

Warwickshire County Council

Flexible Retirement Policy and Procedure

1 Introduction

- 1.1 Under the Local Government Pension Scheme (LGPS), employees aged 55 or over may receive their accrued pension benefits whilst remaining in employment, provided that they reduce their grade or hours of work and they have the consent of their employer. This is known as 'Flexible Retirement'.
- 1.2 Once an employee has flexibly retired, they may continue to build up benefits in the LGPS if they wish.

2 Benefits of flexible retirement

- 2.1 Flexible retirement can be beneficial to both the Council and employees by: -
- Enabling employees to balance work with other responsibilities, for example caring or volunteering.
 - Enabling employees to work towards retirement gradually.
 - Enabling effective succession planning and transfer of valuable knowledge and skills before retirement.
 - Helping to manage organisational change by providing an alternative to redundancy.
 - Saving on recruitment and other costs.
 - Supporting our flexible working arrangements.
 - Supporting our aim to be an employer of choice.

3 Scope

- 3.1 This document applies to all Council employees who are members of the LGPS and who meet the eligibility requirements.

4 Eligibility

- 4.1 To be considered for flexible retirement the employee must be a member of the LGPS and: -
- Be aged between 55 and 74.
 - Have at least 2 years' membership of the LGPS or have transferred the equivalent pension rights into the LGPS.
 - Reduce their hours in their current job, OR transfer to another available job which has fewer hours or is at a lower grade.

5 Employer consent

- 5.1 Requests for flexible retirement are subject to the approval of the Executive Director for Resources, based on a recommendation by the relevant Director. The procedure is set out in Appendix A.
- 5.2 In schools, approval is the responsibility of the Headteacher and Governing Body.
- 5.3 There is no automatic right to flexible retirement. It can only be taken if the County Council gives its consent. The Council will only usually consent to an application to reduce working hours where the reduction is at least 20-30% of existing working hours.
- 5.4 Requests for flexible retirement will be subject to operational considerations and only granted on the merits of each individual case, taking into account: -
- The need for retention of experience and specialist or shortage skills to ensure continuity of service provision.
 - Available resource and the effect on the ability of the relevant service to meet customer need.
 - Whether flexible retirement may be part of succession planning.
 - Whether work can be re-organised or whether additional recruitment or training is required.
 - Potential savings for the County Council.
 - The cost to the County Council.
 - Whether redundancy may be avoided.
- 5.5 When flexible retirement is not seen to be in the Council's interests for any reason, then permission will be withheld.
- 5.6 The "actuarial costs" i.e. costs associated with withdrawing pension entitlement before normal retirement age, will normally be met by the employee by a reduction in the benefits they receive.
- 5.7 In some cases, where an employee is aged between 55 and 59 and they meet the 'rule of 85' then certain benefits are protected from actuarial reduction on flexible retirement, in which case, the Council must meet the actuarial cost. In such cases, the application will only be granted where there is a strong business case for doing so, for example, the retention of specialist skills, and where it is possible to recoup the cost in salary savings over a reasonable period.
- 5.8 The Council and the Employee may mutually agree an end date for the flexible retirement. Where an agreed end date is being considered, managers should

take advice from the HR Advisory team. Any arrangement should be agreed in writing and uploaded to HR-ER.

- 5.9 An employee may only flexibly retire once under this policy. Once flexible retirement is granted, any further changes to an employee's hours will be considered in line with the Council's statutory right to request flexible working guidance in the [Family Friendly Guide](#)
- 5.10 The Council will not normally redesign an existing post in order to facilitate a change in grade purely for the purpose of facilitating flexible retirement. Exceptional circumstances may be considered in individual cases (for example the need to retain a particular skill or other business benefit.)
- 5.11 Flexible retirement is a voluntary option and employees cannot be compelled to enter into a flexible retirement arrangement by the Council. As part of their regular discussions with staff, managers may wish to advise employees that flexible retirement could be a mutually beneficial option where this would meet both the operational demands of the service and the individual circumstances of the employee, subject to a suitable business case being submitted and accepted by the Council.

6 Financial considerations for employees

- 6.1 Flexibly retired employees receive their pension benefits accrued to the date of their flexible retirement (usually actuarially reduced where the employee is below their normal retirement age), together with the salary and conditions appropriate to their new grade/working hours. Where working hours are reduced, salary and benefits such as annual leave are pro-rated.
- 6.2 The Council will only consent to a flexible retirement application where the employee elects to draw all of the benefits that relate to any LGPS membership.
- 6.3 Employees will have a choice to re-join the LGPS from the date of the flexible retirement, provided they meet the eligibility requirements of the scheme.
- 6.4 Taking flexible retirement may impact on the value of your benefits, your rate of taxation, and other benefits under the LGPS such as ill-health, redundancy and death in service. Employees are therefore advised to take independent financial advice as to how flexible retirement will affect them, prior to making a request.

7 Roles and Responsibilities

Line manager responsibility

- 7.1 Consider all requests for flexible retirement in a fair and consistent manner.

- 7.2 Obtain information about the potential employer costs of early retirement from Pension Services.
- 7.3 Complete business case and seek recommendation from Director before forwarding to hradvice@warwickshire.gov.uk. The People Relations team will progress the application to the Executive Director for Resources for approval.
- 7.4 Write to the employee to confirm the outcome and ensure that the approved changes to contractual arrangements are implemented on Your HR by raising a flexible retirement request on the HR Service Desk. A copy of correspondence and approved application form should be saved on HR-ER.

Employee's responsibility

- 7.5 To initiate any request for flexible retirement in line with this policy and with as much notice as possible.
- 7.6 To seek their own advice as to how flexible retirement may impact them financially.

Responsibility of Directors and Executive Director, Resources

- 7.7 In determining whether flexible retirement should be agreed, to apply this policy fairly and consistently, giving full consideration to the impact (whether positive or negative) on the relevant service and to the recoverability of any cost to the Council.
- 7.8 Applications are subject to the approval of the Executive Director for Resources, based on a recommendation by the relevant Director. Applications should be forwarded to hradvice@warwickshire.gov.uk. The People Relations team will progress the application to the Executive Director for Resources.

HR responsibility

- 7.9 To provide advice and guidance on this policy and procedure to the line manager and Directors where appropriate.
- 7.10 To inform the Pension Service.

Pension Service Responsibility

- 7.11 To provide individual estimates of pension benefits on flexible retirement and confirmation of actuarial costs to be met by the Council (prior to a decision being made).

8 Who to Contact

8.1 For detailed information on pensions contact:-

Pension Service 01926 412682 pensions@warwickshire.gov.uk

8.2 For advice and guidance contact:-

HR Advisory Service 01926 412370 hradvice@warwickshire.gov.uk

8.3 For assistance with processing requests on Your HR contact:-

People Service Centre 01926 738444 or [HR Service Desk](#) portal.

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Appendix A Procedure for Flexible Retirement

- 1 The employee should request an estimate of their benefits upon flexible retirement from the Pension Service pensions@warwickshire.gov.uk.
- 2 If, having sought independent financial advice, the employee wishes to proceed with their application, they should discuss this informally with their line manager before completing Part A of the [Flexible Retirement Application Form](#) and sharing it with their manager. The employee must give as much notice as possible of their request.
- 3 [The Flexible Retirement Application Form](#) should include information such as the reduction in hours of work or grade requested, and a requested date for the flexible retirement to start.
- 4 If the application is on the basis of obtaining a post on a lower grade the employee will be considered for this in accordance with the normal recruitment process.
- 5 The manager must obtain information about any actuarial cost to the employer from Pension Services, before completing the business case at Part B of the application form and forwarding the application to their Director together with details of the costs. Information about the actuarial cost to the employer will not be shared with the employee. In considering the request the manager will need to consider the matters set out in paragraph 5.4. Advice can be sought at this stage from the HR Advisory team.
- 6 The Director will seek advice from the HR Advisory team, assess the application in consultation with their own Executive Director, and make a recommendation to the Executive Director for Resources on whether it should be approved. Applications should be forwarded to hradvice@warwickshire.gov.uk. The People Relations team will progress the application to the Executive Director for Resources.
- 7 The Executive Director for Resources will make a decision whether to approve the application.
- 8 The employee will be informed of the decision in writing by the line manager. If the employee is dissatisfied with the decision, then they may, within 14 days, request that the decision is reviewed by an Executive Director who has not previously been involved.

- 9 If the request for flexible retirement is approved, the line manager will ensure that the agreed changes are implemented on Your HR by raising a flexible retirement request on Hornbill. A copy of correspondence should be saved on HR-ER.

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