

# Flexible Retirement Policy

November 2020



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# 1. Purpose

- 1.1 The policy covers the flexible working options available to employees who wish to continue working past retirement. A phased retirement can support employees with financial and social advantages that work may bring, as well as for those who have a medical condition and may form part of an adjustment to their work duties.
- 1.2 Flexible retirement is where employees change their work pattern prior to their planned retirement date. It can assist employees and the Council by:
  - Enabling the transfer of skills and knowledge;
  - Providing the opportunity for better succession planning and mentoring;
  - Facilitating the retention of expertise and knowledge.

# 2. Scope

- 2.1 The policy applies to all employees of Reading Borough Council.
- 2.2 For members of the Local Government Pension Scheme (LGPS) or the Teachers' Pension Scheme (TPS), the Scheme provisions relating to 'Flexible Retirement' and 'Phased Retirement' apply. Where there is no direct cost to the Council / School, the considerations relating to the impact of reduced hours on service provision will apply (see below).

# 3. Retirement age

- 3.1 There is no default retirement age for Council employees. Employees can plan for their retirement date in accordance with their personal circumstances and subject to the provisions of the relevant pension scheme they have membership of (where relevant). Before an employee commits to reducing their working hours or grade, they should consider the effect on their retirement benefits and take appropriate independent financial advice.

# 4. Flexible retirement options and eligibility

- 4.1 Flexible retirement is aimed at giving employees flexibility to ease their way into retirement and may include options such as reduced hours/days and / or reduced grade.
- 4.2 On or after age 55, employees who have three or more months' membership in the LGPS (including transferred rights) can reduce their hours of work or grade in which they are employed and draw their accrued LGPS pension benefits whilst continuing in employment and (optionally) building up further benefits in the pension scheme – enabling them to ease into retirement.
- 4.3 Employees should be aware that their pension benefits will normally be reduced if paid early (in line with LGPS Regulations). However, the Council will consider granting flexible retirement with unreduced pension if sufficient financial benefit to the

Council can be demonstrated through the individual's proposed change to working hours / grade.

- 4.4 Employees must be 55 or over on the date that any proposed changes are to take effect to be eligible to make a flexible retirement request (reduction in hours and / or grade) under this policy irrespective of whether they are in membership of a pension scheme.

## 5. The tests

- 5.1 When an employee makes an application to vary their pattern of working under this policy the following tests will be applied:

**TEST 1 - The 'Pension Cost Test':** (only applicable to employees who are members of a pension scheme).

An assessment will be done to weigh the costs of unreduced pension against any savings as a result of the change to working arrangements. In general, the basic test of covering costs within a period of two years will need to be met. This test should include any direct and indirect additional costs arising from the application such as re-training, recruitment etc. If this test is not met, then it is unlikely that approval will be given by Personnel Committee unless one of the published discretions is applied (see [here](#)).

**TEST 2 - The 'Service Impact Test':** (applicable to all employees).

This is an evaluation of the impact of the proposed change on the service, taking into account (where applicable):

- Impacts on the ability of the service to meet the demands of customers, quality or performance generally.
- The feasibility of re-organising work within the existing workforce where necessary.
- How these proposals link to other short to medium term plans for the service (including any additional costs that may be incurred).

**A summary of the above evaluation will be reported to Personnel Committee if consent to waive the reduction in pension benefits is sought.**

## 6. The application

- 6.1 Employees requesting flexible retirement are required to complete the Flexible Retirement Application Form and submit to their line manager. The manager discusses with the relevant Assistant Director and seeks HR guidance on pension costs plus any other associated costs.

## 7. The decision

- 7.1 Managers calculate savings / costs and decide whether to recommend approval on financial and other grounds.

- 7.2 If an application has no financial implications for the Council, proposed changes to working arrangements can be agreed with the relevant Assistant and Executive Director. The line manager will need to notify HR of any changes to working arrangements including a reduction in hours, at least four weeks prior to the implementation date, by completing a [contract variation request](#) in iTrent Managers Self-Service.
- 7.3 Where the flexible retirement request has a potential cost to the Council in relation to the release of an unreduced pension and the employee's Assistant Director and Executive Director agree that this may be considered, it will be subject to the Personnel Committee approval. This approval must be given before changes to working arrangements are formally agreed with the employee.
- 7.4 If approved, changes to working arrangements will be permanent.

## **8. Timescales and representation**

- 8.1 Managers should formally acknowledge requests for flexible retirement and hold a meeting with the employee within four weeks to discuss their request. Managers should instigate the necessary financial / operational information as soon as possible. Within eight weeks of the application being made the employee should be notified of the outcome of their application. Should there be any delays in this process, the employee should be kept informed.
- 8.2 At meetings held to discuss any formal application the employee is entitled to be accompanied by their trade union representative or a workplace colleague.

## **9. Further information**

Reading Borough Council's Local Government Pension scheme is managed by The Berkshire Pension Fund – 01628 796 668 or <https://www.berkshirerpensions.org.uk/>

The Teachers' Pension Scheme - <https://www.teacherspensions.co.uk/>

State pension – <https://www.gov.uk/state-pension>

**Please read** the Council’s Policy on Flexible Retirement **before** completing this form. You should ensure that you submit your application to your manager at least 4 months the date you wish the request to take effect. It is important that you complete all the questions to avoid a delay in the process.

When completing sections 3 & 4, think about what effect your change in working pattern will have both on the work that you do and on your colleagues. Once you have completed the form, you should immediately forward it to your manager. Your manager and Assistant Director will then consider your request, and seek necessary approvals if the request entails a cost to the Council. **If the request is granted, this will be a permanent change to your terms and conditions.**

**1. PERSONAL DETAILS**

<b>Name:</b>	<input type="text"/>	<b>Directorate:</b>	<input type="text"/>
<b>Team:</b>	<input type="text"/>	<b>Job Title:</b>	<input type="text"/>
<b>Manager's Name:</b>	<input type="text"/>	<b>Work Location:</b>	<input type="text"/>
<b>Date of Birth:</b>	<input type="text"/>	<b>Payroll Number:</b>	<input type="text"/>
<b>Length of <u>continuous</u> local government service (yrs/mths)*:</b>	<input type="text"/>		

**I would like to apply for flexible retirement under the Council’s policy:**

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

**I am a member of the Local Government Pension Scheme / Teachers Pension Scheme**

**I am aged 55 or above**

**I wish to apply for unreduced pension benefits (see below\*)**

**\*Pension Benefits** - The Council will consider granting flexible retirement with **unreduced** pension (where applicable) if sufficient financial benefit to the Council can be demonstrated through the individual’s proposed change to working hours / grade. An assessment will be done to weigh the costs of unreduced pension against any savings to be accrued as a result of the change to working arrangements. In general, the basic test of covering costs within a period of two years will need to be met. This test should include any direct and indirect additional costs arising from the application such as re-training, recruitment etc. Members’ consent (Personnel Committee) is required where an employee makes a request for the reduction of benefits to be waived and the Council agrees that this may be considered.

<input type="checkbox"/>
<input type="checkbox"/>

**I wish to apply on the grounds of reduced hours (complete remainder of form)**

**I wish to apply on the basis of a reduction in grade (see below\*\* before signing and returning to your manager)**

**\*\*Reduction in Grade** - This may emerge as part of a service restructuring or through application for another job in the Council. However, you should note that the Council is not responsible for seeking lower graded jobs as part of a flexible retirement application. It is an employee’s responsibility to seek and be successful in gaining a lower graded job using the Council’s normal recruitment and selection practices. You will have to seek prior approval for flexible retirement from your current line manager who will need to identify the necessary saving. You should identify during application stage that you wish to apply for the (lower graded) position as part of a flexible retirement request.

## 2. WORKING PATTERNS

Describe your current working pattern (days/hours/times worked):

Describe the working pattern you would like to work in future (days/hours/times worked):

(continue on a separate sheet if necessary)

I would like this working pattern to commence from :

Date:

## 3. IMPACT OF THE NEW WORKING PATTERN

Use this section to describe the possible impact of any changes on your team / work area and how they might be dealt with:

(continue on a separate sheet if necessary)

## 4. OTHER INFORMATION THAT YOU FEEL IS RELEVANT

Other supporting information that you want to provide about your personal circumstances in relation to this application (ie health, welfare or wellbeing issues).

(continue on a separate sheet if necessary)

Signed:

Date:

**PLEASE PASS THIS FORM TO YOUR LINE MANAGER**