

Flexible Retirement Guidance for Managers and Staff

Flexible Retirement Policy - Guidance for Managers and Staff

1. Introduction

- 1.1 The guidance applies to members of the Local Government Pension Scheme (LGPS) who have at least 2 years service and are over 55, it does not apply to members of the teachers pension scheme or NHS Scheme.
- 1.2 When making a request for flexible retirement you should read carefully the Policy on Flexible Retirement and the following guidance which outlines:
- criteria which have to be met to enable an employee to be eligible to make a request
 - what is meant by flexible retirement
 - how an eligible employee can make a request
 - issues which a Director/Head of Service will take into account when considering a request
 - what are the options if a request is not supported
 - pension and contractual implications arising from the request
- 1.3 The Flexible Retirement application form should be used. Reference should also be made to the flow chart outlining the process and FAQs.

2. How Flexible Retirement Works

- 2.1 An employee wishing to work reduced hours and/or at a lower grade, must complete the Flexible Retirement Application Form and send to their Service Director or Head of Service for consideration.

- Request to reduce hours

The employee will outline their proposed reduction in hours and how these can be worked. If the Service Director confirms that there is a requirement to fill the remainder of the hours, the application can be agreed in principle subject to recruitment to the vacant hours. If following two adverts it is not possible to recruit to the remaining hours, the employee's application will be kept on file for 12 months and

matched to any suitable vacancies. If there are no suitable vacancies within a 12 months period, the application will no longer be valid and an employee requesting flexible retirement will be required to submit a further application.

- Request to reduce grade

The employee should indicate in their application which type of post(s) they would consider. If the employee has identified a suitable vacancy, they should make an application following the usual recruitment procedure. The employee's job application form should state they are applying under the flexible retirement policy and if they are looking to reduce hours.

- 22 The completed flexible retirement application form should be submitted to the Service Director or the Head of Service who will ensure a meeting is held within 28 calendar days of the date on which the application has been submitted.
- 23 The Service Director or Head of Service should attend the meeting along with the employee and the employee's representative if requested. If it is not possible to hold the meeting within the 28 days, the employee will be notified as to the reason for the delay and agreement will be sought for a suitable date to meet.
- 24 The purpose of the meeting is to discuss fully with the employee their proposal along with any implications for the Service. Approval in principle will be subject to any costs related to release of benefits. Requests should not be approved if there are additional cost to the Service, unless there are other factors which will offset the cost, in which case these should be referred to the Director of Corporate Resources for consideration.
- 25 The decision to grant or refuse the request will be confirmed to the employee in writing. The Service Director or the Head of Service will forward the employee's Flexible Retirement application form to HR to obtain pension figures with a proposed effective flexible retirement date, normally no less than 12 weeks from the date pensions are notified.
- 26 If the request is approved, the Pension Section will arrange for an estimate of pension benefits including any actuarial reduction to be processed and sent to the employee. This information will normally be sent to the employee within 14 calendar days of the Pensions Section receiving the application form. In the case of a request to reduce grade, the pension section will only issue the estimate of benefits where a vacancy at the lower grade exists.
- 27 The employee is required to confirm whether they wish to proceed, or

not with their request. The employee may wish to seek advice from an independent financial adviser. It will be the employee's responsibility to arrange such independent financial advice. If confirmation is not received from the employee within 21 days following receipt of their pension benefits and any actuarial reductions, the Council will have no obligation to progress the request.

28 Where the employee confirms they wish to proceed with their request it is approved by the Service. If there is a cost implication their application will be submitted to the Employment Release Sub Committee for approval.

29 In considering the requests for flexible retirement, the manager should have regard to the following:

- will there be any detrimental effect on service delivery
- benefits which may arise from the implementation of the request
- any cost implications ie will this result in savings or increased costs
- ensure that any flexible working arrangement is fair and equitable to all employees in the team
- the need to recruit to the reduced hours to cover the duties and functions carried out by the employee concerned
- the ability to reorganise or undertake the work which is required to be carried out by other staff or through other means
- the existence of any vacancy on the establishment
- the need or desire to reorganise the way in which the Council's services are delivered

210 If the request cannot be supported, the employee will be given brief details in writing as to the reason for the refusal.

211 Service Manager should ensure a change form is processed to reduce hours and/or grade with the relevant effective start date of flexible retirement.

3 Appeal process

3.1 An application for flexible retirement could be refused on a number of grounds:

- burden of additional costs
- detrimental impact on service delivery to meet customer needs
- inability to re-organise work among staff
- detrimental impact on quality of service and/or service performance
- inability to recruit staff

- 3.2 Employees who wish to appeal against a decision should write to the Depute Chief Executive/Director of Corporate Resources within 14 days of being notified of the decision. The Depute Chief Executive/Director of Corporate Resources will arrange for the appeal to be heard by the Appeals Sub Committee. An appeal can not be based on the actuarial cost incurred by the employee.

4. Pension and Contractual Implications

4.1 Pension

- 4.1.1 Employees may be concerned about the effect of flexible retirement on their pension. Recent changes to pension regulations normally will not result in any major detrimental effect on an individual's pension provision as a consequence of opting for flexible retirement.

- 4.1.2 Although pension benefits taken before the Scheme's agreed retirement age* (ie linked to new state retirement age, minimum age 65) may be subject to an actuarial reduction, employees can at or after 55 and with the Council's consent reduce their hours or grade and draw their accrued pension benefits. Employees can also draw wages or salary from their job on reduced hours or grade and continue to paying into the LGPS and so build up further benefits. The changes also permit an employee joining the scheme before his or her 75 birthday (previous maximum age for joining was 65). * to determine your State Retirement Age please refer to the Governments online calculator: www.gov.uk/calculate-state-pension.

- 4.1.3 The above is a brief summary of a complex set of regulations and it is vital before taking any financial decision that employees receive details on their own pension's position following approval by their Service of their application to request flexible retirement.

4.2 Terms and Conditions of Service

- 4.2.1 In addition to pension implications, employees considering flexible retirement may also be concerned about how other terms and conditions and entitlements may be affected.

4.2.2 Pay

Employees taking flexible retirement which results in reduced working hours, will be paid on a pro rata basis in accordance with the number of hours worked. Employees moving to a lower graded post will receive payment at the new grade. Placing on the grade will be subject to the standard guidance on salary appointments.

4.2.3 Leave

Leave entitlement will be calculated on the basis of hours worked.

424 Continuous Service

Continuous service will be preserved despite taking up a flexible retirement option if the employee remains in employment with no break in service.

425 Changes to any other Terms and Conditions of Service

Where an employee is appointed to a post on a reduced grade, a new contract of employment will be issued outlining any other changes to terms and conditions of service applicable to the post. Where an employee reduces their hours of work and there is no reduction in grade, an amendment to contract will be issued.

5 Additional Information

- 5.1 Reference should also be made to the Flexible Retirement Flow Chart, processes and FAQs.
- 5.2 The Service Manager should ensure they process the necessary leaver form at the actual time of the employee's resignation, which should be no later than 3 years from the start date of the employee's flexible retirement.