



County Offices  
Newland  
Lincoln  
LN1 1YL

24 June 2016

**Pay Policy Sub-Committee**

A meeting of the Pay Policy Sub-Committee will be held on **Monday, 4 July 2016 at 1.30 pm in Committee Room Two, County Offices, Newland, Lincoln LN1 1YL** for the transaction of the business set out on the attached Agenda.

Yours sincerely

A handwritten signature in black ink, appearing to be 'T McArdle', written over a horizontal line.

Tony McArdle  
Chief Executive

**Membership of the Pay Policy Sub-Committee**  
**(7 Members of the Council)**

Councillors M J Hill OBE (Chairman), Mrs P A Bradwell (Vice-Chairman), J D Hough, R J Hunter-Clarke, J R Marriott, Mrs A M Newton and Mrs M J Overton MBE



**PAY POLICY SUB-COMMITTEE AGENDA  
MONDAY, 4 JULY 2016**

<b>Item</b>	<b>Title</b>	<b>Pages</b>
1	<b>Apologies for Absence/Replacement Councillors</b>	
2	<b>Declarations of Councillors' Interests</b>	
3	<b>Minutes of the Meeting of the Pay Policy Sub-Committee held on 2 February 2016</b>	5 - 8
4	<b>Update to Pay Policy Statement 2016-17</b> <i>(To receive a report from Fiona Thompson (Service Manager – People) which provides the update to the Pay Policy Statement, which includes a provision for the Repayment of Public Sector Exit Payments Regulations 2016)</i>	9 - 30
5	<b>Update on the Council's Flexible Retirement Policy</b> <i>(To receive a report from Fiona Thompson (Service Manager – People) which provides detail of the administrative changes to the Council's Flexible Retirement Policy as a result of the new arrangements established between West Yorkshire Pension Fund as the main pensions administrator and Serco as the HR and payroll provider. The report also reflects the changes in Pensions regulations)</i>	31 - 44

Democratic Services Officer Contact Details

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**Please note:** for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

All papers for council meetings are available on:  
[www.lincolnshire.gov.uk/committeerecords](http://www.lincolnshire.gov.uk/committeerecords)

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## **PAY POLICY SUB-COMMITTEE 2 FEBRUARY 2016**

### **PRESENT: COUNCILLOR M J HILL OBE (CHAIRMAN)**

Councillors Mrs P A Bradwell (Vice-Chairman), J R Marriott, Mrs A M Newton, Mrs M J Overton MBE and R B Parker

No Councillors attended the meeting as observers

Officers in attendance:-

Andrea Brown (Democratic Services Officer) and Fiona Thompson (Service Manager People)

### **1 APOLOGIES FOR ABSENCE/REPLACEMENT COUNCILLORS**

Apologies for absence were received from Councillor J D Hough.

The Chief Executive reported that under the Local Government (Committee and Political Groups) Regulations 1990 he had appointed Councillor R B Parker to the Committee in place of Councillor J D Hough for this meeting only.

### **2 DECLARATIONS OF COUNCILLORS' INTERESTS**

No declarations of Councillors' interested were declared at this stage of the proceedings.

### **3 MINUTES OF THE MEETING OF THE PAY POLICY SUB-COMMITTEE**

#### **3a Minutes of the meeting of the Pay Policy Sub-Committee held on 11 February 2015**

**RESOLVED**

That the minutes of the meeting of the Pay Policy Sub-Committee held on 11 February 2015 be confirmed and signed by the Chairman as a correct record.

#### **3b Minutes of the meeting of the Pay Policy Sub-Committee held on 30 March 2015**

**RESOLVED**

That the minutes of the meeting of the Pay Policy Sub-Committee held on 30 March 2015 be confirmed and signed by the Chairman as a correct record.

4 PAY POLICY STATEMENT 2016-17

Consideration was given to a report from the Executive Director with responsibility for People Management which advised the Pay Policy Sub-Committee that the Localism Act 2011 required all local authorities to agree on an annual basis, pay policy statements which were compliant with the provisions of the Act and then to subsequently publish them thereafter.

The Service Manager – People advised the Sub-Committee that the pay spine had not yet been amended but that, subject to advice from the National Employers, preparations would be made for employees currently paid on scale points 2 and 3 to be temporarily increased on 1 April 2016 in accordance with the National Living Wage. It was not expected that the final negotiations would be settled by 1 April 2016 therefore the LGA advised that the temporary increase be made until negotiations were finalised.

In relation to Senior Management Allowance, the Sub-Committee were advised that the policy had been updated to reflect the changes in national terms and conditions affecting an allowance paid to the Director for Public Health and to pay for the Fire & Rescue Service Management Team.

During discussion, the following points were noted:-

- It was explained that the Director of Public Health had transferred under TUPE from the NHS as part of the Health and Social Care Act 2012. The terms and conditions of that employment, including the salary and additional allowance, were protected;
- Confirmation was received that until a reason presented itself to reconsider the salary package of a position which had been TUPE transferred, for example a full scale restructure, the authority was unable to change the terms of employment;
- Increments would only be awarded to those members of staff within the Senior Leadership Pay Band where highly accomplished and exceptional performance had been agreed. Individuals on those scales were normally appointed to the median point and would only receive the national cost of living increase unless awarded an increment for highly accomplished and exceptional performance;
- Those earning £100k or more per annum were not eligible for the Chief Officer Pay Award of 2% in 2015/16;
- It was thought that the terminology for roles in the Senior Leadership Band was unclear. It was requested that this be amended so that it was Lincolnshire specific;
- The positioning of roles within the Leadership Zone and Zones A, B and C had been based on the Hay Group Job Evaluation compared against similar jobs nationally within their own database;
- A breakdown of the individual senior leader roles within each zone was requested to be included in the version to be presented to Full Council;
- The reason why some senior leaders were within the Zones (Hay) and others on the Council's grading scheme was explained. The Council's job evaluation

process was managed by Serco HR. Should the score for a senior role be higher than the 828 points in the Council's JE scheme, the appropriate Director would need to agree that the role be evaluated against the Hay methodology. It was acknowledged that there was an overlap between the two schemes.

RESOLVED

That the Pay Policy Statement 2016/17 as detailed at Appendix A, with the amendment noted above, be agreed and referred to full Council for approval.

**5      CONSIDERATION OF EXEMPT INFORMATION**

RESOLVED

That under Section 100 (A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item, on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Part 1 of Scheduled 12A of the act, as amended.

**6      CHIEF OFFICER (CORPORATE MANAGEMENT BOARD) PAY REVIEW**

An exempt report from the Service Manager – People was considered, which provided information to assist the Sub-Committee in making a decision relating to the Chief Officer (Corporate Management Board) Pay Review.

RESOLVED

That the recommendations as detailed within the exempt report be agreed.

The meeting closed at 1.57 pm

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## Regulatory and Other Committee

### Open Report on behalf of Debbie Barnes

Report to:	<b>Pay Policy Sub Committee</b>
Date:	<b>04 July 2016</b>
Subject:	<b>Update to Pay Policy Statement 2016-17</b>

#### Summary:

The Localism Act 2011 requires all local authorities to agree on an annual basis, pay policy statements, which are compliant with the provisions of the Act, and then subsequently to publish them. Any further amendments to the policy also need to be agreed.

The Sub-Committee is requested to note:

That in May 2016 the national negotiations on the NJC for Local Government Employees (Green Book) pay were concluded. A two year pay award was agreed. This provides a 1% increase from 1st April 2016 and a further 1% increase from 1st April 2017, with some larger increases at the lower grades. These increases ensure that the pay scales are compliant with the National Living Wage from 1st April 2016. The National Employers have advised that they will start consultation with Employers very soon to consider options for the further increases that will be required in order to comply with the future increases in the National Living Wage.

That the national agreement of a 1% pay increase was concluded, effective from 1st January 2016 for Fire Services Management Team and national agreements of 1% increase from 1st April 2016 in respect of the JNC for Chief Executives and JNC for Chief Officers.

That the pay policy statement has been updated to include a provision for the Repayment of Public Sector Exit Payments Regulations 2016.

#### Recommendation(s):

To note the Pay Policy Statement in Appendix A for recommendation to Full Council.

#### Background

The requirement for Councils formally to adopt pay Policy Statements was introduced in the Localism Act 2011, followed by Guidance from DCLG. In line with

this guidance it is considered good practice for this sub-committee to consider the Statement before it is presented to Full Council for approval. The Statement itself has been prepared in line with the requirements of the legislation and the best practice put forward in the guidance.

In addition to the Pay Policy Statement being updated to reflect national pay awards, it has been also updated to reflect the provisions of the Repayment of Public Sector Exit Payments Regulations 2016.

This requires that for those employees who were earning a salary of £80,000 or more and who leave after the Regulations come into force, (expected July 2016) with a qualifying exit payment and who are subsequently re-employed in any part of the public sector, that they be required to repay their qualifying exit payment.

A summary of the key aspects of the draft Public Sector Exit Payments Regulations 2016 is set out in Appendix B.

N.B. There may be further amendments to the Pay Policy Statement 2016 as a result of the planned Public Sector Exit Cap Regulations, due to be implemented on or around 1<sup>st</sup> October 2016. This will depend upon the final details, once these are issued by HM Treasury.

**Conclusion**

The Pay Policy Statement sets out the County Council’s policy on pay and conditions for senior managers and employees (excluding operational fire fighters and schools based employees). This ensures that the Council has a fair and transparent approach to these matters.

**Consultation**

**a) Policy Proofing Actions Required**

N/A

**Appendices**

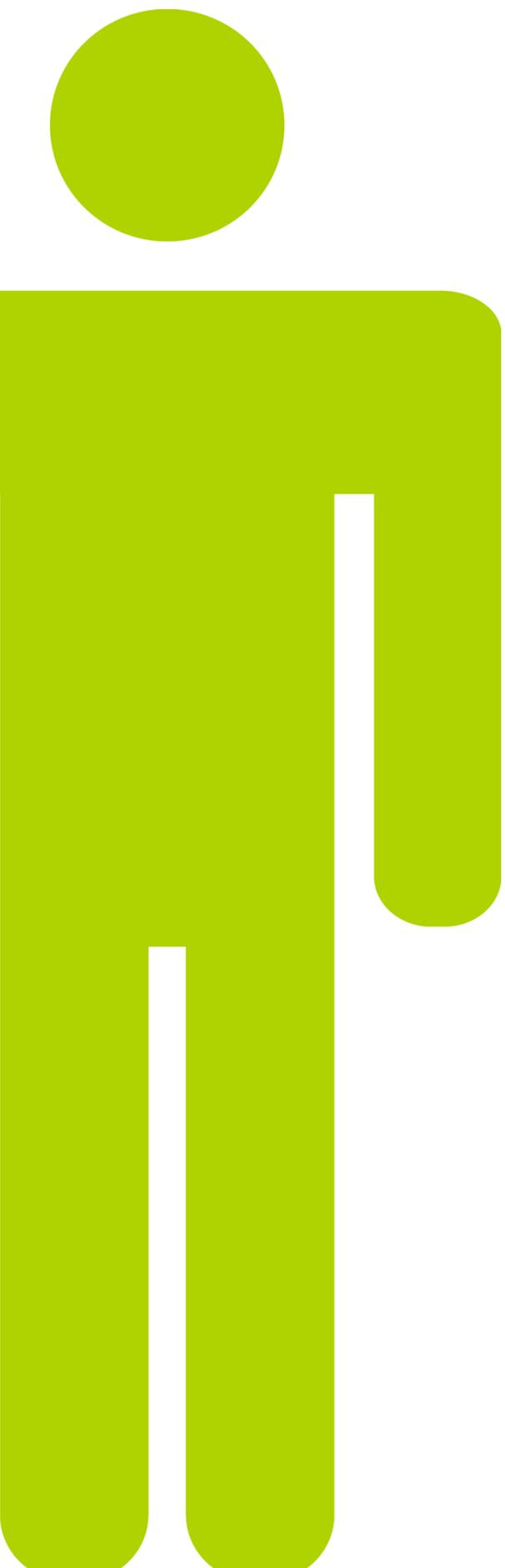
These are listed below and attached at the back of the report	
Appendix A	Pay Policy Statement 2016-17
Appendix B	Summary of the Repayment of Public Sector Exit Payments Regulations 2016

**Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Fiona Thompson, who can be contacted on 01522552207 or [fiona.thompson@lincolnshire.gov.uk](mailto:fiona.thompson@lincolnshire.gov.uk)

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Employment Manual

# PAY POLICY STATEMENT

For year 2016/2017  
People Management Service

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# 1 INTRODUCTION

This Pay Policy Statement sets out Council policy on pay and conditions for senior managers and employees (excluding operational Fire Fighters and schools' based employees) for 2016-17

The Council aims to attract and retain employees to deliver the Council's objectives. In determining pay policy for senior managers and all other employees, the Council is committed to ensuring a fair and transparent approach. Within this, it is recognised that different approaches may be required between groups of employees reflecting factors such as difficulties in attracting and retaining key skills.

## 2 KEY PRINCIPLES FOR PAY POLICY

- To be fair, reasonable and transparent
- To be affordable
- To reward employees for their contribution to the Council's achievements
- To maintain rates of pay which are both competitive in the market place and reflect the need to retain key skills

## 3 EMPLOYEES IN SCOPE OF THE PAY POLICY STATEMENT

This Pay Policy Statement covers all employees (except teachers and uniformed fire fighters except those defined as Senior Managers.) As such, it goes wider than minimum legal requirements of the Localism Act 2011.

## 4 THE SENIOR MANAGEMENT PAY STRUCTURE

Senior Managers are defined for this purpose as the Chief Executive; Executive Directors – (referred to as Chief Officers); Chief Fire Officer, Deputy Chief Fire Officer, Assistant Chief Fire Officer and Senior Leadership Pay Band. The senior pay structure is attached at Appendix A.

### Chief Executive and Executive Directors

Remuneration is determined by the Pay Policy Sub-Committee and is based on salary comparison against similar posts in other Shire Counties in the Eastern and Midlands region, against the market place and taking into account information from the annual NJC Salaries & Numbers Database. The aim is to ensure the Council retains and motivates key employees by maintaining rates of around median pay which are both competitive in the market place and reflect the need to retain key skills. The Chief Executive post is paid on a spot salary<sup>1</sup>. Executive Director posts are all paid at the same single spot salary point because all roles have collective responsibility for the success of all service areas and for the Council as a whole.

### Senior Leadership

Remuneration is determined by the Head of Paid Service and underpinned by the Hay Job Evaluation Scheme. Employees will be appraised in line with agreed objectives. Periodically the pay structure will be reviewed to ensure that salaries offered are competitive in the market place, taking into account the advice set out in the Joint Negotiating Committee<sup>2</sup> (JNC) for Chief Officers of Local Authorities Conditions of Service.

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<sup>1</sup> See Glossary Page 12

<sup>2</sup> See Glossary Page 12

## **Fire & Rescue Service Management Team**

The pay structure is determined in line with the NJC for Brigade Managers (Gold Book<sup>3</sup>) with the Deputy Chief Fire Officer and Assistant Chief Fire Officer receiving 80% and 75% respectively of the Chief Fire Officer salary.

In accordance with the 2011 Code of Recommended Practice for Local Authorities on Data Transparency, information on senior salaries is published on the Council's website - [Data on Senior Salaries](#) together with information about the structure of the workforce. Additional legal provisions about reporting payments over £50,000 in a year are in the Accounts & Audit (England) Regulations 2011, also available in the Council's published accounts on our website: [Statement of Accounts 2014/15](#).

## **5 OTHER EMPLOYEES' PAY STRUCTURE**

### **(including lowest paid employees)**

Remuneration for other employees is normally determined by the Council's Job Evaluation (JE) Scheme<sup>4</sup> which covers all staff on NJC Local Government Services terms and conditions of service. This includes the lowest paid council employees. The Council Pay spine for staff up to and including Service Managers is attached at [Appendices A and B](#).

The Pay and Grading structure used by the Council was implemented by Collective Agreement<sup>5</sup> in July 2008, backdated to be effective from 1 April 2007 and is anchored to the national NJC pay spine for Local Government Services. The JE Scheme, the Greater London Provincial Council Scheme, was selected through a process of consultation with staff and Trade Unions and complies with equal pay requirements.

The Council and Unions signed a Collective Agreement in 2015 incorporating changes to modernise the local conventions for Job Evaluation.

## **6 NON-STANDARD TERMS AND CONDITIONS**

Staff transferring into the Council under The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arrangements, have the right to retain their existing terms and conditions. The largest group includes those staff who transferred from Public Health.

Additionally some specialist posts, mainly in education related services, such as Educational Psychologists and the Youth Service are recruited to specific terms and conditions although they are in scope of the [Local Scheme of Conditions of Service](#).

## **7 THE NATIONAL PAY AWARD**

Pay levels are adjusted to take account of any cost of living increase negotiated nationally by the JNC for Local Authority Chief Executives<sup>6</sup>; the JNC for Chief Officers of Local Authorities and the NJC for Local Government Services. The pay rates in Appendix A were adjusted to reflect the 1% national pay award for 2016/17 (NB: the percentage increases apply to individual salaries as well as pay points). The pay rates in respect of the NJC for Local Government Services in Appendix B are adjusted to reflect the 1% national pay award for 2016/17.

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<sup>3</sup> See Glossary Page 12

<sup>4</sup> The Job Evaluation scheme ensures that all jobs are graded fairly and equitably between men and women  
<sup>5</sup> A Collective Agreement is a formal agreement signed between the County Council and the recognised Trade Unions

<sup>6</sup> See Glossary Page 12

## **8 RECRUITMENT, RETENTION AND MARKET FORCE SUPPLEMENTS**

The Council recognises that at times it may be difficult to recruit new employees or retain existing staff in key posts. To ensure the Council attracts and maintains a skilled and experienced workforce, supplements may be paid in addition to the post grade. Further details can be found in the [Recruitment, Retention and Market Force Supplements Policy](#).

## **9 RELOCATION EXPENSES AND DISTURBANCE ALLOWANCES**

Relocation Expenses and Disturbance Payments are paid to employees to cover additional costs they may incur as a result of a change or disturbance to work base. These are paid in accordance with the [Relocation Expenses and Change of Workbase Policy](#).

## **10 STARTING PAY**

Employees, when appointed to posts within the Council are paid on an incremental scale and will normally be appointed at the minimum point of the pay grade for that post. However, in certain circumstances it may be appropriate to appoint to a higher point within the pay grade. This should be objectively justifiable and have regard to the pay of existing employees within the service area. See [Green Book Employees Pay and Conditions Policy](#).

It is also necessary to be aware of any restrictions to this, e.g. the requirement of a qualification which prevents this normal sequence of events from occurring.

Where an employee is appointed who does not yet meet the minimum competency requirements for that role, they are appointed in accordance with the [Appointed One Point Below Policy](#).

## **11 PERFORMANCE RELATED PAY (PRP) AND “EARN BACK”**

There is a performance related pay framework for employees in scope of Senior Leadership Pay Band.

## **12 PAY PROGRESSION**

The Chief Executive, Executive Directors and Fire & Rescue Senior Managers are excluded from this scheme within the Council. They are appointed to a spot salary so no pay progression applies.

For other employees, eligibility for incremental progression, including any acceleration through the grade with the use of Merit Increments, will be in accordance with the [Green Book Employees Pay and Conditions Policy](#) covering the NJC for Local Government Services Group. An increment may be withheld following an adverse report on an employee's performance (subject to the Council's capability / disciplinary procedures being followed). Any increments withheld may subsequently be paid if the employee's performance becomes satisfactory, but are not backdated.

## **13 REVIEWING INDIVIDUAL PERFORMANCE**

Individual achievement is assessed using the [Council's Appraisal Scheme](#) and all employees will take part in an appraisal process. In most cases this will be the full Council appraisal process; however, there may be some cases where the process is amended so that it is appropriate to the role of the employee.

Learning and development needs will be linked to the [County Council's Behaviours Framework](#) which are interchangeable with occupational national standards of competence where appropriate.

## **14 RESPONSIBILITY FOR REVIEWING PERFORMANCE**

The Chief Executive's individual performance will be assessed by the Leader of the Council together with the appointed cross-party group. For individual Executive Directors, the assessment will be made by the Chief Executive and reported to the cross-party group.

For all other employees, the assessment will be made by the individual's line manager, as appropriate.

## **15 ACTING UP ARRANGEMENTS**

Employees temporarily acting up into a role which is normally graded on a higher level should be paid at the appropriate level for the duties they are asked to perform. Further details can be found in the Council's [Green Book Employees Pay and Conditions Policy](#) covering the NJC for Local Government Services Group.

## **16 HONORARIA**

An honorarium payment may be made for exceptional or special work undertaken on a short term basis of not more than 6 months and will be in accordance with the Council's [Green Book Employees Pay and Conditions Policy](#) covering the NJC for Local Government Services Group.

## **17 EMPLOYEES ON FIXED TERM/TEMPORARY CONTRACTS**

The Council will not treat employees on fixed term or temporary contracts less favourably than employees on a permanent contract. See [Fixed Term and Temporary Contracts Policy and Procedure](#).

## **18 ALLOWANCES/EXPENSES**

### **Chief Executive, Executive Directors and Senior Leadership**

Allowances will be in accordance with the [Local Scheme of Conditions of Service](#) or jointly agreed schemes in Director Areas. Business Travel will be reimbursed in accordance with the [Travel Policy](#). This policy applies to all staff in scope of the Local Scheme of Conditions of Service.

### **Fire & Rescue Service Senior Managers**

Allowances and expenses will be in accordance with the NJC for Brigade Managers Conditions of Service and Service Order 19<sup>7</sup> - Pay and Allowances, available on George.

## **19 SALARY PROTECTION**

Where an employee accepts a post on a lower grade as result of a restructuring or change in the workforce, personal salary protection will apply in accordance with the [Local Scheme of Conditions of Service](#) or Collective Agreement on Pay Protection for those in the Fire & Rescue Service, available on George.

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<sup>7</sup> See Glossary Page 12

## **20 SEVERANCE PAYMENTS**

For those in the Local Government Pension Scheme, (including Chief Officers) payments relating to redundancy and early retirement will be paid in accordance with the Council's [Redundancy and Early Retirement Policy](#) or [Flexible Retirement Policy](#).

All employees / recruits (including Chief Officers) in receipt of a redundancy payment will be subject to the Redundancy Payments (Continuity of Employment in Local Government etc.) (Modifications) Order 1999<sup>8</sup>.

## **21 PAYMENTS FOR RETURNING OFFICERS DURING LOCAL ELECTIONS**

Payments for the Chief Executive and Executive Directors who are Returning Officers are made in accordance with their respective JNC Conditions of Service. The current Head of Paid Service relinquishes this payment in the favour of the District Chief Executives who fulfil the role of the Deputy Returning Officers.

Payments for employees at Head of Service and below for Local Election duties are made in accordance with the [Local Scheme of Conditions of Service](#).

## **22 PAY POLICY SUB-COMMITTEE**

The Pay Policy Sub-Committee undertakes an annual review of the salaries of the Chief Executive and Executive Directors. The Sub-Committee comprises of Councillors from the Appointments Committee, representing the political balance of the Council overall in accordance with the terms of the Local Government and Housing Act 1989.

## **23 LCC GREEN BOOK<sup>9</sup> NEGOTIATING TEAM**

The Negotiating Team considers pay issues relating to all employees within the scope of NJC pay awards.

## **24 RELATIONSHIP BETWEEN SENIOR OFFICERS PAY AND CONDITIONS WITH OTHER OFFICERS (including the lowest paid)**

The approaches for determining senior management pay are set out in paragraph 4 above.

The approach for determining other employees' pay, including the lowest paid employees, is set out in paragraph 5 above.

## **25 PAY MULTIPLES (or pay dispersion)**

Pay multiple is the ratio between the salary of the highest paid employee and the median full time equivalent salary of the organisation. The pay multiple is often referred to as 'pay dispersion.'

For 2015-16 the pay multiple is 7. which is the same as the previous year.

There is no formal mechanism for direct comparison between pay levels of the wider workforce with Senior Manager pay and there are no Council policies on reaching or maintaining a specific pay multiple.

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<sup>8</sup> Under the Employment Rights Act 1996 (ERA), an employee can count service with an 'associated employer' towards the service requirement for a redundancy payment (i.e. two years) and, if appropriate, for calculating that payment.

<sup>9</sup> See Glossary Page 12

## **26 RE-ENGAGEMENT OF FORMER SENIOR MANAGERS**

The policy for appointing or re-engaging any Senior Manager who has previously been made redundant by the Council, or who is in receipt of a local government pension, is that there should be a presumption against re-employment for a period of 6 months following the end of their employment. However, in exceptional circumstances Senior Managers may be re-employed by the Council more quickly provided that it is not within one month and one day of their leaving date.

In approving a re-employment of a Senior Manager, Members will need to be satisfied that:

- the employee is not being re-employed in a role or capacity, which is broadly similar to the role from which they were made redundant;
- the rate of pay applied to the work undertaken by the re-engaged employee should be that appropriate to the work to be done and not the grading which applied to the employee prior to the end of their current contract;
- the employment should be for a fixed term, not exceeding one year, unless there are exceptional circumstances; and the arrangement must provide financial / operational advantage to the Council.
- The employee would before commencement of re-employment have made arrangements to pay back any exit payments in line with the requirements of The Repayment of Public Sector Exit Payments Regulations 2016

## **27 THE USE OF CONTRACTS FOR SERVICES AND APPOINTMENT OF CONSULTANTS**

The HMRC requires the Council to determine whether an arrangement with a consultant or contractor constitutes a contract of employment or can be deemed to be on a self-employed basis.

The determination will need to be made for every agreement that is proposed as the decision on status relates to the contract, not the individual. This must be undertaken before any engagement is agreed or any contract signed.

Where it is determined that an engagement constitutes a contract of employment, normal Council terms and conditions will apply and the work must be paid for at the evaluated rate for the job.

It may be appropriate to re-engage a former employee as a consultant with a contract for service in certain circumstances. This may be appropriate:

- For discrete pieces of work where the former employee has the appropriate skill and experience which is not available elsewhere in the Council.
- Where it is more cost effective
- Where it is difficult to recruit due to market conditions

- Where work of an urgent nature arises at short notice.

Such arrangements should be time limited, and be subject to appropriate written agreements covering the nature, duration, quality standards, and the basis on which the agreement will be terminated. The written agreement must be signed before the arrangement commences.

Initial consideration for providing cover for urgent work should be through the use of temporary employment contracts advertised in the usual manner or through acting up or secondment arrangements made available to existing staff. This should particularly be true where the work relates to the normal business of the service area, as opposed to defined projects or one off tasks.

It is our duty under the Pensions Act 2008 to comply with auto-enrolment Regulations and an assessment will be made on whether the contractor is an employee rather than a contractor and therefore pensionable under the Act.

In determining whether a consultant is genuinely self-employed, the Council will take into account, not only the contractual terms agreed, but also the realities of the employment relationship. This will include whether there is provision for substitution and whether resources are provided by the Council or by the consultant. These examples are not exhaustive and are purely illustrative of the type of factors to be taken into account.

## **28 PERSONAL SERVICE CONTRACTS**

In the contracting sector, the generally accepted definition of a personal service company is a limited company that typically has a sole director, the contractor, who owns most or all of the shares.

Many contractors choose to work for clients using their own **limited companies** for many reasons. Limited companies can be a tax efficient way for contractors to work, as they often split their income between **salary and dividends**, which means they do not pay, employers' or employees' Class 1 National Insurance Contributions on a large part of their overall income.

Personal Service contracts prevent the risk of there being a contract of service, or an employment relationship with the Council which eliminates any income tax liability on the Council.

By using a limited liability company, contractors are also insulated to a certain extent from business risk.

Although the Council does not currently have any such contracts in place for normal employment it is possible that it will do so in the future as they are an acceptable way of reducing the legal liabilities that come from hiring employees.

## APPENDIX A

### Senior Manager Pay Structure – 2016- 17

<b>Salary (£)</b>	<b>Chief Executive</b>
	£174,958
	Executive Director of Public Health £160,834.68*
	Executive Directors £127,243

### Senior Leadership Pay Band

Pay Zone	Zones	Post Titles	Pay Range		
			Max	Med	Min
<b>Director Band</b>	<b>Single Zone</b>	Chief Information & Commissioning Officer	124,196	109,629	101,002
<b>Senior Leadership</b>	<b>Zone A</b>	Chief Operating Officer (Development Services County Finance Officer Assistant Director Children's (Lead Early Help) Assistant Director Children's (Safeguarding) Consultant in Public Health (Medically Qual) Assistant Director - Joint Commissioning and Specialist Services (Adults) Assistant Director - Adult Frailty and Long-term Conditions	103,026	90,360	81,806
	<b>Zone B</b>	Chief Commercial Officer Chief Commissioning Officer - Learning Chief Commissioning Officer - Children's Chief Legal Officer Chief Technology Officer Consultant in Public Health County Commissioner for Economy & Place County Property Officer	88,394	77,455	70,621
	<b>Zone C</b>	Children's Services Manager (SEND) Children's Services Manager (Locality) Children's Services Manager (Regulated North/Fostering) Children's Services Manager (Regulated South/Adoption) Planning & Environment Commissioner Safer Communities Manager Service Manager - People Network Manager (North/South) County Manager (Older Adult Frailty – Long Term Condition;: Learning <i>Disabilities: Special Projects and</i> Hospital Services; Adult Safeguarding)	75,523	67,214	62,044

<b>Consultant (Public Health) reporting to Director of Public Health</b>	
<b>Band 8 *</b>	
	£65,922.00
	£67,805.00
	£70,631.00
	£74,084.00
	£77,850.00
	£81,618.00

<b>Band 9 *</b>	
	£77,850.00
	£81,618.00
	£85,535.00
	£89,640.00
	£93,944.00
	£98,453.00

\* N.B. Director and Consultant roles in Public Health transferred into the Council on the 1 April 2013 from the NHS as part of the Health and Social Care Act 2012. The transfer was under TUPE, therefore terms and conditions of employment, including salary, are protected.

<b>Fire &amp; Rescue Service Management Team</b>	
Chief Fire Officer	£114,353
Deputy Chief Fire Officer	£ 91,573
Assistant Chief Fire Officer	£ 85,850

# APPENDIX B

## Lincolnshire County Council Salary Structure from 1 April 2016-17 NJC for Local Government Services

LCC Pay Spine for staff up to and including Head of Service			
	1 April 2016	1 April 2017	This Pay Spine is anchored to salary points on the NJC National Pay Spine and these salaries are shown in bold. The relevant Lincolnshire points are scp's 1, 2, 3, 6, 9, 12,15, 18, 21, 24, 27, 30 and 33
			GLPC Points Score
1			
2	<b>14514</b>	<b>15014</b>	
3	<b>14771</b>	<b>15246</b>	G1
4	15107	15495	
5	15284	15624	
6	<b>15507</b>	<b>15807</b>	G2
7	16070	16370	
8	16606	16906	
9	<b>17169</b>	<b>17419</b>	G3
10	17839	18017	
11	18540	18725	
12	<b>19238</b>	<b>19430</b>	G4
13	20073	20273	
14	20910	21119	
15	<b>21745</b>	<b>21962</b>	G5
16	22476	22700	
17	23205	23437	
18	<b>23935</b>	<b>24174</b>	G6
19	24808	25056	
20	25682	25939	
21	<b>26556</b>	<b>26822</b>	G7
22	27711	27988	
23	28762	29049	
24	<b>29854</b>	<b>30153</b>	G8
25	30945	31255	
26	32025	32345	
27	<b>33106</b>	<b>33437</b>	G9
28	34382	34726	
29	35660	36017	
30	<b>36937</b>	<b>37306</b>	G10
31	38474	38859	
32	40013	40413	
33	<b>41551</b>	<b>41967</b>	G11
34	43697	44134	
35	45844	46302	
36	<b>47992</b>	<b>48472</b>	G12
37	49602	50098	
38	51211	51723	
39	<b>52820</b>	<b>53348</b>	G13
40	54430	54974	
41	56040	56600	
42	<b>57649</b>	<b>58225</b>	G14
43	59258	59850	
44	60868	61476	
45	<b>62478</b>	<b>63102</b>	G15
46	64087	64727	
47	65695	66352	
48	<b>67305</b>	<b>67978</b>	G16
			Grade 1 = 182 - 227
			Grade 2 = 228 - 267
			Grade 3 = 268 - 307
			Grade 4 = 308 - 347
			Grade 5 = 348 - 387
			Grade 6 = 388 - 427
			Grade 7 = 428 - 467
			Grade 8 = 468 - 507
			Grade 9 = 508 - 547
			Grade10 = 548 - 587
			Grade 11 = 588 - 627
			Grade 12 = 628 - 667
			Grade 13 = 668 - 707
			Grade 14 = 708 - 747
			Grade 15 = 748 - 787
			Grade 16 = 788 +

### **Part 3 Paragraph 2.6(e) Sleeping-in Duty Payment**

1 April 16  
£34.34

1 April 2017  
£34.68

### **Paragraph 35 Standby Duty Allowance - Social Workers (1)(a)(i) Allowance - Per Session**

A

1 April 16  
£27.62

1 April 2017  
£27.90

## **APPENDIX C**

### **Glossary of Terms**

#### **Spot Salary:**

Spot salaries within the Council are fixed to a specifically defined spinal column point. There is no progression up to or beyond the rate for each position. Spot salaries are one of the least discriminatory of pay methods because everyone is paid the rate for the job from day one and the pay structure cannot be distorted by differential progression.

#### **JNC for Local Authority Chief Officers**

The primary role of the Joint Negotiating Committee is a national body to reach agreement on a national framework on all national pay and service conditions and items related to any dispute for all chief officers.

#### **NJC for Brigade Managers (Gold Book)**

The primary role of the National Joint Committee for Brigade Managers of Fire and Rescue Services (the NJC) is to reach agreement on a national framework of pay and conditions for Brigade Managers for local application throughout the Fire and Rescue Service in the UK.

#### **JNC for Local Authority Chief Executives**

The Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities is the national negotiating body for the pay and conditions of service of Chief Executives in England and Wales. The Authorities' Side consists of elected members nominated by the Local Government Association. The Staff Side consists of Chief Executives nominated by the Association of Local Authority Chief Executives (ALACE). ALACE is registered as an independent trade union.

#### **NJC for Local Government Services**

The pay and terms of conditions of employment for Local Government Services' workers is determined by the National Joint Council for Local Government Services. The NJC for Local Government Services has 70 members: 12 on the employers' side and 58 on the trade union side.

In 1997, the NJC for Local Government Services agreed a national framework with potential for local modification to suit local service requirements. Known as The Single Status Agreement, these pay and conditions of service agreements are published in [The Green Book: Local Government Scheme of Conditions of Service](#).

#### **Greater London Provincial Council (GLPC) Job Evaluation Scheme**

The Council use the scheme developed to support local authorities in carrying out their obligations under the national agreement on single status. The job evaluation scheme was the subject of consultation with the Equal Opportunities Commission. The scheme is jointly agreed by the employers and unions in London local government. It was developed by a working party of experienced evaluators and tested jointly at regional and local authority levels.

The scheme is accompanied by a code of good practice and a framework procedure to inform local arrangements.

## APPENDIX B

### A Summary of the draft Repayment of Public Sector Exit Payments Regulations 2016

#### Introduction

These Regulations were first consulted on during 2014. They apply where employees return to the 'same part or sector of the public sector.' At the end of 2015, the Government published draft regulations which included changes to the original proposals. This included a further short consultation period.

This summary is based on the draft Regulations although there are various points requiring further clarification.

The final regulations, (The Repayment of Public Sector Exit Payments Regulations 2016) are expected in July 2016. It is expected that they will take effect immediately and so applying to exits taking place from the date of implementation.

The LGA will be producing further advice/guidance to Local Authorities once the final regulations are made but in relation to the current proposal:

- **Applies to those earning £80,000+**
- **Who receive an exit payment as a result of:**
  - Redundancy
  - Voluntary exit
  - Reducing or elimination of an actuarial reduction to a pensions upon early retirement
  - Payment to extinguish liability under a fixed term contract
  - Settlement or conciliation agreement

**NOTE:** Qualifying Exit payments do not include:

- Payments in respect of incapacity or death as a result of accident, injury or illness
  - Payments in respect of leave due under a contract of employment but not taken
  - Pay in lieu of notice
  - Payment made in compliance with an order of any court or tribunal
- **Who return to any part of the public sector within 12 months of receiving the exit payment:**
    - Employee
    - Specified Officer Holder
    - Relevant contract for services under which s/he provides services to a hiring authority:

- As employee
  - As a self-employed person
- **Returning employees under a duty to repay a qualifying exit payment (it is a debt owed to the authority)**
  - **A complicated calculation – the repayment amount is the lesser of:**
    - (i) The Qualifying Exit Payment less:
      - Tax and NI paid on exit payment
      - Salary they would have earned (in old job based on net final pay) between date of leaving and date of commencing the new job
      - If new job involves less the amount is reduced pro rata to hours worked in the old job (i.e. old job 37 hours, new job 18.5 hours means amount to be repaid is 50%)
    - (ii) The Qualifying Exit Payment less:
      - The amount of statutory redundancy pay the employee received (some special arrangements for certain crown employees who do not get statutory redundancy payments)
  - **Duties on old employer (Responsible Authority) to keep records**
    - Maintain for 3 years
    - Identity of exit payee
    - Amount and type of payment
    - Date payment made
    - Exit payee's age when payment made
    - Exit payee's length of service with Responsible Authority
    - Total remuneration received by exit payee in 12 months before exit payment
    - Tax and NI paid by exit payee in respect of exit payment
    - Exit payee's standard weekly hours
  - **Duty on Exit Payee to provide information**

If accepting an offer to return to public sector within 1 year must inform the hiring authority and responsible authority (old employer) as soon as reasonably practicable – and before returning, that:

    - There has been a qualifying exit payment
    - There may be an obligation to repay some or all of it
  - **Duty on Exit Payee not to return unless having repaid the repayment amount or have made arrangements to do so**

- **Hiring Employer**

- Must not permit a return unless repayment has been made or arrangements have been made
- If it allows a return in breach the employee must make arrangements to repay within three months
- If employee does not repay or make further alternative arrangements within three months the amount becomes immediately payable and hiring employer must:
  - Dismiss/ terminate contract for services/ remove from office
  - Provide any information the Responsible authority might require to fulfil its duties under the regulations

- **Duty on Responsible Authority**

The responsible authority (old employer) has a duty to provide information:

- Confirm to hiring authority that relevant repayment arrangements have been made
- Inform hiring authority if arrangements have been breached by employee
- Inform hiring authority if new arrangements have been made
- Provide such information as the hiring authority may need to fulfil its obligations under the regulations
- Provide confirmation to hiring authority if repayment amount is zero or if repayment has been made in full

- **Power to waive the repayment**

In local government the responsible authority (old employer) has the power to waive all or part of the repayment – but must be **exercised in accordance with** any written directions issued by the Treasury on how that power is to be exercised

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## Regulatory and Other Committee

### Open Report on behalf of Debbie Barnes

Report to:	<b>Pay Policy Sub Committee</b>
Date:	<b>04 July 2016</b>
Subject:	<b>Update to the Council's Flexible Retirement Policy</b>

#### **Summary:**

The Council's Flexible Retirement Policy has been updated. The Sub-Committee is requested to note the reasons for the changes which are:

In light of financial challenges, changes have been made to ensure the policy is more flexible for the Council to use as a cost effective option to enable the retention of key skills in the short/medium term to meet operational needs, e.g. as a transition arrangement as part of a service restructure

To reflect changes in Pensions regulations

To reflect administrative changes as reflected in the Appendix to the Policy, as a result of the new arrangements established between West Yorkshire Pension Fund as the main pensions administrator and Serco as the HR and payroll provider.

#### **Recommendation(s):**

To note and approve the changes to the Council's Flexible Retirement Policy in Appendix A.

#### **Background**

A key objective for the Council's Workforce Strategy is to provide a sustainable workforce and address the issue of an ageing workforce.

This policy enables an employee to draw their pension at the same time as remaining an employee of the Council, provided there is a reduction in their grade or hours or both. When an employee is 55 years or older, and has at least 2 years pensionable service, s/he may be eligible for flexible retirement, subject to the Council's consent and specific criteria.

The flexible retirement policy has been in place since 2008. The policy has been updated to take account of recent pension regulation changes and procedural

changes reflecting the new pension and payroll administration providers' arrangements.

In addition, the flexible retirement policy has not been widely used in recent years. The Council therefore wishes to promote flexible retirement to be available as an additional option for employees, should workforce reductions be required in the future. As such, the policy has been amended to make more explicit reference to its use in managing workforce planning decisions, enabling the retention of key skills over the short/medium term, thus avoiding redundancy in the short term.

The previous County Council flexible retirement policy was very focussed on the needs and cost considerations of the Council and was also prescriptive in the criteria in place for either a reduction in pay or grade by employees.

Revisions have therefore been made to expand the criteria to ensure the Council is not focussed on cost alone, but also meeting the operational needs and financial challenges of the organisation.

All individual cases are subject to scrutiny of organisational costs and benefits, and requests will be approved or rejected based on business reasons. This process for considering the individual business cases is set out in the Appendix to the policy,

N.B.

- a) Legislation to cap public sector exit payments is expected to come into effect on or around 1<sup>st</sup> October 2016. The cap includes all payments (including pension strain) in relation to all exits from relevant employments. There are a limited number of exempt payments such as death or injury, serious ill- health and ill health retirement. Due to the high cap threshold, it is anticipated that a relatively small number of individuals will be affected by the cap, but it is possible that middle managers with long service could be impacted.
- b) Regulations are awaited from HM Treasury on the implementation of the public sector exit cap and it is expected that this will clarify how the cap will interact with flexible retirement. It is understood that the regulations will say that if a pension member's drop in pay/ hours is made via a variation to their contract of employment at the time of their flexible retirement, this will not be treated as a trigger of the exit payment cap. It should be noted that the Council's policy has always and remains to treat flexible retirement as a contract variation.
- c) Additionally, the financial benefits an employee receives through taking flexible retirement are not a qualifying payment for the purposes of the draft Repayment of Public Sector Exit Payments Regulations 2016.
- d) The Government have indicated that if there is an indication that local authorities are using flexible retirement as a way of avoiding the exit cap provisions, they might well consider tightening the Exit Cap Regulations at a future date.

## Conclusion

The changes to the policy will enable the Council to meet the operational needs and financial challenges of the organisation. Based on individual business cases being approved, the policy can be used, when an individual request is made, which will support workforce planning decisions, enabling the retention of key skills over the short/medium term, thus avoiding redundancy costs in the short term.

## Consultation

### a) Policy Proofing Actions Required

N/A

## Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire County Council's Flexible Retirement Policy

## Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Fiona Thompson, who can be contacted on 01522552207 or [fiona.thompson@lincolnshire.gov.uk](mailto:fiona.thompson@lincolnshire.gov.uk)



# FLEXIBLE RETIREMENT POLICY

This policy applies to active members of the Local Government Pension Scheme who have a minimum of 2 years pensionable service.

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## INTRODUCTION

The Council is committed to having a flexible approach to retirement, which respects the knowledge, skills and experience of all employees, and recognises the benefits this can have both for the organisation and employees alike.

The regulations of the Local Government Pension Scheme (LGPS) allow the Council to exercise its discretion to allow employees aged 55 and over who voluntarily reduce their grade and or hours of work, on an agreed basis with adjustment to pay, to receive their accrued pension benefits whilst remaining in employment and the option to continue paying into the pension scheme building up further benefits if they wish.

This is an additional option available to the Council and sits alongside compulsory redundancy and “efficiency of the service” as workforce management tools available to it in meeting its staffing needs.

The benefits of flexible retirement are typically, that it allows the Council to retain expertise and experience within the workforce, while allowing the individual to reduce their immediate level of responsibility or workload. This can be useful in helping the Council to manage transition, train up suitable replacements or deliver specific projects, while for the employee it provides a more gradual path to full retirement.

## BASIC CRITERIA

The employee must be of minimum pensionable age which is currently 55 and the policy of the Council is that they must also have a minimum of 2 years pensionable service. Where an employee requests, and the employer agrees to, flexible retirement then the employee must draw all of the benefits that relate to any LGPS membership to 31 March 2008, plus:

- all, none or some of the benefits that relate to LGPS membership from 1 April 2008 to 31 March 2014, plus
- all, none or some of the benefits that relate to LGPS pension built up from 1 April 2014, plus
- any additional benefits including added years, additional pension being purchased additional pension awarded by the employer or any AVCs, should they choose to receive these at the same time.

This policy also applies to LGPS members in schools, but for whom there is a separate approval process.

**All requests will be subject to operational considerations** and the reduction of grade and/or hours should be of substance (see below for further clarification).

Flexible retirement will only be granted on the merits of each individual case, taking account of the needs of the service (ensuring there is no significant detrimental effect on service delivery) as well as the circumstances of the employee and the wider team.

Flexible retirement is a voluntary option and employees cannot be compelled to enter into a flexible retirement arrangement by the Council.

However, as part of their regular discussions with their staff, managers may wish to advise employees that flexible retirement could be a mutually beneficial option where this would meet both the operational demands of the service and the individual circumstances of the employee, subject to a suitable business case being submitted and accepted by the Council.

Where, after due consideration, a request for flexible retirement is refused, the reasons should be clearly communicated to the employee.

Should the employee feel that the request was refused unreasonably, they have the right to have that decision reviewed by an independent Assistant Director (or equivalent role).

Ordinarily the flexible retirement option will not be considered in cases of conduct or performance until such cases have been fully dealt with, but the Council reserves the right to consider such applications if there is an organisational benefit in doing so and the employee agrees.

Employees who are not members of the LGPS may request flexible working hours through the Council's [Flexible Working Policy](#).

## **REDUCING HOURS OR GRADE**

In order to be eligible for flexible retirement the employee must agree to an appropriate reduction in their hours of employment with the Council or an appropriate reduction in the grade to which they are employed. While both of these requirements could be met by an employee seeking flexible retirement, it is not a requirement of this policy that they do. Flexible retirement can be considered if either requirement is met.

Voluntary reduction can be achieved in a number of ways:

### **HOURS**

Reduction in hours should normally be a minimum of 20% for both full and existing part-time staff (this is the equivalent of reducing by 1 day per week (7.4 hours) for full-time staff).

**In this example of a 20% reduction, this can be achieved by:**

- reducing the hours on a number of, or, every working day (i.e. a total reduction of 7.4 hours over a week )
- or reducing the number of days worked in the week by 20%

### **GRADE**

The employee should normally identify a suitable lower graded post to which they are appointed on merit through open recruitment (unless there is a clear business case for an internal transfer within their own Service Area e.g. where there is no recruitment to the existing post or other organisational benefit). This could be either within the employee's own Director Area or elsewhere in the Council.

The reduction should normally be at least two equivalent grades and the new rate is equivalent in position on the new grade to the former position on the previous grade i.e. if currently at top point of grade 10 then reduces to top point of grade 8.

If the employee is moving to a different pay scale there should be a substantial difference.

It is appreciated that an application for flexible retirement could be received where the suggested minimum reduction in hours or grade has not been satisfied, but where there are clear benefits to both the Council and the employee to consider whether flexible retirement could be granted. The relevant officers will have the discretion to consider such applications, which it is expected would be exceptional, providing clear evidence on their business case to support the application. In such exceptional circumstances the application would need the support of the relevant Executive Director. Consideration may be given where such a request is:

- in the interests of the Council, (e.g. for retaining an essential skill) or
- reflective of the special circumstances impacting the member (e.g. caring responsibilities for a relative or partner, etc.).

The expectation will be that any reduction in hours or change in grade will be permanent, although the council will be free to agree with the employee the minimum time the reduced hours/grade will be worked before a change can be considered in future. Flexible retirement will not be considered where a change of post is temporary or as a result of a secondment. The Council will also not ordinarily consider those employees who have taken flexible retirement to be eligible to apply for further promotions, unless there is a strong business benefit in doing so.

Changes in grade or hours as a result in the implementation of a national agreement will also not be considered for the purposes of flexible retirement.

## **SPECIAL CIRCUMSTANCES**

The Council will not normally consider redesigning an existing post in order to facilitate a change in grade purely for the purpose of facilitating flexible retirement.

Exceptional circumstances may be considered in individual cases (for example the need to retain a particular skill or for a temporary period pending a more fundamental restructure). Formal job evaluation may be required in such circumstances.

Where an employee's pension benefits are likely to be restricted due to overriding legislation e.g. the introduction of the proposed exit cap etc. the Council may consider applying different criteria for reducing pay/grade on an individual basis.

## **SALARY**

The employee will receive the revised salary for the reduced hours and/or grade in addition to their pension benefits.

In some cases the combined salary and pension may amount to more than the employee previously earned.

## **BENEFITS OF FLEXIBLE RETIREMENT**

Flexible retirement policies can help both the Council and employees by:

- retaining valuable employees who would otherwise leave their job;
- enabling employees to balance work with other responsibilities, such as caring for relatives, volunteering or increased leisure time
- enabling employees to work towards retirement on a gradual basis
- helping with the management of organisational change by providing an option to older workers, whose employment may be at risk, thus helping to avoid redundancies and associated costs;
- allowing for the completion of specific long term projects, for which the individual has particular relevant skills;
- helping to develop a balanced age profile within the workforce by retaining older workers and keeping their skills, knowledge and expertise within the workplace; and
- offering opportunity for better succession planning and developing the capacity for older workers to act as mentors.

## **CONDITIONS OF SERVICE**

Any agreed flexible retirement arrangement should normally be considered as permanent and the usual contractual notice will be required from the employee.

Flexible retirement will not normally be considered where a change of post is temporary or as a result of a secondment. Exceptional circumstances may be considered in individual cases (for example the need to retain a particular skill or for a temporary period pending a more fundamental restructure.)

The Council will also not ordinarily consider those employees who have taken flexible retirement for further promotions or sideways moves within the organisation, unless there is a strong business benefit in doing so.

Employees with an agreed flexible retirement arrangement will continue to contribute to the LGPS unless they choose not to.

Flexible retirement is a contractual change only, and therefore for all purposes except pension and pensionable service, continuous service applies.

## **FURTHER CHANGES HOURS/GRADE AND FURTHER REQUESTS FOR FLEXIBLE RETIREMENT**

### **CHANGES TO HOURS AND/OR GRADE**

Should an individual already subject to flexible retirement seek further changes to their hours or grade the request will be considered in line with the Council's flexible working policy.

### **SUBSEQUENT FLEXIBLE RETIREMENT APPLICATIONS**

Where requests to enter into a further flexible retirement arrangement with an employee already subject to flexible retirement, these will be considered in the same manner and following the same processes as outlined in this policy (e.g. submission of a new business case and following the same approval process).

It should be noted that any further flexible retirement arrangements (e.g. a further reduction in hours or grade) cannot alter the arrangements already in place for the payment of LGPS pension resulting from an earlier flexible retirement decision.

## **EXCEPTIONAL CIRCUMSTANCES WHERE THE COUNCIL MAY CHOOSE TO WAIVE THE ACTUARIAL REDUCTION**

If pensions benefits are released early, the pension will normally be actuarially reduced to reflect early payment.

Whilst the Council may waive this, in whole or in part, **it is the general policy of the Council not to agree to such requests.** Where it can be demonstrated, however, that there is a strong business case the Council does have discretion to waive such reductions in exceptional circumstances. Consideration may be given where such a request is:

- at least cost neutral to the Council,
- in the interests of the Council; or
- reflective of the special circumstances impacting the member (e.g. caring responsibilities for a relative or partner, etc.).

The case should be considered by the relevant Head of Service and Assistant Director or equivalent role in conjunction with the County Finance Officer and Service Manager - People Management.

Where a business case has been supported by those referred to above, they will submit it along with their reasons for the supporting the case, to the appropriate Executive Director who will consider the proposal and confirm formal agreement

Where agreement to waive the actuarial reduction is made the agreed change in hours or grade resulting from the flexible retirement arrangement would not normally change over time, except-in exceptional circumstances, and will be considered as a permanent arrangement until such time as the member eventually retires.

In some cases the employee may have a full or tapered “Rule of 85” Protection. In this circumstance the employee’s retirement benefits will be calculated in line with the applicable protections.

## **APPENDIX**

### **PROCEDURE FOR THE INTRODUCTION OF FLEXIBLE RETIREMENT BY EITHER REDUCED HOURS OR GRADE**

Where an employee makes a request in writing for flexible retirement the following process will be followed:

- The employee should discuss the request with their line manager, who will then discuss this with HR and the relevant Head of Service. As part of this initial meeting (of which the line manager should keep a written record) the following should be clarified:
  - The reasons for the application;
  - The proposed work patterns; and
  - How the request might be accommodated by the Council.
  - The potential impact on the service and colleagues within the team or business area.
- The Head of Service/line manager should consider the request taking into account the following (this list is not exhaustive):
  - Whether service delivery would be affected (positively or negatively) in the event that flexible retirement was agreed to;
  - Whether the reduction in hours needs to be covered by other means e.g. by existing staff or by recruiting;
  - Whether the reduction in grade/hours can be accommodated by the employee filling an existing lower graded or lesser hours vacancy thus saving on recruitment costs as the higher graded/hours post will not be recruited to;
  - The extent to which flexible retirement helps in avoiding redundancies and associated costs;
  - Whether allowing the request will aid succession planning by allowing a gradual handover of duties;
  - Whether allowing the request will help retain valuable skills for longer;
  - Any special circumstances of the member (e.g. caring responsibilities) that might influence the Council's decision.
  - Whether allowing the request is likely to lead to a serious loss of confidence in the public service or a general negative perception of the Council.
- Each application for flexible retirement is, therefore, to be considered on its individual merits, based on the needs of the Council, the member's personal circumstances and any special issues that should be considered (e.g. caring

responsibilities, health issues), as well as any strain cost from the pension scheme.

- If the Head of Service/line manager is satisfied that they can support the request with a sound business case based on the factors above and the employee is a contributing member of the LGPS, the Line Manager will request a Pensions Estimate Form from Serco Pensions Team.
- On receipt of this form, the line manager will complete page 1 of the estimate form and return it to Serco Pensions Team.

It will be reasonable for several estimates to be requested, where applicable (e.g. with Option of taking just Pre 2008 benefits; an option including taking benefits from 2008 to 2014; and an option including post 2014 benefits.

- The Serco Pensions Team will complete page 2 of the estimate form and send it to WYPF
- WYPF Team calculate the pension strain costs and pension benefits for the employee and provide written confirmation of each to Serco Pensions Team
- Serco Pensions Team send copies to the line manager who forwards a copy of the pensions benefit estimate letter only to the employee.
- A further meeting should then take place between the line manager and the employee, to discuss the figures contained within the pension estimate and the different options that may be available. The line manager will then confirm with the employee that the employee wishes to proceed with their request having received the estimate of benefits.
- The Head of Service/line manager will make a recommendation to the relevant Assistant Director (or equivalent role) to either approve or refuse the request.

This would include details of business/organisational requirements and any costs or compassionate grounds, as well as a recommendation regarding the waiving of any actuarial reduction if appropriate.

Requests should be approved or rejected based upon business reasons.

There may be costs associated with release of pension if the individual has a Rule of 85 protections. In this circumstance retirement benefits will be calculated in line with the applicable protections.

However, managers should consider whether and to what extent the benefits to the organisation will outweigh these costs.

Decisions will not be unduly influenced by the financial aspirations of the employee.

- The Assistant Director (or equivalent role) confirms their decision to the Head of Service/line manager (including any decision in relation to the waiving of

any actuarial reduction) who writes to the employee indicating the outcome. This would normally be within 1 month of the employee submitting their request.

- If the request is refused, the letter should include the reason(s) for this. If the employee feels that the request was refused unreasonably they have the right to have that decision reviewed by an Independent Assistant Director (or equivalent role) that may or may not be from a different Director Area. This will take the form of either a paper review or a face to face meeting with the employee concerned, dependent on circumstances. This appeal does not replace their right to refer any decision concerning their entitlements in the LGPS to the person appointed by the Council under the Scheme's formal internal dispute resolution procedure.
- If the request is approved, the letter should also state the agreed arrangements (including the start date) and make reference to the fact that the employee has received an estimate of their pension benefits from WYPF.
- The line manager will notify the Serco Pensions Team of the effective date of change and provide a copy of the letter confirming the approval which the employee received.
- The line manager will also notify the Serco HR Admin Team by completing the relevant Agresso form to confirm whether there is a reduction in hours or grade and provide a copy of the letter confirming the approval which the employee received.
- For those in Assistant Directors (or equivalent posts) or above, seeking flexible retirement, the above process will be applied, with exception that consideration and approval processes will be in line with decision making as set out in the Council's constitution.

## **FURTHER INFORMATION**

[Retirement Policy](#)

[Redundancy and Early Retirement Policy](#)