

FLEXIBLE RETIREMENT POLICY

INTRODUCTION

The Local Government Pension Scheme (Scotland) allows for flexible retirement where an employee is aged 55 or over.

An employee, who meets the age requirement, may therefore make a request to Tayside Contracts to reduce the number of hours they work, and to authorise the release of accrued pension benefits; or to reduce the grade of the post they occupy, i.e. to be redeployed to a lower graded post, and to authorise the release of accrued pension benefits. On receipt of such a request, Tayside Contracts has discretion on whether to approve the request to reduce hours or reduce the grade of the post occupied; and thereafter, if the employee is under age 60, on whether to release the employee's pension benefits.

Tayside Contracts recognises that the transition from work to retirement can be a daunting prospect to those employees reaching that stage. Tayside Contracts has a Flexible Working Policy to recognise and support employees with caring responsibilities as well as assist in achieving work-life balance. This policy will further assist those employees who are approaching retirement and wish to gradually reduce working time or the level of duties and responsibilities at work, in order to improve work-life balance and to assist in the transition from work to retirement

POLICY OBJECTIVES

Tayside Contracts is committed to supporting its employees in balancing the demands made on them by work-life, home-life, and at the various stages in their working lives. Where an employee wishes to take advantage of the benefits of flexible retirement, then Tayside Contracts will seek to support the request providing that there is no resulting detriment to the quality of service delivery and no excessive cost to Tayside Contracts.

Tayside Contracts will deal with applications for flexible retirement in a fair and consistent manner in order to achieve a balance between the wishes of individual employees and the best interests of Tayside Contracts.

Flexible retirement requests will be considered on the same basis as that used for 'traditional' early retirement requests i.e. while operational considerations will be taken into account, approval of a flexible retirement request will only be given if such an approval would result in:

- ✓ a net saving to Tayside Contracts over a period of five years, and
- ✓ the applicant's combined pension benefits and new salary not exceeding the applicant's previous salary.

SCOPE OF POLICY

An employee may make a request to reduce the number of hours they work and/or to reduce their grade and to draw all or part of their pension benefits.

If the payment of pension benefit is made before the member's 65th birthday, the benefits are reduced in accordance with guidance issued by the Government Actuary.

For those below 60, flexible retirement requires the approval of the Managing Director who must agree to the changed working arrangements and to the early release of all or part of the pension.

Those aged 60 or over only require approval for a change in working arrangements. Approval is not required in respect of the early release of pension benefits as there is no cost to Tayside Contracts in this respect for those aged over 60. Therefore, employees can receive their pension benefits on application once their request for changed working arrangements is approved. However, an application must be made in accordance with the terms of the Flexible Retirement Policy.

An employee who has taken flexible retirement may re-join the Pension Scheme.

PROCEDURE FOR DEALING WITH REQUESTS FOR FLEXIBLE RETIREMENT

Reducing Hours

Applications to reduce working hours must be for a minimum reduction of 20% of hours currently worked or 7¼ hours, whichever is the lesser.

Reducing Grade

A reduction in grade will only be permitted through an employee moving to a lower graded job, for example:

- Swapping to a lower graded job provided the individual occupying that job is appointed to the senior vacancy after a ring-fenced recruitment exercise, or,
- Moving, without a recruitment process, into a vacant lower graded job.

NOTE: Applications to reduce hours/grade will not be approved where the combined pension benefits and new salary exceed the applicant's previous salary.

Step 1

An employee considering flexible retirement must submit a written request to their Head of Unit/Division.

The request must:

- Specify the reduced working hours and pattern applied for and/or what reduction in grade they are seeking.
- State the desired date on which the change would be effective.
- Request the early release of their pension benefits.

The Head of Unit/Division will, through liaison with the HR Manager, request from the Pension Section of Dundee City Council an estimate of the employee's pension benefits and of costs to Tayside Contracts. On receipt of these, the HR Manager will forward the appropriate information to the employee and to the Head of Unit/Division.

Step 2

If, on receipt of the estimate, the employee wishes to proceed with their application, they must confirm this to their Head of Unit/Division.

Step 3

If the applicant is 60 or over and the Head of Unit/Division decides that the change to working arrangements is acceptable they will inform the employee accordingly, make arrangements for any staffing or organisational changes, and for the early release of their pension.

If the applicant is aged below 60 and the Head of Unit/Division decides that the change to working arrangements is acceptable they will liaise with the HR Manager to produce a statement of the financial implications over five years i.e. costs to Tayside Contracts and any offsetting savings arising from the changes and move to Step 4.

If, in the case of an applicant aged 60 or over, the Head of Unit/Division decides that the change to working arrangements is unacceptable or, in the case of an applicant aged below 60, that the change to

working arrangements or the financial implications are unacceptable, they will write to the employee advising them that their request has not been approved. There is no right of appeal against this decision.

Step 4

If, in the case of an applicant aged below 60, the Head of Unit/Division is satisfied that the request is acceptable they will liaise with the HR Manager to arrange for their recommendation, together with the costings, to be submitted to the Managing Director and the Head of Financial Services for their consideration. The Managing Director will consult with the Proper Officer prior to approving a request for flexible retirement from any employee on Grade 11 or above.

Step 5

If the request is approved by the Managing Director, the Head of Unit/Division and Head of Financial Services will be notified and will inform the employee accordingly, make arrangements for any staffing or organisational changes, and liaise with the HR Manager to arrange for the early release of their pension.

If the request is not approved, the Head of Unit/Division will be informed and will write to the employee advising them. There is no right of appeal against this decision.

Timescales

As a number of steps involve obtaining financial information it is not possible to be prescriptive about timescales. However the procedure will be completed without undue delay.

POLICY MONITORING

At the end of each financial year the Managing Director will submit a report on the number of employees released on flexible retirement during that year to the Joint Committee.

RELATED POLICIES

The Flexible Retirement Policy links to the following policies which can be accessed on the Intranet, or requested from your line manager or from the HR Admin Team:

- Flexible Working
- Job Share
- Early Retiral and Voluntary Redundancy

POLICY REVIEW

The Flexible Retirement Policy will be reviewed annually.

Should you have any queries or require further clarification regarding any aspects of this policy or related policies please contact, HR Services on 01382 812721 or employmentpolicies@tayside-contracts.co.uk