
FLEXIBLE RETIREMENT POLICY

Section: Working Hours and Time Off
Source: Cabinet Member for Corporate Services
Issue Date: 20th February 2007
Revised: April 2010, April 2014, June 2022, June 2023, July 2023
Appendices: Appendix A – Benefit Reduction Factors, Appendix B – Application Form

BACKGROUND

1. In accordance with the requirements of Regulation 30(6) of the Local Government Pension Scheme, (LGPS) 2013, Sefton Council has developed a Flexible Retirement Policy, which was approved by the Cabinet Member for Corporate Services on 7th February 2007, and is effective from 20th February 2007.
2. Regulation 30(6) of the LGPS 2013 permits employees aged 55 or over to reduce their hours or grade, and to elect to receive immediate payment of their pension benefits, even though they have not retired from their employment. This can only be done with the agreement of the Council.
3. There are various circumstances where flexible retirement, if operationally and financially viable, could be beneficial both to the Council and to employees. For example, it may be useful to employees as a wind-down to retirement; it may be appropriate in circumstances where it is necessary to reduce numbers of jobs, as it may provide an alternative to redundancy; in addition, it could assist the Council to retain key workers with valuable skills who are aged over 60, and who may otherwise fully retire from their employment.

KEY POINTS OF THE POLICY

4. Applications for flexible retirement will be considered on a case-by-case basis. Applications will be refused in instances where the criteria below is not satisfied.
5. The Council will only agree to flexible retirement in instances where it is operationally and financially viable and there is a sound business case. This will include the feasibility of meeting operational requirements (business need), the ability to recruit to the hours remaining and the ability to support succession planning.
6. An employee will usually take a minimum 20% reduction in hours or reduce their grade by 2 levels in order for flexible retirement to be approved. This must provide for a substantial salary saving for the Council or provide the ability to recruit to the hours remaining in a way that is operationally viable.

7. By their very nature flexible retirements are to facilitate a gradual wind down to full retirement and consequently will be implemented for a relatively short term (not exceeding 2 years) with a date for full retirement mutually agreed at the outset. This benefits the employee, providing a period of adjustment in terms of time spent working which better enables the employee to plan for full retirement and allows the employer to benefit from a gradual handover of knowledge, experience and work duties to achieve continuity of service provision.
8. Any proposal to cease certain aspects of the current job role in order to reduce the level of responsibilities undertaken and to reduce the grade of the post will initially be subject to scrutiny in terms of operational feasibility and subject thereafter to a formal job evaluation of the role to be undertaken during the period of flexible retirement. Approval to the application cannot be provided until a re-evaluation has taken place and until a full financial assessment has been carried out.
9. Where Flexible Retirement is agreed, all membership elements of pension benefits will become payable and may be subject to the appropriate actuarial reduction in accordance with the LGPS Regulations.
10. The Council will only waive any actuarial reduction in whole or in part, where it considers it is in its financial or operational interests to do so. Each case will be considered on the merits of the financial and operational business case and will require approval by the Executive Director Corporate Resources and Customer Services.
11. In considering applications, the following factors will be taken into account:
 - the cost to the Council
 - the operational and financial effects of reducing the hours/grade relative to the individual concerned, including the impact on the rest of the section/team
 - whether there is any benefit/detriment to the Council.

WHO CAN APPLY?

12. The earliest age for flexible retirement for employees of the Council (at their requested flexible retirement date) is 55. This includes employees who have remained in employment beyond age 65. It also includes employees who meet these criteria and who are employed in schools, which have adopted this policy. **You must reduce your hours or grade as detailed above and have you employer's consent to take flexible retirement. If you draw your benefits on flexible retirement before your normal retirement age, they may be reduced. (see Annex A).**
13. Flexible retirement does **not** apply to Councillors.

FINANCIAL CONSIDERATIONS

(For the Council)

14. There is a cost to flexible retirement, where a pension is paid early, because of the “strain” on the pension fund of paying out benefits at an earlier date than anticipated. This is a capital cost, which is calculated as a lump sum payment which the Council must make to the Pension Fund. The responsibility for this payment lies with the employing department (or with the school, in the case of school employees).
15. The amount payable depends upon the particular circumstances of the employee concerned and how early he/she is receiving benefits. In some cases there will be a nil cost, in others the cost may be significant – it all depends on individual circumstances.
16. In considering flexible retirements, the employing department/school must obtain a pension estimate from the Pensions Manager, Lynn Abbott in the Corporate HR Department so that the capital cost (if any) is clearly identified, and an informed decision can be made.

(For the employee)

17. On retirement, pension benefits may be subject to actuarial reduction, dependent upon the age of the employee and his/her length of membership in the LGPS. Such reductions also apply to flexible retirement, and employees will need to bear these in mind when considering flexible retirement.
18. The level of reduction varies depending upon how far in advance of his/her normal retirement date an employee takes flexible retirement. The table attached at **Annex A** gives an indication of the level of reduction; this table is effective from July 2023 and is in force at the time of writing.
19. If flexible retirement is agreed, all of the accrued service up to the flexible retirement date is brought into payment – it is not possible to opt to only take a proportion of the benefits. The employee concerned may choose to pay contributions to the LGPS in relation to his/her revised employment and build up another pension entitlement. This would be a new entitlement, and LGPS membership prior to commencing contributions to the new entitlement would not count.

CONTINUITY OF SERVICE

20. In agreeing flexible retirements, it is important to ensure that there is no break in service; this ensures that the individual’s terms and conditions of employment remain in place (other than the agreed changes to hours/grade) and he/she benefits from accrued service relative to annual leave, sick pay, redundancy etc.

HOW TO APPLY

21. All requests must be made in writing on the appropriate form (attached at **Annex B**) and submitted to the line manager. The employee must specify how he/she would propose to reduce his/her hours and/or pay and the proposed effective date. Requests should be made at least 8-10 weeks before intended retirement date to ensure all paperwork is completed on time and authorised if accepted to facilitate Flexible Retirement.
22. The employee must also consider the effects and impact of their proposed request on service provision and be able to offer reasonable and practicable solutions as to how such effects could be overcome.
23. In considering the application, the line manager should take into account the factors described at paragraph 11 of this policy.
24. If the request is operationally viable, it will be necessary to assess the cost of granting the flexible retirement. In this respect the line manager must request a pension estimate from the Pensions Manager, Lynn Abbott from the Corporate HR Department, so that the capital cost can be identified and considered.

NOTIFICATION OF DECISION

25. The line manager considers the application in the first instance, as he/she is best placed to consider the operational viability of any proposal, and to take account of the financial implications. Please ensure that applications and decisions are made within 8-10 weeks of the intended retirement date to ensure all paperwork is complete to allow time for the authorisation process and release of pension forms if the request is accepted.
26. If, having considered all the circumstances, the line manager agrees with the proposed flexible retirement, the decision must be agreed by the Assistant Director, the Chief Personnel Officer and the Executive Director of Corporate Resources and Customer Services. This is because they are authorised by the Council to approve pension payments. At this stage a [Chief Officer's report](#) must be completed stating the reduction in hours or grade. If there is a reduction in hours the report must state if the reduced hours are to be held vacant, deleted, offered to another employee, post hours reduced or recruited to.
27. An [ECF](#) is required if the hours are to be released to another employee /post or recruited to.
28. Forms are available within the [Establishment Control section of the intranet](#). All forms need to be submitted to the [COR mailbox](#) and are sent on to Finance and Assistant Director for approval.
29. Where the application is from an Executive Director or an Assistant Director, the decision rests with the Chief Executive and the Executive Director of Corporate Resources and Customer Services and the Chief Personnel Officer.

30. In parallel with the arrangements applying to requests for early retirement, the decision of the Senior Officers identified in paragraphs 26 to 29 above is final.
31. Once authorisation is obtained, the line manager must write to the employee, setting out his/her new arrangements, and the effective date. The Pensions Manager will issue the COR to the Pensions team so that arrangements can be made for pension benefits to be paid. The Establishment Control Officers will issue instructions to payroll via the COR to move the employee into the new position and reduce their hours.
32. If the application is not viable, the line manager must inform the employee in writing as soon as possible after consideration of the application and explain the reasons for rejection.

REVIEW OF THE POLICY

33. The Chief Personnel Officer is responsible for reviewing this policy.

Early retirement reductions

<https://www.lgpsmember.org/more/reductions.php>



Flexible retirement
Annex A benefit red

SEFTON M.B.C.

REQUEST FOR FLEXIBLE RETIREMENT

Request from:	
Request to (<i>Line Manager</i>):	
Post Title:	
Employee No:	
Work Location:	
Grade:	Current SCP
Work Telephone No.:	
Date commenced service with Sefton	
Current working hours	
Current working pattern	

Details of Request

Please specify in detail the reduction of hours/grade requested and why (please refer to the Key Points of the policy, paras 4 to 11). You must provide details of the proposed operative date and proposed retirement date (not exceeding 2 years) along with the reasons to justify the dates claimed. You must include details of how your work would be affected by the proposed changes and how any such effects might be overcome to maintain service provision. (continue on attached sheet)

If you are applying to job share please specify if this is a single or joint application (if joint, please attach a copy of partners form and details of how you anticipate sharing the hours of the post).

[Empty rectangular box for content]

Signed.....

Date.....

Please submit this form to your line manager and keep a copy for your records.