

**FLEXIBLE RETIREMENT POLICY**  
**WDA/30/11**

**Recommendation**

That: Members adopt the Flexible Retirement Policy Attached at Appendix 1.

**FLEXIBLE RETIREMENT POLICY**  
**WDA/30/11**

**1. Purpose of the Report**

- 1.3 The Authority has the opportunity to review flexible retirement policies in light of age legislation, the new pension regulations and increasing budgetary pressures.
- 1.4 The Authority is asked to consider exercising its discretionary powers to adopt a Flexible Retirement Policy.

**2. Flexible Retirement**

- 2.1 Changes to the Local Government Pension Scheme (LGPS) from 6 April 2006 introduced a new retirement category of 'Flexible Retirement' for non-teaching staff. This report sets out issues for consideration by the Authority in light of those changes, and subsequent changes to the pension regulations which came into effect from 1 April 2007.
- 2.2 Regulation 18 of The Local Government Pension Scheme (Benefits, Membership and Contributions) 2007 Regulations introduced a flexible approach to retirement which allow, with the employer's consent, the employee to retire, draw their pension benefits, and continue working either on a part-time basis or at a lower grade (previously an employee would have needed to resign from their employment to be able to draw their pension).
- 2.3 Flexible Retirement means that employees can request a decrease in hours and/or apply for a lower graded post while at the same time accessing their pension early. The employee can continue to pay pension contributions and, therefore, accrue further pension service/benefits for their reduced hours and/or in their new lower graded post.
- 2.4. The Flexible Retirement Policy (Attached as Appendix 1), outlines the benefits for both employees and the Authority which include:
- Retention of skills and experience of key employees which may otherwise be lost to the Authority

- Creating time for skills and knowledge to be passed on to other employees
  - Enhancing the Authority's image as a progressive employer
  - Cost savings
- 2.5 The policy, if approved, would be available to all employees who have at least 3 months service and who are aged 55 or over. However, those employees who are not members of the Local Government Pension Scheme (LGPS) would not be entitled to receive a pension.
- 2.6 There is no automatic duty to grant an employee flexible retirement. The attached policy details the procedure through which all requests will be considered.
- 2.7 Pension benefits paid before 65 may be subject to reduction in accordance with guidance issued by the scheme actuary. The Authority has the discretion to waive this reduction at a cost to the Authority. In view of the potential cost, it is recommended that the Authority does not waive this reduction, which would mean that the employee would be responsible for the cost of any actuarial reduction to their pension.
- 2.8 The Authority is required to take account of costs incurred by the Authority associated with early release of benefits when reaching a decision on the flexible retirement request.
- 2.9 In order to ensure proper management of the policy and service delivery consequences it is recommended that a number of conditions are applied as follows:
- Reduction in contractual hours must be at least 20%
  - The reduction in hours would be a permanent change
  - Appointment on a lower graded post on existing hours or reduced hours would be a permanent change
  - 100% of pension benefits must be taken
  - The employee would be responsible for the cost of any actuarial reduction.
- 2.10 The policy allows non-members of the LGPS to seek flexible retirement also, but those employees will not receive a pension from the LGPS.

### **3. Risk Implications**

- 3.1 In line with our statutory duty under equality legislation, the Policy

makes reference to equality wherever relevant and is applied equally to all employees.

#### **4. HR Implications**

- 4.1 The proposed Flexible Retirement Policy proposes flexible options to retirement for all employees whilst retaining the skills and knowledge that may otherwise be lost to the Authority.
- 4.2 Corporate Training will be conducted for all staff to ensure that they are fully aware of the Flexible Retirement Policy.
- 4.3 Executive Management Team and Line Managers may require additional guidance on where to access the information and the application of the Policy.
- 4.4 Policy to be included in the Induction Process for all new employees.

#### **5. Environmental Implications**

There are no environmental implications associated with this report.

#### **6. Financial Implications**

- 6.1 There are no immediate financial implications associated with this report.

#### **7. Conclusion**

- 7.1 The Authority has discretionary powers to adopt a Flexible Retirement Policy for all employees the attached policy outlines the benefits to both the employee and the Authority in relation to flexible retirement.
- 7.2 Members are requested to adopt the Flexible Retirement Policy Attached at Appendix 1.

The contact officer for this report is: Paula Pocock  
6<sup>th</sup> Floor, North House, 17 North John Street, Liverpool, L2 5QY

Email: [paula.pocock@merseysidewda.gov.uk](mailto:paula.pocock@merseysidewda.gov.uk)

Tel: 0151 255 2539

Fax: 0151 227 1848

The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 – Nil.

