

FLEXIBLE RETIREMENT

1. INTRODUCTION

- 1.1 This report details the new policy on Flexible Retirement which will be implemented from 1 May 2015.

2. BACKGROUND

- 2.1 Within the Local Government Pension Scheme (LGPS) the following discretion exists:

- Regulation 30 (6) Power to allow flexible retirement. Whether to permit flexible retirement for staff aged 55 or over, who with the agreement of the employer reduce their working hours or grade.

- 2.2 The current policy was implemented in 2008 when the discretion first became available.

- 2.3 It is timely to review the policy for the following reasons:

- 2.3.1 The original policy was introduced when the compulsory retirement age was still in place – this was abolished in 2011.

- 2.3.2 The Council has had over 30 requests (the majority in management posts) and it is important to understand the impact of the requests on both individuals and the council.

- 2.3.3 In September 2014, the right to work flexibly was widened to the whole workforce rather than restricted to parents/careers. Every individual now has a statutory right to request to work flexibly and the council must consider all requests within 28 days of any request.

3. WHAT IS FLEXIBLE RETIREMENT

- 3.1 Individuals from age 55 can make a request to the Council to reduce their hours or grade (by 40%) and draw down their pension. By taking up the reduced hours they also have the option of re-joining the pension scheme. From an individuals perspective they are able to draw down their accrued pension plus receive a part time salary. When the policy was first introduced it was also to enable individuals to phase into retirement (typically working p/t for 1-2 years and then fully retiring and leaving the Council). In practice, only 30% of employees have phased the majority seeing it as a permanent change in work patterns and offering a very good work/life balance.

- 3.2 In cases where individuals have phased into retirement, this has aided succession planning, enabling the transfer of knowledge of retiree to existing staff.

- 3.3 In some cases, the reduction in hours has reduced salary costs permanently – achieving an efficiency saving.

4. PROPOSED POLICY

4.1 Do we want to exercise this discretion?

- The key advantage is that our workforce is ageing and flexible retirement could give some employees an opportunity to continue working rather than leave the Council. This may also be in the best interest of the Council.
- The key disadvantage is that once a flexible retirement is agreed it is a permanent change and therefore there is no opportunity to trial the arrangements before finalised.
- On balance it is proposed that the Council should exercise this discretion in the way detailed in 4.2-4.4.

4.2 Should there be one policy for all staff affected?

The current policy has been most problematic in management posts; therefore it is proposed that that Council establishes the following approach:

Band 8 and above

- If an individual requests Flexible Retirement and the manager is supportive – then a review of the management structure should take place so that the full implications of such a change can be considered by EMT. If the request is declined an individual can follow the Council's normal grievance process.

Band 7 and below

- If an individual requests Flexible Retirement and the manager is supportive – then they need to make a business case to the Head of Service. If there are any financial implications relating to pension release these will continue to be discussed with EMT. If the request is declined an individual can follow the Council's normal grievance process.

4.3 How does Flexible Retirement link with 'right to ask to work flexibly'?

All staff have a 'right to ask', every individual now has a statutory right to request to work flexibly and the Council must consider all requests within 28 days of any request. Only staff aged 55 and over can make a request under Flexible Retirement. There will continue to be separate policies following a very similar decision making process.

4.4 What should be included in a flexible retirement request?

4.4.1 The individual is required to do the following when making a request:

- Details of when they wish to take flexible retirement – dates, work pattern, reduction in hours by 40% or reduction in grade by 40%.
- Detail the reason for request.
- Make suggestions on how the surplus hours can be replaced and if not replaced what part of the role could cease.
- Explain the likely impact their request will have on their team members/customers/quality of work.
- Detail how long they envisage working part-time before they retire fully.

4.4.2 The line manager must consider the request and do the following:

- Make their assessment of the impact on team members/customers/quality of work.
- Consider costs/savings – ask HR for a pensions estimate.
- Consider how the surplus hours are going to be replaced.
- Does the new reduced role have an impact on the job description – to review with HR.
- Is the right work available at the times individual has requested to work?

4.4.3 Heads of Service should consider the following:

- Consider costs and savings
- If there is a cost – this needs to be considered by EMT in all cases
- Impact on wider service
- If declined is 'right to ask' policy an option
- If declined is a short term fixed term an option
- If agreed set review period

4.4.4 If there is no cost to the Council and the post is Band 7 and below, the request can be approved by the Head of Service and Head of Human Resources

4.4.5 If there is a cost and/or the post is Band 8 and above – the request will be considered by EMT including any impact on the Council as whole.

5. CONCLUSIONS

5.1 The Council's workforce is ageing and a good flexible retirement policy will enable the Council to retain staff and allow them to phase into retirement.

5.2 It is acknowledged that the current policy was in need of review and this proposed policy will enable the council to consider flexible retirement requests and make decisions in a more effective way.

5.3 Band 8 and above positions have a greater impact on the service and the Council and therefore these will be initially considered by EMT and this policy will be reviewed in 12 months.

5.4 The policy will continue to require an individual to take a 40% reduction in hours or grade.

5.5 Requests will only be agreed if they are in the best interest of the Council.

6. FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications of this new policy. If there is a cost to the Council this will continue to be agreed by EMT where a payback period of no more than three years or less, is achievable.

7. ENVIRONMENTAL, CRIME AND DISORDER IMPLICATIONS

7.1 There are no environmental/crime and disorder implications arising from this report.

8. EQUALITY AND DIVERSITY IMPLICATIONS

8.1 There are no equality and diversity implications arising from this report.

9. EMPLOYEE SIDE COMMENTS

9.1 Unison believes it is fair to continue to exercise the discretion in respect of flexible retirement.

9.2 The decision to delegate to Heads of Service at Band 7/below should ensure speedier resolutions for those individuals.

9.3 5.5 did worry us initially but it is only a continuation of point 7.2.2 of the existing policy (Approve requests only when it is in the Council's interests to do so. All costs falling on the Council as an employer must be affordable. Only where proposals are fully supported by a business case, where a payback period of no more than three years or less, is achievable.

9.4 The 12 month review shouldn't be lost. It may help to get commitment to return to IRC prior to and after the review, to ensure we're kept apprised of how this policy is being implemented.

9.5 Finally, it is reassuring that the right to challenge via the grievance policy has remained.

10. INDUSTRIAL RELATIONS COMMITTEE

10.1 The Industrial Relations Committee met on 19 February 2015 and supported the recommendation.

11. RECOMMENDATION

11.1 That the Council approves the proposed Flexible Retirement policy detailed in section 4 of this report and this be implemented from 1 May 2015.

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Background Papers:

Published documents