely:

- Voluntary funding of additional pension via a Shared Cost Additional Pension Contribution (SCAPC) contract, either by regular ongoing contribution or one-off lump sum;
- Flexible retirement;
- Waiving all or part of any actuarial reduction; and
- Award of additional pension (at whole cost to the employer).

Derby Homes has published its Policy Statement in respect of Pension Discretions and these are attached as Appendix One to this Policy.

- 2.1 Derby Homes does not have a default retirement age but will work with individuals to determine the best retirement process. Employees have to choose their own date of retirement.
- 2.2 The Local Government Pension Scheme enables employees to take retirement from the age of 55 years. http://www.derbyshire.gov.uk/working_for_us/pensions/ Retirement at the employee's request will normally be at no cost to Derby Homes and this will therefore normally require an actuarial reduction in the amount paid

to the employee if the retirement is before their state pension age . It is important that any employee considering this option checks the amount that they would receive through the County Council's website as above, or by specific request to them.

2.3 We want to have a consistent approach to supporting employees who may be considering retirement. At any time from the age of 55 years onwards employees can request a meeting with their manager to share with us their plans for retirement on a no obligation basis.

2.4 Members of the Local Government Pension Scheme can choose to retire and draw their pension at any age between 55 and 75. This process is recommended for any employee considering retirement:

- Select a potential retirement date in order to request an estimate of your Pension benefits
- Get a rough estimate of your pension benefits through using County Council's website
- Request a formal estimate of your pension benefits by contacting DCC HR
- Your estimate should be with you within a couple of months
- Decide if you want to proceed with your retirement.
- Write to your manager giving them the appropriate notice of your retirement.

3.0 **EMPLOYEES WHO ARE NOT MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME**

If you are not a member of the Local Government Pension Scheme you can choose to retire at any time. You should write to your manager giving the appropriate notice of your retirement.

We would recommend that you take advice, and get estimates of your retirement income from your pension provider before finalising your decision.

4.0 **FLEXIBLE RETIREMENT**

Under the Local Government Pension Scheme you can apply for Flexible Retirement. Our approach to Flexible Retirement is detailed in Appendix One of this document. Flexible Retirement means that you decide that you want to draw down your pension benefits but continue in your job on a part time basis – or a different job role, on less pay for a period of time.

Our position is that we can only support a Flexible Retirement request where there is a clear benefit for Derby Homes. This will normally mean that the needs of the service are paramount, that the relevant Head of Service has been consulted and supports the proposal and that there is no cost to Derby Homes. Every case will be considered on its own merits.

If you would like to be considered for Flexible Retirement the following process will apply:

- Select a potential retirement date in order to request an estimate of your Pension benefits
- You can get a rough estimate of your pension benefits through using the County Council's website
- Request a formal estimate of your pension benefits by contacting DCC HR
- Your estimate should be with you within a couple of months
- Decide if you want to proceed with your request for Flexible Retirement
- Write to your Head of Service setting out the reasons for your request detailing the benefits that your request could bring to Derby Homes
- Your request will be considered by the Executive Team
- If your request is refused you can appeal to the Governance Committee

If you are not a member of the Local Government Pension Scheme, or if you are a member of the LGPS but do not wish to draw your Pension, you can apply for flexible working using our Request for Flexible Working Policy.

5.0 VOLUNTARY EARLY RETIREMENT - VER

Voluntary Early Retirement – VER – is a process where the employee leaves their employment through a mutual agreement with Derby Homes. If approved, a VER application enables the employee to retire early and Derby Homes would meet any Pension shortfall.

The VER scheme applies to all employees in the LGPS who will be 55 years old or over at the date of retirement and have at least two years pensionable service. As this process usually involves a cost to Derby Homes, the Governance Committee must approve any VER.

The Governance Committee will balance the benefit to Derby Homes of the proposals against the cost, and will not normally approve a VER unless it is in the interests of Derby Homes. This would normally involve a significant saving and recovery of any cost chargeable to Derby Homes within 18 months of the proposed change.

This means that the VER scheme is only used when there is a clear business benefit to the organisation. In some circumstances Derby Homes may invite certain employees to volunteer for early retirement. In these cases employees will be required to enter into a formal agreement with Derby Homes which will include a mutually agreed retirement date. Retirement will be in the interests of efficiency.

The VER scheme is entirely discretionary and is not a right or entitlement for employees. Employees who meet the age and service criteria can make an application for VER by writing to their Head of Service when the scheme is actively being applied in their area of work.

The Procedure for all applications for VER is as follows:

- You can get a rough estimate of your pension benefits through using the County Council's website.

- Derby Homes will request the employee's estimate of benefits from the Pensions Department.
- The employee receives their estimate directly. Derby Homes will receive an estimate of the shortfall that would need to be paid to support that retirement.
- The Executive Team will determine if they can or cannot support the VER application.
- The VER application is considered by the Governance Committee.
- The employee is informed of the decision in writing.

Derby Homes may amend or withdraw the VER scheme at any time.

There is no provision in the Voluntary Early Retirement Scheme for employees to receive a redundancy payment.

6.0 **VOLUNTARY REDUNDANCY - VR**

Derby Homes will accept applications from employees for voluntary redundancy – VR where these meet the needs of the service. Our VR Scheme applies to employees who have at least 2 years' service with Derby Homes and are unable to apply for VER, because they are:

- Employees under the age of 55 years who are in the Local Government Pension Scheme.
- Employees over the age of 55 years who are in the Local Government Pension Scheme but have less than 2 years' service.
- All employees who are not in the Local Government Pension Scheme.

Employees would receive a redundancy payment based on their age and service. See the Redundancy Payments Ready Reckoner at Appendix 2. Actual weekly earnings are used for calculating the VR entitlement. If an employee's earnings vary, an average hourly rate will be calculated over a 12 week period.

As this process involves a cost to Derby Homes, the Governance Committee must approve any VR.

The Governance Committee will balance the benefit to Derby Homes of the proposals against the cost, and will not normally approve a VR request unless it is in the interests of Derby Homes. This would normally involve a significant saving and recovery of any cost chargeable to Derby Homes within 18 months of the proposed change.

This means that the VR scheme is only used when there is a clear business benefit to the organisation. In some circumstances Derby Homes may invite certain employees to volunteer for VR. In these cases employees will be required to enter into a formal agreement with Derby Homes which will include a mutually agreed leaving date.

The VR scheme is entirely discretionary and is not a right or entitlement for employees. Employees who meet the age and service criteria can make an application for VR by writing to their Head of Service.

The Procedure for all applications for VR is as follows:

- Derby Homes will request the employee's VR payment from the Pensions Department.
- The employee receives their estimate directly. Derby Homes will receive a copy of the VR payment as they are required to meet the cost of the payment.
- The Executive Team will determine if they can or cannot support the VR application to the Governance Committee.
- The VR application is considered by the Governance Committee.
- The employee is informed of the decision in writing.

There is no entitlement to a redundancy payment if, before leaving, an employee receives an offer of employment in local government or any organisation included in the Redundancy Payments Modification Order, which starts within four weeks of the last day of employment.

6.1 APPROVALS AND APPEALS PROCESS

For applications for VR, VER, and Flexible Retirements the application will be considered by the Executive Team and Appeals will be heard by the Governance Committee.

7.0 EMPLOYEE ASSISTANCE SCHEME

This is a free counselling and legal helpline. It is available to employee for 6 months following the date they leave Derby Homes.
The number is 0800 1116 381.

8.0 TRADE UNION

You may be entitled to retain your membership of your trade union when you retire. Please contact your union for further advice.

9.0 PENSION ADVICE

If you require advice about your Local Government Pension you should contact Derbyshire County Councils Pension web site
http://www.derbyshire.gov.uk/working_for_us/pensions/ or ring them on 01629 533190.

10.0 REDUNDANCY PAYMENT AND METHOD OF CALCULATION

To qualify for a redundancy payment employees must have:

- at least two years continuous local government service. This includes part-time employees, regardless of their hours of work.

10.1 Redundancy pay entitlement is determined by age, length of service and weekly pay and is calculated within these bands:

Service	Pay for each year of service
(a) Age 21 and under	½ week's pay
(b) From age 22 but under 41	1 week's pay
(c) From age 41 or older	1½ week's pay

The maximum service that can be allowed for redundancy payments is 20 years and the total of continuous local government service will be taken into account if applicable.

An employee's actual weekly contractual earnings will be used for calculating entitlement and not the statutory maximum that is set by the Government.

See the ready reckoner, within Appendix 1 to determine how many weeks redundancy payment is payable.

10.2 We will agree a mutually acceptable termination date, which will include waiving the statutory notice period, in cases of voluntary redundancy.

10.3 Employees will be given a minimum notice period of 12 weeks, which will include the employee's statutory notice period, in cases of compulsory redundancy. However, where possible and practical this period will be extended.

10.4 These notes do not override the:

- pension regulations
- redundancy payments legislation, other than actual weekly pay

Derby Homes' Voluntary Redundancy, Voluntary Early Retirement and Efficiency Retirement Scheme.

APPENDIX 1

Derby Homes' pension discretions– the schedule below is to be read in conjunction with guidance found at: <http://lgpsregs.org/resources/guidesetc.php> and Derbyshire Pension Fund Employers Discretions guidance at <https://derbyshirepensionfund.org.uk/employers/good-practice/employer-discretions.aspx>

Discretion	Regulation reference	DPF Guidance Reference	Derby Homes Discretions Policy	Adopt Example discretion? Yes/No	Published Discretion if Not adopting Example Discretion (attach additional sheet if required)
<u>Discretions relating to current contributing employees and leavers after 31/03/2014</u>					
Whether, how much, and in what circumstances to contribute to a shared cost APC scheme	R16(2)(e) & R16(4)(d)	1.1	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	
Whether, at full cost to the Scheme employer, to grant extra annual pension of up to £6,822 (figure at 1 April 2018) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency	R31	1.2	Derby Homes will not normally grant any additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer	Yes	
Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age	R30(8)	2.1	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	

Discretion	Regulation reference	DPF Guidance Reference	Derby Homes Discretions Policy	Adopt Example discretion? Yes/No	Published Discretion if Not adopting Example Discretion (attach additional sheet if required)
Whether to waive any actuarial reduction on pre and/or post April 2014 benefits paid early on compassionate grounds	TP3(1), TPSch 2, paras 2(1)	2.2	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	
Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 2, paras 1(2) and 2(2)	3	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	
Whether all or some benefits can be paid if an employee over 55 reduces their hours or grade (flexible retirement)	R30(6) & TP11(2)	4	Derby Homes Policy is that all pension benefits are to be paid for cases agreed on reduction of hours or grade, See flexible retirement policy for further details.	Yes	
Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	R30(8)	4 and/or 2.1	Derby Homes will not normally waive the actuarial reduction for routine flexible retirements but will consider on a case by case basis waiving in whole or part for workforce reduction flexible retirements – See flexible retirement policy for further details.	Yes	
<u>Discretions relating to leavers 01/04/2008 to 31/03/2014:</u>					
Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30	B30(5), TPSch 2, para 2(1)	2.2	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	

Discretion	Regulation reference	DPF Guidance Reference	Derby Homes Discretions Policy	Adopt Example discretion? Yes/No	Published Discretion if Not adopting Example Discretion (attach additional sheet if required)
Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A for a suspended tier 3 member.	B30A(5), TPSch 2, para 2(1)	2.2	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	
Whether to “switch on” the 85 year rule for a deferred member voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 2, paras 1(2) and 1(1)(c)	3	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	
Whether to “switch on” the 85 year rule for a suspended tier 3 member voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 2, paras 1(2) and 1(1)(c)	3	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	
<u>Discretions relating to leavers 01/04/1998 to 31/03/2008:</u>					
Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early.	31(5) & TPSch 2, para 2(1)	2.2	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	
Whether to “switch on” the 85 year rule for a deferred member voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 2, para 1(2) & 1(1)(f) & R60	3	Derby Homes will not normally exercise this discretion but may consider it under exceptional circumstances, taking into account the business case and foreseeable costs to the employer.	Yes	
Grant application for early payment of deferred benefits on or after age 50 and before age 55.	31(2)	5	Derby Homes will consider early release on a case by case basis, taking into account the business case, HMRC unauthorised payment charges and foreseeable costs to the employer.	Yes	

Discretion	Regulation reference	DPF Guidance Reference	Derby Homes Discretions Policy	Adopt Example discretion? Yes/No	Published Discretion if Not adopting Example Discretion (attach additional sheet if required)
Optants out only to get benefits paid from NRD if employer agrees.	31(7A)	6	Derby Homes will allow optants out to only get benefits paid from normal retirement date (NRD)	Yes	
<u>Discretions relating to leavers before 01/04/1998:</u>					
Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds.	TL4, L106(1) & D11(2)(c)	5	Derby Homes will consider early release on a case by case basis, taking into account the business case, HMRC unauthorised payment charges and foreseeable costs to the employer.	Yes	

It will be deemed that any decisions will be made by the relevant Employers Decision Maker(s) (i.e. Appointed Person(s), Governing Body, Director(s), Cabinet or Committee). Please also see next page for reporting of who Decision maker(s) are.

Employer: Derby Homes Limited

Name: Maria Murphy Signature: _____

Job Title: Managing Director Date: _____

Please confirm below whom your “decision maker(s)” are, (If Governing Body, Cabinet or Committee, please just state the name of “Group”, no need to name individual members):

[illegible]

Derby Homes Policy for Flexible Retirement (Routine Cases)

An employer can consent to a reduction in an employee's hours or grade and consent to the release of pension benefits where the employee is aged 55 and over.

For the purpose of this policy, requests for flexible retirement can be categorised as follows:

- Category one - Employee is age 60 or over - There is no cost to the employer as the employee is at or past age 60. If they do not meet the Rule of 85 (*1) their pension benefits will be reduced to reflect early payment.
- Category two - Employee is age 55 or over but less than 60 and does not meet the Rule of 85 until on or after their 60th birthday. In this case the regulations allow for the cost of the early payment of pension benefits to be borne by the employee so as to avoid a pension fund shortfall. The benefits are actuarially reduced to reflect the fact that they are paid early.
- Category three - Employee is age 55 or over but less than 60 and does meet the Rule of 85 either at the date of flexible retirement or at a later date that is before their 60th birthday. In this case we would have to meet the Pension Fund shortfall arising from the early payment of pension benefits from the date when the Rule of 85 is met.

For those cases that fall within categories one and two above, our general policy is to consent to the payment of benefits from the Local Government Pension Scheme subject to a reduction of 40% (i.e. move from 5 days per week to 3 days = reduction of 2 days which is 40%) of the employee's contractual hours at the eve of their flexible retirement and/or a reduction of at least 1 grade in post.

A reduction of less than 40% of the employee's contractual hours may be considered:

- i) In exceptional circumstances, and provided that this would also bring an ongoing financial benefit to the employer or
- ii) Where service delivery requires whole shifts to be worked.

The Employers appointed decision maker(s), taking account of HR, legal and financial advice under the established process, makes the decision.

Where the benefits payable are reduced to reflect early payment the employer can agree to waive in whole or in part the reduction and pay the cost to the pension fund. It is our policy, as a general rule, not to agree to this. However, the employer will consider applications; where it is considered that it would be in the employer's interests to meet this cost.

For category three cases, as there would be a cost to the employer, the general policy is not to agree to the early release of pension benefits. However, where it is considered to be in the employers' interests, taking into account the business case and foreseeable costs to the employer; the employers' decision maker(s) will consider applications for flexible retirement.

In every case the needs of the service must be paramount.

Increases in hours or grade after taking flexible retirement

Where an employee has been allowed to reduce their hours or grade for the purposes of flexible retirement they will not be allowed to increase them on a permanent basis. Where it is in our interests, a temporary increase in hours or grade for a period not exceeding six months can be permitted. The temporary increase in hours or grade must be authorised by the chief officer or decision maker(s).

An employee who has reduced their hours and taken flexible retirement must only be allowed to work additional hours or overtime at the same level that applied prior to the reduction in contractual hours. The aim is to prevent employees compensating for a reduction in contractual hours by working additional hours and overtime. The chief officer or decision maker may only approve requests for temporary increases in additional hours and overtime in advance.

Appeals

Categories one and two - an employee who is dissatisfied with the decision maker(s) decision in response to a request for flexible retirement can appeal in writing within 14 days of receiving the decision to the decision maker(s).

In category three - where the decision maker(s) has refused an employee's request to reduce the hours they work for the purposes of flexible retirement, the person can appeal in writing within 14 days of receiving the decision to the decision maker(s).

Category three - where the decision maker(s) has approved a reduction in hours but the application for the payment of pension benefits on flexible retirement is refused by the decision maker(s), a dissatisfied employee can appeal under the pensions application for adjudication of disagreements procedure; writing in the first instance to "specified person" appointed by their employer.

Details of the application for adjudication of disagreements procedure can be found on Derbyshire Pension Funds Website at <https://derbyshirepensionfund.org.uk/about-the-fund/feedback-complaints-and-appeals/feedback-complaints-and-appeals.aspx>.

Appeals should be made in writing stating the reasons for the appeal to the relevant person appointed by the employer, details of who this is can be found by contacting the employer or Derbyshire Pension Fund.

(*1 The Rule of 85 is where the sum of the scheme member's age plus period of membership in the Pension Scheme (both in whole years) is 85 or greater see <https://derbyshirepensionfund.org.uk/my-pension/active-members/understanding-your-pension/rule-of-85.aspx> for more details).