



Broxtowe
Borough
COUNCIL

FLEXIBLE RETIREMENT POLICY & PROCEDURE

CONTENTS

1. Introduction.....	1
2. Aims of the Policy.....	1
3. Reducing Hours or Grade	1
4. Salary	2
5. Benefits	2
6. Key Points to Note.....	2
7. Procedure and Managers' considerations:	3
8. Conditions of Service	4
FLEXIBLE RETIREMENT PROCEDURE FLOWCHART	5

FLEXIBLE RETIREMENT – POLICY AND PROCEDURE

1. Introduction

Within the terms of the Local Government Pension Scheme regulations (LGPS) Broxtowe Borough Council has discretion to allow employees to voluntarily reduce their grade and/or hours of work, on a permanent basis with adjustment to pay, whilst at the same time receiving their occupational pension.

The employee must be of minimum pensionable retirement age (currently 55). All requests will be subject to operational considerations and the reduction of grade/hours should be of substance.

Employees who are not members of the LGPS may request amendments to their working hours under the Council's 'Flexible Working' policy on Form AFW1.

2. Aims of the Policy

The objective of this policy is to ensure that Broxtowe Borough Council has fair and consistent criteria for the application of terms for early retirement.

Flexible retirement will only be granted on the merits of each individual case.

Flexible retirement is a voluntary option and employees cannot be compelled into a flexible arrangement by the Council.

Under normal circumstances the request will only be considered if it is cost neutral to the Authority.

3. Reducing Hours or Grade

Voluntary reduction can be achieved as follows:

- Hours

Reduction in hours should normally be a minimum of 40% for both full and part-time employees.

This can be achieved by:

- reducing the hours on a number of, or, every working day (i.e. reduction from 7 hours per day to 4 hours per day – based on a full time working week); or
- reducing the number of days worked in the week (i.e. reduction from 5 days to 3 days a week)

For cases where the granting of a flexible retirement request would result in a pension strain cost to the Council, a reduction of up to 50% of contracted hours would normally be required dependent upon the circumstances of the case.

Exceptional circumstances may be considered in individual cases.

Or:

Grade

As an alternative an employee could also consider moving into a lower graded role should a position be available.

4. Salary

The employee will receive the revised salary for the reduced hours and/or grade in addition to their pension benefits.

5. Benefits

Flexible retirement can offer benefits to both employer and employee by:

- retaining valuable employees who would otherwise leave their job
- helping with the management of organisational change
- helping to develop a balanced age profile
- providing the opportunity for better succession planning and developing the capacity for older workers to act as mentors
- enabling employees to balance work with other responsibilities or leisure time
- enabling employees to retire on a gradual basis

6. Key Points to Note

- a. The employee may receive an actuarially reduced pension to reflect the early payment.
- b. From the point at which the flexible retirement benefits are taken, pension contributions into the LGPS may continue but shall be treated as a new membership to the scheme. On final retirement the employee will then receive a second pension.
- c. If the employee finally retires before their state retirement age it is likely that there will be a pension reduction. Alternatively the employee is able to defer receiving their pension until their state retirement age.
- d. Once a pension has been put in place it cannot be recalculated. There may be circumstances where the employee takes the flexible retirement route and then faces ill health retirement. All employees

should therefore look at the impact of future events on pension payments over the long term.

7. Procedure and Managers' considerations:

The employee should initially discuss their request with their Head of Service and then follow this up in writing.

On receiving an application for flexible retirement a Head of Service should take into account the following;:

- Whether the reduction in hours can be covered by other means e.g. existing employees or by recruiting
- Whether the reduction in 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 will not be recruited to
- 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
- Whether there is a sound business reason to agree to the request
- Whether the outcome is cost neutral

Heads of Service will also need to carefully consider the full impact of a request on service delivery, customers and colleagues within the team.

Where after giving consideration to the above factors (and any others that a Head of Service may believe are relevant) a request can be supported and this should be discussed with the employee.

After giving careful consideration to the request, the Head of Service should then contact Human Resources who will arrange for figures to be obtained from Nottinghamshire County Council (NCC). When these are received the Head of Service should then make a recommendation to GMT to either provisionally approve or refuse the request before final consideration at Policy and Performance Committee. This request should be in the form of a business case detailing organisational requirements, associated costs, business impact and any other relevant information such as succession planning and skills gaps.

Approval for Flexible Retirement will normally be decided at the next appropriate Policy & Performance Committee. The commencement date of Flexible Retirement should be outlined in the report to Committee and should not be a retrospective date.

If the employee believes that the request was refused on unreasonable grounds they have the right of appeal to GMT.

Any planned changes to the establishment as a result of the decision should be subject to Trade Union consultation.

Other than in very exceptional circumstances the Council will not waive the costs of early release of pension.

8. Conditions of Service

Continuous service will be preserved when taking up the flexible retirement option provided there is no break.

The arrangement will be permanent and a revised contract of employment will be issued.

Pay protection will not be applicable.

In cases of reduction of hours, terms and conditions will be applied on a pro rata basis where applicable.

FLEXIBLE RETIREMENT PROCEDURE FLOWCHART

1. Employee should discuss their flexible retirement request with their Head of Service and then follow up in writing.



2. The Head of Service considers request taking into account business/organisational requirements and costs and benefits



3. If the Head of Service is satisfied that there is a sound business case they should contact the Human Resources team who will arrange to obtain a quote from the Pensions Section.



4. Human Resources should confirm the figures with the employee and confirm that they wish to proceed with their application.



5. On receipt of the pension information the Head of Service should then prepare a business case including details of costs and benefits with a recommendation to either agree or refuse the request. This should be submitted to GMT for provisional agreement to take to Policy and Performance Committee.



6. Should the request be provisionally rejected by GMT, the employee will be informed by their Head of Service.



7. If the request is approved at Committee an amended statement of terms and conditions should be prepared by HR.