

# 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](#)