

Flexible Retirement Policy

Part 1: Flexible Retirement – Employee Information

1. Who does the policy apply to?

Under the Local Government Pension Scheme Regulations 2006, employees who are members of the scheme and aged 55 or over can apply for flexible retirement in circumstances where, with the employers consent, the employee reduces either their contracted hours of work and/or grade of post.

Nottinghamshire County Council is committed to offering older employees flexible options for the transition from working life to retirement, that balance both the needs of employees and those of the Council where this is affordable to the council.

2. Who is excluded from the provisions?

Employees who are members of other occupational schemes (e.g. the Teachers' Pension Scheme) or who have made alternative pension arrangements outside of the LGPS will not be able to benefit from the flexible retirement pension options set out below.

3. Benefits of Flexible Retirement

Flexible retirement can offer benefits to both employers and employees, by:

- helping with the management of organisational change by providing an option to older workers, whose employment may be at risk, thus helping to avoid redundancies and associated costs.

- helping to develop a balanced age profile within the workforce by retaining older workers and keeping their skills, knowledge and expertise within the workplace.
- offering opportunity for better succession planning and developing the capacity for older workers to act as mentors.
- giving employees greater flexibility to balance their home and work commitments and interests.

These flexible retirement provisions apply to those employees of the Council who are members of the Local Government Pension Scheme (LGPS).

4. Pension benefits - Employees age 55 and over

Under changes made by HM Revenue and Customs in 2006, employees can receive pension benefit whilst still holding the job through which this was accrued. As a result, an employee aged 55 or over whom, with their employers consent, reduces their contracted hours or grade, can apply to receive their accrued pension benefits.

Those employees aged 55 or over, whose application to receive their pension through this route is approved by the Council, will receive their reduced pay (either through a reduction in hours of their existing post or working in a lower graded post) as well as the pension benefit accrued to the point at which the change took effect. This may or may not be actuarially reduced; this will depend on your age and length of service.

5. Key Points to Note

5.1 There may, dependent on individual circumstances, be a cost to the employee (in the form of an actuarial reduction in pensions benefits) through taking the flexible

retirement option. They will, however, receive the pension that they would have been entitled to had they fully retired at that point in their working life.

5.2 From the point at which flexible retirement benefits are taken, pension contributions into the LGPS may continue, but this will be treated as a new membership of the scheme. As a result, when the employee finally retires, they will be entitled to a second pension based on this second period of service.

5.3 If the employee finally retires (from this further employment) before age 65, it is likely that pension benefits accrued during this second period of pension scheme membership will be actuarially reduced, although the employee may opt to have payment of pension benefits deferred until they reach age 65.

5.4 An important factor to be considered is that once a pension has been agreed and put into place, it cannot be recalculated and an actuarial reduction, once in place, cannot be rescinded.

There may be circumstances where an employee takes the flexible retirement route and starts contributing to a new pension, but subsequently faces ill health retirement or redundancy. In these scenarios, it is important to seek advice from the pension team on individual circumstances. All employees who are considering the flexible benefits option should look into the possible impact of future events on pension payments over the longer term.

Where flexible retirement cannot be supported on cost grounds employees should consider what other alternatives might be available to them, such as a straightforward reduction in contracted hours – this should be discussed with the line manager or HR team. Advice on the personal pension implications of any such change is available by contacting the pension helpline (see paragraph 12 on this page).

6. Planning Ahead

6.1 Retirement is a key life event and employees may be apprehensive about such a major change. Employees will need to be aware of the guidance that is available to them in good time so that they can make informed choices about their retirement; managers should support employees seeking such guidance. The best time to seek advice will depend on the employee's personal circumstances and when they plan to retire although in normal circumstances it may be helpful to employees to seek initial advice around five years prior to the anticipated retirement date.

6.2 Employees will need to ensure that any decisions that they may make when considering flexible retirement options fully take into account their financial liabilities/commitments. Sources of advice include:

- an independent financial adviser
- your bank or building society – but who, in most cases, will advise only in respect of their own financial products and services
- voluntary organisations such as Age Concern and Citizens Advice Bureaux – particularly in respect of state pensions, benefits and debt management
- NCC Welfare rights – benefits entitlements.

6.3 Whilst the pensions team will be able to provide you with pension figures should you be interested in taking advantage of the flexible retirement provisions, they will not be able to advise on which particular course of action to take.

7. Pension Implications

Employees may be concerned about the effect of flexible retirement choices on their pension. Further details in terms of the options for early retirement and flexible retirement are contained within the Guide to the Local Government Pension Scheme, copies of which are available by contacting the pension team.

The LGPS is currently the subject of a government review, and the terms and benefits available under the scheme may be subject to change as a result.

8. Pay

Employees taking up flexible retirement options resulting in their working reduced hours will be paid on a pro rata basis, according to the number of hours worked.

Those moving to a lower graded post will receive payment at the maximum spinal point of the lower graded post; pay protection provisions will not apply in these circumstances.

Employees considering such options should satisfy themselves that their financial commitments can be covered.

9. Leave

Where flexible working options are adopted resulting in reduced hours, leave entitlement will be calculated on a pro-rata basis as set out in the Personnel Handbook. Where a new post has been taken up the new leave entitlement (relating to grade and number of years continuous service) will apply.

10. Continuous Service

Continuous service will be preserved when taking up a flexible retirement option if the employee remains in NCC employment without any break in service.

11. Changes to Contracts of Employment

Where an employee takes up one of the flexible retirement options set out above, all matters relating to changes to contracts of employment and the payment of pensions will be dealt with at the Employee Service Centre, County Hall, West Bridgford, Nottingham.

12. LGPS Pensions Helpline

Pension scheme members can obtain further information by contacting the Council's pension help line on tel: 0115 9772727.

More information about the local government pension scheme is available on the Nottinghamshire Pension Fund website.

13. Pre-retirement Courses

There is a one-day pre-retirement course available for employees approaching retirement age arranged by the Corporate Learning and Development team in the Resources department.

Part 2: Flexible Retirement – Policy and Procedure

1. The granting of flexible retirement linked to a reduction in hours or grade requires employer consent, which will be at the Council's discretion.
2. Employees interested in applying for flexible retirement should, in the first instance, should complete the Employee request for flexible working application form. If you are forwarding the link to a personal email address (not an @nottsc.gov.uk) to complete the form outside of the NCC network' then please use this external self-link to complete the Employee request for flexible working application form. Where a request is received, the manager will consider the request and discuss it with the employee and seek figures/costs information from the pensions team. When figures have been received, the manager should meet with the employee to discuss these and the options available. The manager should then inform the employee, within 14 days of this meeting, whether the flexible retirement request will be

supported. If this timescale cannot be achieved (e.g. where undergoing job redesign and evaluation) the employee should be kept fully informed.

3. Team managers will need to examine each request, by considering the service needs and workload management implications alongside the needs of the employee. In cases where a team manager recommends approval of a flexible retirement request, a flexible retirement business case will also need to be prepared to support a formal decision by the relevant service director.
4. Any planned changes to the establishment arising from a flexible retirement request should be subject to trade union consultation
5. The Council will normally require a minimum reduction in contracted hours of at least one full working day (i.e. 20 per cent of contracted hours) for full time employees.
6. A similar minimum reduction of 20 per cent (on a pro rata basis) will normally be required for part time employees.
7. In cases of disciplinary, attendance management or capability procedures being underway, the Council may decline to consider requests for flexible retirement until any such cases have been fully dealt with (including appeals stages).
8. The Council will not normally consider redesigning jobs with a view to reducing the grade solely to facilitate flexible retirement; exceptions to this may include where this would facilitate the retention of particular skills in areas with recruitment difficulties or where it might meet a temporary service need pending restructure. In such cases the change in grade will be determined through the application of the appropriate job evaluation scheme (which will be done prior to final consideration of the request). Any reduction

in grade must be at least one grade band in the Council's pay structure to qualify

- 9.** Requests to reduce hours/grade may be made where pension is not claimed or where the employee is not a member of the LGPS. Any such requests will be considered on their merit and will be dealt with as variations of contract by mutual agreement.
- 10.** All cases resulting in a cost to the department will be subject to a formal delegated decision by the relevant Service Director. In these cases:
 - 10.1. details of the proposed retirement and any related establishment matters
 - 10.2. cost implications
 - 10.3. service/ongoing workload management implications.
- 11.** All other cases that are supported by managers, for which there is no cost to the employing department, will be subject to a formal decision by the relevant Service Director under delegated powers.
- 12.** If the employee's pension is subject to a reduction for early retirement, then the Council will only consider waiving that reduction (at additional cost to the Council) in exceptional circumstances
- 13.** Where a flexible retirement request is declined, the employee will be informed by their manager in writing, with the reason for the rejection stated
- 14.** Any changes to employment under this policy will be permanent in nature and will be subject to acceptance of a new or amended contract of employment, as appropriate. In cases of reduction of hours, terms and conditions will be applied, where applicable, on a pro rata basis

- 15.** Any employee complaint about the application or outcome of the flexible retirement procedure will be dealt with through the Council's Employee Resolution procedure.
- 16.** Where a flexible retirement package based on a reduction in grade is agreed, this will be on the basis of a mutually agreed variation of contractual terms and the Council's pay protection policy will not apply.
- 17.** Where flexible retirement is agreed for an employee already on a protected salary, pay protection will cease when the flexible retirement arrangements commence, as this is a voluntary agreement, and the employee will be in receipt of their pension.

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