

**HR Procedure**

**Flexible**

**Retirement**

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| Version Control | Changes Made | Author |
| Version 1 March 2016 |  | People Management |
| Version 2 July 2018 | Update to guidance on future earnings | People Management |
| Version 3 Sept 2018 | Updated re changes to Council Structure and policy and procedure template guidelines | People Management |
| Version 4 November 2020 | Consent for estimates | People Management |
| Version 5 February 2023 | Removal of ‘Abatement’  Clarifying ‘rule of 85’  Updating YPS to LPPA | People Management |

Introduction

This procedure is intended to enable employees to strike the right balance between working and their personal life when preparing for the change between working full-time and ceasing to work due to retirement. Employees continue working for the employer on reduced hours of work or at a lower grade, while drawing their accrued benefits. It is also intended to enable the employer to retain the skills and knowledge of employees who are considering retirement and support its People Strategy.

Scope

This procedure applies to all employees covered by the NJC for local government employees and all other employees of the County Council for whom there is no other specific procedure laid down in national or local conditions of service, or where contractual conditions specify this procedure.

Employees who are not members of the Local Government Pension Scheme and who wish to reduce their hours / grade in the approach to retirement, may make an application under this policy (without payment of LGPS pension benefits) if they are aged 55 or over and have 3 or more months’ service with the Council.

To be considered for flexible retirement (and payment of LGPS pension benefits) an employee must:

* be aged between 55 and 74 (74 is the maximum age for admission to the LGPS);
* have 3 or more months’ membership of the LGPS, or have transferred pension rights into the LGPS; and
* reduce the hours of their current job by at least 20 per cent or transfer to another available job which has either at least 20 per cent fewer hours or is at a lower grade
* for employees with two or more post, each post stands alone. Therefore the reduction in hours must come from either one post or from both. It is not possible to make the reduction by stopping only one of the posts completely.
* flexible retirement will only be approved where it is of benefit to service provision delivery or is of sound economic benefit to the employer
* Where the Council does not agree to incur pension strain costs the employee can still apply but will be subject to reduced pension benefits

(For Fire Service pension benefits and eligibility criteria please contact People Management)

Pension regulations specify that an employee can only take flexible retirement if the employer gives its consent to:

• a reduction in the employee’s hours and / or grade, and

* release of their accrued pension benefits

It is expected that governing bodies of all community and voluntary controlled schools would adopt this procedure. Foundation and voluntary aided schools and academies are encouraged to do the same. For Senior Manager / read Headteacher / Finance Manager / Business Manager and for “People Management” or “Service Centre” read “HR / payroll provider”.

As each school will be responsible for the pension strain costs schools need to designate their own relevant decision makers within this Scheme and amend this procedure and attached forms /letters accordingly.

Principles

Flexible retirement is an opportunity for an employee to continue working for the Council on reduced hours of work or at a lower grade, while drawing their accrued benefits. They may be eligible to continue paying into the pension scheme for their new position, and build up further retirement benefits, should they wish to do so. Employees who wish to re-join the Pension Scheme should notify the CCC Service Centre in writing.

Once flexible retirement is granted, an employee cannot apply for a future position that may result in either an increase in hours or a higher grade.

Employees taking flexible retirement before their normal pension age will have a reduction in their pension benefits. Some pre 2008 pension protections may apply i.e. the ‘rule of 85’. Employees will need to check their personal circumstances with LPPA to see if they are covered by the ‘rule of 85’.

There cannot be a trial period for flexible retirement, because of the direct impact on pension benefits, business planning and other staff.

Process

Employees who wish to be considered for Flexible Retirement should submit their application in writing by completing the Request for Flexible Retirement Form. The completed form should be submitted to their Senior Manager.

The application should contain the following details:

• The change to hours or grade that they are requesting

• The date on which they would like the new arrangements to start

• The effect that they anticipate this may have on their role, their colleagues and the employer and how this could be accommodated

• Be signed and dated.

Employees should give as much notice as possible of their request for flexible retirement to commence, and not less than six weeks.

Once the application has been received, the Senior Manager should hold a meeting with the employee within 28 calendar days in order to discuss their request.

It is essential that all employees ensure they receive individual pension details from the Pension Administrator prior to making their application. Due to the potential implications and cost to the organisation, individuals should apply for consideration via their Line Manager. In the first instance the employee may obtain pension estimates through their line manager. In these circumstances they are consenting to their manager (and their advisors) obtaining details of their pension benefits.

Employees have the statutory right to be accompanied at the meeting and at any appeal meeting. Their chosen companion will be permitted to address the meeting and to confer with the employee during the meeting but they will not be permitted to answer questions on the employee’s behalf.

Senior Managers may also be accompanied at this meeting, e.g. by a People Management Adviser. In a school setting the headteacher should seek advice from the school’s HR Provider

Prior to the meeting the Senior Manager will be expected to ensure they gather all relevant information including:

* Costs to the employer and estimates of benefits for the employee, (by raising a ticket through the Service Centre portal). In a school setting the headteacher will need to contact the school’s HR/Payroll provider for this information.
* Organisational impact and value for money assessment (the Business Case) etc.

If the employee or their companion is unable to attend this meeting they should notify their Senior Manager as soon as possible and arrange another mutually convenient time, which should normally be within the next 7 calendar days. If the employee fails to attend more than 1 meeting without reasonable explanation the application will be considered to be withdrawn.

The Senior Manager will consider all the relevant information and confirm their recommendation to the employee and will set out the decision-making process to the employee.

The Senior Manager will send the Flexible Retirement application Form, ensuring the Business Case is fully completed, to the Assistant Director for consideration / approval and then to People Management via the People Management Portal, or in the case of schools, to the designated Manager / Governor(s) to complete the approval process.

Where the application is supported, and in order to ensure fairness and a consistency of approach, recommendations for approval in the Council will be determined jointly by the Assistant Director and the Senior Manager, People Management on receipt of the Business Case from the Senior Manager. Additionally, where there is an additional pension strain, the Senior Manager, Pensions and Financial Services will consider the request.

In considering the employee’s request they will need to consider the following:

• The benefits to the service

• The effect on the ability to meet customer needs

• Workload considerations

• Impact on other staff

• Resource implications eg: the capital costs associated with the early release of pension

• The business case for supporting flexible retirement and a template has been drafted for this purpose (see Appendix E).

Details of the proposed agreement and the date from which it is expected to take effect will be provided.

Where the employee’s initial request cannot be accommodated but, with some amendments, a modified arrangement can be agreed details of this proposal will be outlined.

People Management will inform the Senior Manager of the decision. The Senior Manager will then confirm the decision in writing to the employee within 7 calendar days of the meeting.

If the request is rejected, the Senior Manager will provide the employee with details of the grounds for the refusal and explain how it applies in the circumstances. They will also set out the appeals procedure.

If the request is approved, the Senior Manager will:

* Write to the employee confirming the decision and effective date and will attach a LPPA Personal Details Form (available on the [Intranet](https://legacy.cumberland.gov.uk/hr/leaving_employment/default.asp) or the schools portal) to the letter for the employee to complete. (It is then the employee’s responsibility to return this form to LPPA together with relevant documents).
* Ensure the Service Centre is advised through the Service Centre Portal or HR / payroll provider of the change to employment details including:
  + the agreed reduction in hours / new hours / grade;
  + the effective date;
  + the new working pattern - hours worked per day and specific days worked per week (e.g. Monday 6 hours, Tuesday 5 hours etc);
  + all other relevant details;
  + clearly specifying that the changes relate to FLEXIBLE RETIREMENT.

The Service Centre / HR provider/Payroll provider will action the reduction in hours / grade and send all relevant information to LPPA.

Employees will remain in the LGPS and will continue to make pension contributions.

Any extension of time limits is to be by agreement of the Senior Manager and the employee. If this cannot be agreed, the request for Flexible Retirement will be considered on the basis of the information available at the time.

Appeal Process

• Employees have the right to appeal against any decision of the employer not to grant their request for Flexible Retirement.

• An appeal must be lodged by completing the Appeal Hearing Form: The completed form should be submitted to their Senior Manager within 5 calendar days, or as soon as reasonably practicable, after receipt of the employer’s decision

• If the employee lodges an appeal, they will be invited to attend an appeal meeting to discuss their request not to be granted Flexible Retirement.

• Appeals will be heard in the Council by an Assistant Director who was not previously involved in the decision making process (and the Director of Finance where there is an additional pension strain). The Senior Manager will ensure all relevant details of the application to date are provided to the Appeal Panel.

In a school setting the appeal would be to the appeals committee of the governing body.

• The appeal Assistant Director / school will arrange for the appeal to be heard within 14 calendar days. The Senior Manager who dealt with the original application will be asked to attend to outline why the request was rejected.

• After the appeal hearing, the employee will be informed in writing of the employer’s decision within 5 calendar days or as soon as it is reasonably practicable to do so. Any decision made at the appeal meeting will be final.

Guidelines: Factors to consider in making the decision

Senior Managers should consider applications for flexible retirement sympathetically and base any refusal on clear business grounds.

These could include:

• The burden of additional costs

• A detrimental effect on the ability to meet customer demand

• An inability to recruit additional staff

• A detrimental impact on quality

• A detrimental impact on performance

• Planned structural changes

Employees who wish to be considered under the Flexible Retirement Procedure and are under 60 and have sufficient service to qualify under the Local Government Pension Fund “rule of 85" will incur increased pension fund costs for the employer.

Roles and Responsibilities

Employees are expected to:

• Make their application in writing in accordance with this procedure.

• Explain the effect that this change may have on their role, and that of their colleagues and the employer, including how the change could be accommodated.

• Establish the financial implications that such a change would have on their salary including, where applicable, their pension benefits.

• Work with their manager and colleagues to ensure that the change is as smooth as possible if agreement is reached to change their working arrangements.

Senior Managers (including Assistant Directors / Headteachers) are expected to:

• Follow this procedure and advise employees of their right to be accompanied at meetings / appeals by a co-worker or trade union representative.

• Consider sympathetically employees’ applications for flexible retirement through reduced hours / grade.

• Advise employees of the need to consider the financial impact that such changes may have on them, and the impact on their pension benefits by taking their pension early.

• Consider the implications for the team / directorate / school and the employer of the changes associated with the employees’ application.

• Base recommendations on business needs and cost implications whilst endeavouring to accommodate employees’ requests.

Should further clarification be required in relation to the consultation and / or implementation process please contact the People Management Team/School HR provider/Diocesan Officer.

For Schools:

|  |  |
| --- | --- |
| Name of School: |  |
| Date by which School have adopted procedure: |  |
| Signature of Chair of Governors |  |

Date: February 2023

Request for Flexible Retirement Form

Section 1 – To be completed by employee

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Directorate/School | |  | | | | | | | |
| Service | |  | | | | | | | |
| Employee’s full name | |  | | | | | | | |
| Employee’s Address | |  | | | | | | | |
| Employee Number | |  | | | | | | | |
| Date of Birth  Age (must be between 55 and 74 to be considered | |  | | | | | | | |
| National Insurance Number | |  | | | | | | | |
| Post title | |  | | | | | | | |
| Contracted Hours per Week | |  | | | | | | | |
| Manager | |  | | | | | | | |
| Annual Salary | | £ | | | | | | | |
| Multiple post holders:-  Please complete and tick which posts you are applying for Flexible Retirement from.  Please note each post stands alone- any reduction should be from one or both posts. It is not possible to retire completely from one post under this scheme. | | Post | | Location | | Hours per week | Applying for Flexible retirement? | | |
|  | |  | |  |  | | |
|  | |  | |  |  | | |
|  | |  | |  |  | | |
| Member of Pension Scheme  Please tick as appropriate | | Local Government Pension Scheme | | | | | |  | |
| Fire fighters Pension Schemes (\*1992, 2006, 2015 \*delete as applicable | | | | | |  | |
| Non-Member | | | | | |  | |
| Other Terms and conditions  Please tick if you are in receipt. | | | | | | | | | |
| Leased car | | |  | | Child care vouchers | | | |  |
| Local car user | | |  | | Purchased additional annual leave | | | |  |
| Occupational Maternity Pay  Purchased additional annual leave | | |  | | Cycle to work | | | |  |
| Other | | |  | | | | | | |
| In support of your application please detail:  • The reduction in hours or grade that you are requesting  • The date on which they would like the new arrangements to start  The effect you anticipate this may have on your role, your colleagues and the employer and how this could be accommodated. This completed form must be forwarded to your Senior Manager not less than six weeks before you would like your new arrangements to start. | | | | | | | | | |
| Describe the change to the hours or grade that you are requesting (at least a 20% saving must be made) |  | | | | | | | | |
| The date on which they would like the new arrangements to start |  | | | | | | | | |
| The effect you anticipate this may have on your role, your colleagues and the employer and how this could be accommodated |  | | | | | | | | |
| Employee’s signature | I confirm I wish to be considered for flexible retirement.  I understand that for my application to be progressed I must reduce my hours by at least 20% or change to a lower graded post. There cannot be a trial period for flexible retirement, because of the direct impact on pension benefits, business planning and other employees.  I have consented to the Council seeking pension estimates from the Pension Administrator on my behalf and understand the financial implications for me of this request (including pension benefits and reductions where appropriate).  I understand that if my application is successful I cannot apply for a future position that may result in either an increase in hours or a higher grade. However, I may be eligible to continue paying into the pension scheme for my new position, and build up further retirement benefits, should I wish to do so.  Signed\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated \_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | | | |

\*Delete as appropriate

Please now pass this form to your Senior Manager – see Section 2 for details

Section 2 Business Case to be completed by Senior Manager

|  |  |  |
| --- | --- | --- |
| Date FR application received |  | |
| Date met with employee to discuss changes (must be within 28 days of application being received |  | |
| Changes to employee’s hours / role | How will the employee’s hours/role change?  I recommend / do not recommend\* that the request is approved (\* delete as appropriate).  (Please support the application by completing the following sections). | |
| Benefits to the service  for example: retention of skills/experience; offering the opportunity of better succession planning and mentoring |  | |
| Exceptional circumstances  If the employees’ pension together with their new earnings are more than their previous earnings provide a business case showing the benefits to the service |  | |
| Impact on Customer Services  e.g. continuity of service provision |  | |
| Workload considerations  For example: impact on other staff if request is not approved/ impact on service delivery |  | |
| Resource Implications: detail the pension figures and capital costs associated with early release pension. And any other resource implications linked with the request. |  | |
| Impact on employee: | • Does employee understand that their hours / grade (as appropriate) cannot increase in this or any other post following flexible retirement? YES / NO  • Has the employee established and understood the financial implications for them of this request (including pension benefits where appropriate).  YES / NO | |
| Senior Manager details | Signature | Post |
| Date |  | |

Please now pass this form to your Assistant Director

Section 3 To be completed and Counter Signed by the Assistant Director and Senior Manager, People Management (and additionally where there is a pension strain, by the Senior Manager, Pensions and Technical Finance)

|  |  |
| --- | --- |
| Decision | The application for flexible retirement is approved/ rejected\* (delete as appropriate)  Reason for decision:  (please give a brief explanation) |
| Assistant Director | Signed |
| Name |
| Date |
| Please now pass this form to People Management via the People Management Portal | |
| Senior Manager, People Management | Signed |
| Name |
| Date |
| Senior Manager Pensions and Financial Services if applicable | Signed |
| Name |
| Date |

Please now pass this form to the Senior Manager

Section 4 Employee notified by Senior Manager

|  |  |
| --- | --- |
| If approved | |
| Date employee written to |  |
| Notification forms completed and submitted to Service Centre clearly marking ‘Flexible Retirement’ |  |
| Service Centre to notify LPPA sothat employees’ pension record can be prepared / updated. |  |
| If not approved | |
| Date employee written to. |  |

Appeal Hearing Form

Please complete this form should you wish to appeal against the decision not to grant you Flexible Retirement.

|  |  |  |
| --- | --- | --- |
| Name of employee | |  |
| Payroll Number | |  |
| Directorate / Team / School | |  |
| Post Title | |  |
| Reasons for Appeal: | | |
|  | | |
| Signed: |  | |
| Date: |  | |

NOW PASS THIS FORM TO YOUR SENIOR MANAGER

Date received by Senior Manager \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Appeal Meeting arranged for (date) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Procedure for Appeal Hearing

1. Appeals in the Council will be heard by an Assistant Director who has not previously been involved in the decision making process (and Director of Finance where there is an additional pension strain).

*In a school setting the appeal would go to the appeals committee of the Governing Body and this appeal procedure and relevant letters should be amended accordingly.*

2. The employer’s representative (the employee’s Senior Manager) will submit a report, five working days prior to the Assistant Director hearing the appeal, outlining the proceedings to date. A copy of this report will also be given to the employee.

2. The employee will be given at least five working days’ notice in writing of the date, time and venue of the appeal meeting.

3. The employee / or their representative will put forward their case in the presence of both parties. The Assistant Director hearing the appeal will have the opportunity to ask the employee questions.

4. The Senior Manager will put forward the employer’s case in the presence of the employee and their representative. The Assistant Director hearing the appeal and the employee / representative will have the opportunity to ask the manager questions.

5. The Assistant Director’s decision will be confirmed in writing to the employee / their representative and the Senior Manager within five working days. The Assistant Director hearing the appeal may also announce their decision verbally on the day of the hearing.

6. Any decision made at the appeal meeting will be final. There is no further right of appeal.

**Flexible Retirement Process (flowchart)**

As each school will be responsible for the pension strain costs schools need to designate their own relevant decision makers within this Scheme and amend this flowchart accordingly.

Employee makes written request for Flexible Retirement and submits to their Senior Manager, no less than six weeks before the employee would like the new arrangements to come into effect

Senior Manager/Manager obtains all relevant information including potential pension strain costs (for management) and estimates of pension benefits for the employee (by raising a ticket through the Service Centre portal or via HR / payroll provider) and prepares the Business Case

Senior Manager holds a meeting with the employee within 28 calendar days following receipt of the application

Senior Manager considers the request and makes recommendation to Assistant Director (AD) and Senior Manager, People Management

Business Case and recommendation submitted to AD for joint determination with SM People Management

(and, if pension strain, with Senior Manager Pensions and Financial Services)

Request declined

Request approved

Senior Manager confirms outcome in writing to employee and attaches LPPA personal detail form no later than 7 calendar days of the meeting

Senior Manager/Manager informs Service Centre / HR provider (see page 3) of changes via Service Centre Portal / HR provider ensuring “**Flexible Retirement**” section completed.

Service Centre / HR provider actions changes and confirms revised working arrangements in writing to the employee and sends the appropriate forms to LPPA

Employee completes personal details form and returns it to LPPA

Senior Manager confirms outcome in writing to employee no later than 7 calendar days of meeting with Senior Manager

Employee advised of their right of appeal

Request approved

Appeal meeting

Request declined

Employee informed of decision and no further right of appeal

**Flexible Retirement application – approved – outline letter**

Date

**Private and Confidential**

Name

Address

Dear

**Outcome of Application for Flexible Retirement**

I am pleased to let you know that your application for Flexible Retirement has been approved.

The hours / grade of your post will reduce from XX to XX with effect from (insert date)

**(*insert any other relevant details e.g. adjustments to working hours / days / duties***).

I have notified the Service Centre / HR provider who will make the necessary adjustments to your pay and employment record. The Service Centrewill also inform LPPA of this change.

You are however required to complete a personal details form and I attach this for you. Please return the completed form directly to LPPA at [Contact us • Local Pensions Partnership Administration (lppapensions.co.uk)](https://www.lppapensions.co.uk/contact/) or to LPPA, PO Box 1383, Preston, PR2 0WR. LPPA will then inform you of your pension options and benefits payable.

Please note that you will continue to be a member of the Local Government Pension Scheme and to pay relevant contributions on your new earnings.

I hope this is a satisfactory outcome but if you have any further queries please let me know.

Yours sincerely

Senior Manager

Cc: TU Rep *(where relevant)*

Personal file (Service Centre / HR provider)

Manager

**Flexible Retirement application – Not approved – outline letter**

Date

**Private and Confidential**

Name

Address

Dear

**Outcome of Application for Flexible Retirement**

I am writing to confirm that your application for Flexible Retirement has not been approved.

The reason is

Set out the reasons such as

• The burden of additional costs

• A detrimental effect on the ability to meet customer demand

• An inability to recruit additional staff

• A detrimental impact on quality

• A detrimental impact on performance

• Planned structural changes

You have the right to appeal against this decision. An appeal must be lodged by completing the Appeal Hearing Form which is included in the Flexible Retirement procedure available on the Council’s HR pages of the intranet. If you cannot obtain a copy please let me know and I shall provide one for you.

The completed form should be submitted to me within 5 calendar days, or as soon as reasonably practicable, after receipt of this letter. The appeal will be heard by an Assistant Director who has not previously been involved in the decision making process (and the Director of Finance where there is an additional pension strain).

I know that you will be disappointed with this decision but if you have any further queries please let me know.

Yours sincerely

Senior Manager

Cc: TU Rep *(where relevant)*

Personal file (Service Centre / HR provider)

Manager