

Report to: Executive
Date: 27 November 2007
Report of: Executive Member for Resources
Subject: Flexible Retirement Procedure
Ward: All

1. Purpose of the Report

- 1.1 The purpose of this report is to recommend to Members the introduction of a flexible retirement procedure in support of a provision in the Local Government Pension Scheme (LGPS) Regulations.

2. Consultation

- 2.1 This report has been prepared in consultation with the Management Team, the Joint Trade Unions, the Head of Personnel and Payroll and the Head of Financial Management. The consultees support the proposal.

3. Background

- 3.1 The Local Government Employers have recognised the benefit of retaining the experience and expertise of older local government employees and were influential in bringing about changes to the Local Government Pension Scheme (LGPS) to allow employees to access their accrued pension benefits whilst remaining in work.
- 3.2 In April 2006 the LGPS was amended to provide under regulation 35 the wherewithal for Council's to consider requests for flexible retirement but only under the following conditions:
 - The employee must be aged at least 50
 - The employee has to reduce either their hours of work or their grade
 - The employee has to have their employers consent before they can access their pension benefits

4. Position Statement and Options Appraisal

- 4.1 Whilst the Pensions Authority (Durham County Council) has kept employees informed of changes to the LGPS there has been little interest in this provision.
- 4.2 An expression of interest has recently been received and consequently it is felt appropriate to have a formal process for the consideration and determination of any subsequent request that may be received.
- 4.3 It is not expected that this provision will suit the circumstances of many employees and each request must be supported by a sound business case. Consequently it is envisaged that requests for flexible retirement will be small in number.
- 4.4 A Flexible Retirement Procedure is attached at Appendix 1 to this report. Section 1 contains an outline of the procedure and reference to where more advice can be obtained.

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- 4.5 Section 2 of the procedure explains that the Council will consider requests for flexible retirement and decisions will be made on the merits of each case. The procedure makes it clear that the Council will not agree to a request that incurs a cost to the Council except in exceptional circumstances.
- 4.6 Section 2 goes on to describe the two options that enable flexible retirement and the factors that the Council will take into account in determining the business case.
- 4.7 The procedure provides guidance for both employees and managers in terms of how to apply for flexible retirement and how the manager will process such requests. In the event that an employee is dissatisfied with a decision, there is provision for a two-stage appeal process.
- 4.8 Section 3 of the procedure is effectively a tool kit. It shows the process in diagrammatic form and provides sample forms for managers and employees to use at each stage of the process.

5. Implications

- 5.1 Financial – The flexible retirement provision is meant to be ‘cost neutral’ in that employees who retire early take a reduction in their pension benefits to account for the ‘strain’ on the pension fund (with the exception of those who meet the rule of 85). Where there is a cost to be incurred by the Council (exceptional cases) then each case will be considered on its merits.
- 5.2 Legal – The Council is empowered by the LGPS Regulations to agree flexible retirement where it is considered to be appropriate.
- 5.3 Policy – The LGPS provides the framework for flexible retirement in Regulation 35.
- 5.4 Risk – A risk assessment has been prepared and an action plan developed to address these risks.
- 5.5 Communications – Adoption of this procedure will be communicated to all employees.

6. Corporate Implications

- 6.1 This procedure is considered to be a useful tool to help the Council manage capacity issues particularly at a time when there are additional pressures being brought to bear by Local Government Review. Flexible retirement supports the Councils priority area to “strive for excellence in the workplace”.

7. Recommendations

- 7.1 Members are asked to adopt the attached flexible retirement procedure effective from 3rd December 2007.

Background papers referred to in the production of this report: -

- Local Government Pension Scheme Regulations