



TRAFFORD COUNCIL

FLEXIBLE RETIREMENT POLICY

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3.0

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TRAFFORD COUNCIL – FLEXIBLE RETIREMENT POLICY

1. Introduction

- 1.1 The “Flexible Retirement” scheme helps staff to ease their way into retirement, and also helps the Council to retain the employee’s skills, knowledge and experience, supporting succession planning. It allows scheme members to start receiving their benefits from an earlier age (currently 55 years and over), yet continue working for their employer in exchange for reducing their hours and/or scale point. Some employees may wish to step down into a less demanding and lower paid role.
- 1.2 There is no automatic right to flexible retirement and the employee must have their manager’s agreement further to following the application process. This is because there may be additional costs to the Council, along with an effect on service delivery.

2. Scope

- 2.1 This policy applies equally to all staff who are members of the Local Government Pension Scheme (LGPS) as their options are subject to the rules of the Scheme.

3. Criteria

- 3.1 Each flexible retirement request will be considered on its merits and will only be agreed if it is in the employer’s economic and / or operational interests to do so. If there would be a cost to the organisation it would be borne by the service and the maximum payback period for any such arrangement is three and a half years.

- 3.2 In order to be considered for Flexible Retirement employees must:-

- be aged at least 55.
- reduce their working hours by at least 40%, such that there is a reduction in salary of no less than the level of pension they will receive (i.e. employees must not benefit financially when taking flexible retirement),

AND/OR,

- reduce their salary, by at least two full bands, such that there is a reduction in salary of no less than the level of pension they will receive (i.e. employees must not benefit financially when taking flexible retirement), whichever option is the greatest reduction.
- remain on their reduced hours/grade until their retirement date or for at least 5 years from the approval of Flexible Retirement.

- 3.3 Example calculation 1: An employee currently earning £20,000 per annum, who will receive a pension of £5,000 per annum on retirement, must reduce their salary to at least £15,000 per annum.
- 3.4 Example calculation 2: An employee currently earning Band 5 scp 28, who will receive a pension of £2,000 per annum on retirement, must reduce their salary to at least Band 3, scp 21.

4. Process

- 4.1 Any employee considering flexible retirement, must first discuss the proposal with their line manager, before putting their request in writing to them. The manager will explore the business case for the request and they may give provisional approval when the following factors are taken into consideration.
- Whether there would be a detrimental effect on service delivery.
 - Whether there is available alternative work at the lower grade (if stepping down is requested).
 - Whether the arrangement is fair and equitable to other team members.
 - Whether it may help to avoid redundancies and the associated strain on Fund pension costs and redundancy payment costs.
 - Whether it may enable the transfer of skills / knowledge.
 - Whether it could offer an acceptable solution to staff who are currently a blockage to promotion or reorganisation.
 - Whether it could help alleviate burn out and stress.
 - Whether it could improve morale.
- 4.2 If the manager provisionally supports the request he or she should ask HR to obtain estimated future salary and pension figures so that they can be considered. If, having received the figures, the employee wishes to proceed, and the manager approves it, the manager should obtain the agreement of the Head of Service. The Head of Service must seek final approval from the Chief Finance Officer and the Director of Human Resources.
- 4.3 If the manager does not support the request they should set out their decision and supporting rationale to the employee. There is no right of appeal as it's a management decision based on the needs of the service/cost and not a contractual right. Documents/records should be retained on file.

5. Pension implications

- 5.1 Employer – there may be adverse costs to employer contribution rates for certain members. Managers can obtain further information from the Pensions team.
- 5.2 Employee - the pension benefits built up following the change may be affected where special payments are no longer paid in the new role. Advice must be obtained from the Pensions team on how their pension benefits might be affected. Working part-time or in a lower grade prior to the normal retirement age may also affect an employee's ill-health benefits or redundancy payments

if they retire on health grounds or are made redundant. Employees should contact Pensions in order to get further advice on how these might be affected.

6. Review

- 6.1 This policy will be periodically reviewed in order that that it remains appropriate to the Council's operation, is best practice and meets legal requirements.