

FLEXIBLE RETIREMENT POLICY

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FLEXIBLE RETIREMENT POLICY STATEMENT

1. INTRODUCTION

The Local Government Pension Scheme now allows a flexible retirement with the early release of pension benefits (where agreed by Tendring District Council, as the employer) for employees aged 50 or over (55 with effect from 2010) linked to a reduction in hours/and or grade.

For the avoidance of doubt, the scheme may operate where there is a link to either a reduction in hours, or transfer to a lower grade, or both. There is no expectation or requirement that an employee makes a request under the terms of this policy and it is recognised that any pressure, request or inducement on the part of the employer is likely to amount to direct age discrimination.

Subject to the necessary approvals, flexible retirement is when an employee is able to draw their local government pension whilst continuing to work with the Council. Employees may also wish to remain in the local government pension scheme until their 75th birthday thereby building up further benefits in the scheme.

The Council's overarching policy is that flexible retirement will only be considered where:

- There has been a permanent reduction in hours greater than 25%
- and/or there is a reduction in grade (at least one grade)

Therefore in determining any request for flexible retirement a primary consideration must be whether or not a reduction in hours or grade can be accommodated within the service and the roles and responsibilities of the post(s) concerned.

In addition, it is the Council's policy that any actuarial reduction to the employee's pension as a result of early retirement being taken, must normally be at no cost to the Council. Cost would include any strain on the pension fund and will form part of the flexible retirement request and associated business case.

Example

- An employee works 37 hours a week.
- The employee makes a formal request in writing to their Head of Service asking to reduce their hours and for early release of his/her pension benefits.
- The employee provides supporting information as to how they think that this might work in practice.
- The Head of Department considers the request and draws up a business case.
- There is no cost to the service.
- The application is approved.
- The employee begins to work his/her reduced hours.
- The employee receives his/her accrued pension benefits.

- The employee decides to remain in the Local Government Pension Scheme (LGPS) and accrue a second LGPS pension.
- The agreed change is kept under review as part of the MDPP process.
- The employee works to his/her normal retirement date or other date agreed or resigns.

Tendring District Council will apply this policy consistently and fairly.

2. FLEXIBLE RETIREMENT REQUESTS

The reduction in hours / grade and the early release of pension benefits will both be determined under this policy as both decisions will form part of the same business case required to support the application.

Therefore employees who wish to reduce their hours or grade for the purposes of Flexible Retirement, must first put their request in writing to their Head of Department with supporting evidence as to how their flexible retirement could be achieved. The Head of Department will then put together a business case in consideration of the application. Employees are asked to put forward their request at least 3 months in advance of any date they wish the change to take effect. In applying for flexible retirement, employees should give due consideration to the impact of their application on their pension benefits and change in earnings.

Tendring District Council will ensure that all employees making a request for Flexible Retirement under this scheme will receive a schedule containing sufficient information to enable the employee making the request to make an informed choice based on the financial implications of the proposed transfer.

In summary the employee should comply with the following requirements:

- The application must be made in writing to the Head of Department, stating that it is being made under the Flexible Retirement Policy;
- The application must set out the employee's proposals and explain as far as is reasonably practical what effect the employee thinks this will have on their service within Tendring District Council and how this may be dealt with. This in turn will be developed into a business case by the Head of Department.
- Where the application for Flexible Retirement is from a Head of Department or for a Management Team member, the business case with recommendations, will be compiled by the Workforce Planning Team.
- The application must specify a start date for the proposed change and give the Council reasonable time to consider the application;
- The application must state whether a previous application has been made and if so the date on which it was made;
- The application must be dated;

Where the request for Flexible Retirement is part of a formal recruitment process e.g. if reduction in hours or grade can be accommodated via the transfer to an alternative post within the Council, then the employee is required to submit a Flexible Retirement request which will be subject to the outcome of the recruitment process.

The employee will be able to access further advice and information from a designated contact within Human Resources in relation to the application of the policy and Exchequer Services for pension advice and other associated information.

3. ACTIONS FOLLOWING RECEIPT OF APPLICATION

Where an application is received for Flexible Retirement the Head of Service/Workforce Planning Team should:

- Consider the needs of the service / Council and whether service delivery will be affected either positively or negatively.
- Determine if the service will be able to function adequately / to the required standards if the application was approved. Can the work of the service for example be reorganised to accommodate the proposed flexible retirement?
- If a reorganisation needs to be undertaken to accommodate the application, then other relevant factors will need to be considered and approvals obtained in accordance with Council policies and procedures.
- Consider the recruitment implications if a post must be filled as a consequence of supporting the application.
- Consider any relevant information provided in the application.
- Determine whether by offering Flexible Retirement, this will enable the service to retain valuable experience / knowledge which otherwise might be lost.
- Consider succession planning/workforce development implications – would supporting the application be beneficial to the Service / Council?
- Other benefits that supporting the application will bring to the Service / Council.
- Consider all of the cost implications including those relating directly to the potential financial strain on the pension fund
- Consider precedents set by other successful/unsuccessful applications for flexible retirement.
- Complete any necessary job evaluation of the post(s) involved.

The above, along with other relevant information must be included in a business case that should be undertaken by the Head of Service/Workforce Planning Team. The application and business case will then be submitted with a recommendation of support/refusal to the Workforce Planning Team in cases other than Heads of Department and Management Team members.

The Workforce Planning Team will then consider the application and the business case and make a formal recommendation to the Human Resources Committee who will take the decision to refuse or approve the Flexible Retirement application.

In respect of Heads of Department, the Workforce Planning Team will draw up the business case and make a recommendation to the Human Resources Committee, who will take the decision to refuse or approve the Flexible Retirement application.

In the case of an application for Flexible Retirement from a Management Team member, the Workforce Planning Team will draw up the business case, in consultation with the two other Management Board members and make a recommendation(s) to the Human Resources Committee who will in turn submit a recommendation to Full Council.

4.0 FURTHER ACTIONS WHICH MAY BE NECESSARY

In cases where the Flexible Retirement results in a restructuring approval this will require approval from the Human Resources Committee. These approvals together with compliance with the National Single Status Job Evaluation Scheme (as appropriate) are needed before a final decision can be made on the application for Flexible Retirement.

It is expected that straightforward applications will be approved within eight weeks and more complex decisions as quickly as possible. Heads of Department or a member of the Workforce Planning Team will be responsible for keeping in regular contact with the employee updating them on the progress of their application.

5.0 ADDITIONAL INFORMATION

An employee will not be able to exercise a second Flexible Retirement option. For example, should an employee wish to change his/her hours/grade once in receipt of flexible retirement benefits, a second flexible retirement process cannot be applied.

The right of appeal against a refusal to allow flexible retirement will lie within the Council's Grievance Procedure.

Employees will be able to remain in the LGPS and accrue a second LGPS pension when they start to work their reduced hours or work in a job at a lower grade (unless they elect to opt out of the scheme).

The LGPS flexible retirement provision differs from the normal LGPS re-employment arrangement (where an employee may retire and then enter employment again) as the pension received under the Flexible Retirement provision is not abated (not restricted) due to any continuing employment

(as long as the employee remains in the employment of Tendring District Council).

6. PAYMENTS AND COSTS

The employee's age and length of membership in the pension scheme will determine the benefit to the employee of taking their pension early under this flexible provision.

Whilst understanding that Flexible Retirement applications usually result in reduced benefits being payable, there may be circumstances in which it is deemed appropriate for the employer not to reduce pensions. For example, on specific and compelling compassionate grounds, which will be the exception rather than the norm. In these cases advice and guidance will also be taken from Essex County Council Pensions.

7. FURTHER INFORMATION

Further information is available from Human Resources, Exchequer Services or Essex County Council's Member Services Team (01245) 431912