



**London Borough
of Hounslow**

Flexible Retirement Policy

Transformation & Human Resources

Issued by HR Policy & Information Team
Effective from 23 September 2013

FLEXIBLE RETIREMENT POLICY

1 Introduction

- 1.1 The Council is committed to providing opportunities which enable our staff to make the best possible contribution to meeting our organisational goals. We recognise that, in order to remain an employer of choice, we need to provide employees with options and flexibility and to value their contribution.
- 1.2 In line with the Council's other policies regarding flexible working, the Flexible Retirement Policy aims to provide employees with options that enable them to achieve a better work-life balance.
- 1.3 This Policy is focussed on employees who are considering their working options as they approach retirement. The alternative ways of working outlined can be of benefit to employees, who may wish to gradually move into retirement, and the Council, which retains valuable skills and knowledge which can be effectively transferred prior to an employee's retirement.
- 1.4 Flexible retirement will benefit the Council by;
- Retaining experienced staff by providing a mechanism whereby they can continue employment thus aiding retention.
 - Enabling succession planning to fill the vacated hours.
 - Supporting our aim to be an employer of choice.
 - Supporting our flexible working policies and arrangements
 - Saving on recruitment costs.
- 1.5 The Council will, however, take the full cost and service implications into account when considering any application for Flexible Retirement.
- 1.6 This Policy must be read and implemented in conjunction with the Council's Pension Discretions Policy.

2 Aim

- 2.1 The aim of this Policy is to set out a fair and consistent process for dealing with Flexible Retirement. Such a process will ensure that all requests for Flexible Retirement are considered with full account being taken of the benefits to the employee and the Council along with the costs involved. Flexible Retirement requests will only be agreed where there is a clear benefit for the Council.

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3 Scope

- 3.1 This Policy applies to all employees of the Council, except those employed in schools under the control of Governing Bodies, for whom procedures adopted by the Governing Body will apply. For the purpose of this policy, employees are as defined in section 230 of the Employment Rights Act 1996 or any substituting or amending legislation.

4 Definition

- 4.1 Flexible Retirement is the opportunity for eligible employees to continue in their employment with the Council, earning a reduced salary as a result of a reduction in working hours and/or grade while also receiving any pension benefits which have been accrued at that point.

5 Eligibility

- 5.1 In order to be eligible for consideration under the flexible retirement policy employee MUST:
- Be aged 55 or over
 - Have 3 months' membership or more of the LGPS, or have transferred pension rights to that amount
 - Reduce their salary by at least 40% through a reduction in hours and/or grade. In exceptional circumstances a lesser reduction may be considered, though there must be a robust business case to justify this.
 - Be working in their substantive post e.g. not in a seconded post
- 5.2 An employee who has previously been granted flexible retirement can apply for a further reduction in hours and / or grade subsequently.

6 Contractual Status

- 6.1 Where an application for Flexible Retirement is approved, a revised contractual letter will be issued setting out the new terms and conditions of employment. Unless otherwise stated, the change will be permanent and the employee will not have the right to revert to their previous working arrangement.

7 Application procedure

- 7.1 An employee who is considering the option of flexible retirement should have an early discussion with their line manager. This will enable both parties to consider the most appropriate way forward.
- 7.2 Where flexible retirement appears to be appropriate, the line manager will arrange for HR to obtain an estimate of the employee's pension

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benefits. On receipt, the employee will be provided with a copy of their estimate and will decide whether or not to proceed with an application for flexible retirement.

- 7.3 Employees who decide to pursue an application must complete the Flexible Retirement Request form.
- 7.4 Employees should be aware that, if their application were agreed, it is possible that the residual hours of their post will not be filled. This may have an impact on their future role.
- 7.5 The form should be submitted to the line manager who must prepare a business case regarding the request. The business case should take into account the following:
 - implications for the team / service
 - needs of the service
 - whether the request will enable the retention of valuable experience / knowledge
 - whether the request will enable a successor to be identified and developed
 - consideration of the impact of the request, taking into account pension benefits and reduction in earnings
 - All cost implications.
- 7.6 The business case must also specify which of the following four options will be used to address a reduction in hours:
 - delete the residual hours to achieve a saving;
 - cover the hours, with a lower graded post, as part of a succession plan;
 - make an appointment to the remaining hours
 - cover the residual hours by overtime.
- 7.7 The Head of Service and Human Resources Manager will consider the flexible retirement request. They will take into account the employee's application and the business case. Advice from the Head of Finance may also be sought at this stage.
- 7.8 If the employee has indicated, on the Flexible Retirement Request form, that they wish to be present at the meeting with the Head of Service and HR Manager arrangements will be made to accommodate this.
- 7.9 Where the Head of Service and HR Manager support the application, the case must then be reviewed by either the Assistant Director Strategic Finance (see paragraph 7.12) or the Compensation Panel (see paragraph 7.14).

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- 7.10 If the Head of Service and HR Manager do not support the application, the employee will be notified of the reasons for this in writing.
- 7.11 The employee has the right of appeal against the decision not to support the application at this stage. The appeal should be made, in writing, to the employee's Chief Officer within 5 days of receiving notification of the decision. The employee must set out the grounds of appeal in this letter.
- 7.12 Where the pension estimate indicates that the flexible retirement request would not involve the Council in any further costs, the case must be reviewed by the Assistant Director Strategic Finance or their nominee to ensure that all financial considerations have been assessed. Where the Assistant Director Strategic Finance is satisfied that there are no further financial considerations, the application will be agreed and the employee will be notified of the outcome in writing. The employee will then be issued with a contractual letter as set out in paragraph 6.1.
- 7.13 If the Assistant Director Strategic Finance has any concerns regarding the direct or indirect financial implications of the flexible retirement application, the case should be referred to the Compensation Panel for a decision.
- 7.14 Where the pension estimate indicates that the flexible retirement request would have further cost implications for the Council, the case must be determined by the Compensation Panel. The employee will be notified of the outcome in writing. Where the application is approved, the employee will be issued with a contractual letter as set out in paragraph 6.1.
- 7.15 Where the Compensation Panel does not approve the application, the decision is final and there is no further right of appeal. The application has already been considered on two separate occasions at senior levels in the organisation and there is no requirement for a further review of the case.
- 7.16 Employees are able to reapply for flexible retirement after a period of 12 months from the date that their application was declined.
- 7.17 Employees are able to complain about any aspects of their benefit entitlements under the LGPS Internal Disputes Resolution Procedure. This will focus on the procedure that has been followed, not the fairness of the decision taken by the Council.

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