

FLEXIBLE RETIREMENT (Local Government Pension Scheme)

INTRODUCTION

In line with our current flexible working policies, Barnet Council is committed to providing more choice and flexibility to our employees who wish to ease into retirement, making their transition from working life to retirement.

We recognise that in order to remain an employer of choice we need to provide our employees with options and flexibility and value their contribution. Offering our employees a choice on retirement has a part to play in this. By giving an alternative and support in the run up to retirement, our employees will feel more valued and therefore more motivated and committed to the Council. We will benefit by retaining valuable knowledge and skills, which can be transferred to others. Turnover and recruitment and retention problems should also be reduced.

DEFINITION

Flexible retirement is the ability for an employee to draw their pension at the same time as being able to remain as an employee subject to necessary approvals. The act of flexible retirement means that an employee either sees a reduction in their hours of their work as a result of being allowed to take flexible retirement and receive all or part of their pension accrued at that point.

SCOPE

Flexible Retirement applies to members of the Local Government Pension Scheme (LGPS) aged 55 or over (aged 50 or over for existing members until 31 March 2010).

The Council has the discretion to consent that a scheme member reduces the hours or the grade in which he or she is employed. The Council subject to a written request has decided to apply the discretion to allow flexible retirement subject to a minimum reduction in hours of 40%, with approval on a case by case basis by the relevant Chief Officer and Chief Finance Officer. The discretion to reduce the grade has not been applied but will be reviewed on an annual basis.

Where an individual has at least three months total membership in the Local Government Pension Scheme (LGPS) or has brought a transfer value into the LGPS, then an employee may be eligible for flexible retirement, but only with the consent of the Council.

BENEFITS

Flexible retirement will benefit the Council by;

- Retaining experienced staff by providing a mechanism whereby they can continue employment thus aiding retention.
- Enable succession planning to fill the vacant hours.
- Supports our aim to be an employer of choice.
- Supports our flexible working policies and arrangements and supports work life balance.
- Savings on recruitment costs .

ELIGIBILITY

The following restrictions will apply in any application for flexible retirement:

- The employee must be able to draw upon Barnet LGPS benefits – otherwise flexible working arrangements would be applicable (Please refer to the Flexible Working Policy)
- The reduction in hours being at least 40% of the previous hours worked
- The current post they occupy is not temporary, e.g. seconded post

EMPLOYEE'S RESPONSIBILITY

Individuals wishing to make an application for flexible retirement must:

- make a written application for flexible retirement to their line manager
- specify the reduction in hours and the date on which it is proposed that change should become effective
- explain what effect the reduction in hours would have on their team and service area and how in his/her opinion any such effect might be dealt with
- confirm that they have considered the impact of their decision, taking into account their pension benefits and reduction in earnings

In all cases, employees must receive advice as to how flexible retirement will affect their net pay and pension entitlement. This is important, as an employee's pension will normally be actuarially reduced if paid before age 65. In addition, any job held while in receipt of pension benefits may attract a higher rate of tax. While the Council will provide necessary pay and pension figures, the employee should be encouraged to seek independent financial advice prior to pursuing flexible retirement.

MANAGER'S RESPONSIBILITIES FOLLOWING RECEIPT OF APPLICATION

Where an application is received for flexible retirement the manager is required to:

- discuss the request with the individual employee to determine whether flexible working options may be more appropriate
- consider the implications for the team/service, seeking the assistance and advice of HR Strategy
- obtain an estimate of the cost of early retirement as a result of the pension being put into payment early and ensure that a copy is supplied to the employee
- give consideration to the needs of the service and whether service delivery will be affected either positively or negatively
- give consideration to the cost implications i.e. will this result in cost savings or increased costs
- determine whether by offering flexibility retirement, this will enable the service to retain valuable experience/knowledge which might otherwise be lost by an individual leaving or fully retiring
- give consideration to succession planning – whether flexible retirement would be beneficial in enabling a successor to be identified and developed
- submit a business case setting out whether the manager is prepared to support the application or not and giving reasons for their support/objections
- send a copy of the application and business case to the appropriate Chief Officer and Chief Finance Officer for consideration.

Application should be considered and a reply given to the employee within 28 days.

CHIEF OFFICER AND CHIEF FINANCE OFFICER

The application and business case will be considered focusing on

- the effect on the service/team,
- the benefits/risks to the service/team and
- the costs of approving the flexible retirement
- the benefits for the individual

If approved the flexible retirement will be authorised under Chief Officer delegated powers. If the request is rejected the Chief Officer will write to the applicant within 28 days of receipt explaining the reasons for refusal.

POLICY CHANGES

This policy will be reviewed on an annual basis and in line with legislative changes and changes to the Local Government Pension Scheme. A Flexible Retirement policy will be developed to include employees who are not members of the Local Government Pension Scheme.