

1. **REVIEW OF POLICY ON FLEXIBLE RETIREMENT FOR MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME**

**Submitted by:** Executive Management Team

**Portfolio:** Finance and Resources

**Purpose of the Report**

To advise the Committee of any staffing matters arising from a recent review of the council's Policy on Flexible Retirement.

**Recommendations**

- (a) That the proposed changes to the Policy as detailed at Appendix A be approved.
- (b) That the recommendation of the Employees Consultative Committee on 17 June 2013, that at paragraph 3 vii, line 2, the words 'will not agree' be replaced with 'can not agree' also be incorporated into the revised policy.

1. **Background**

1.1 The Local Government Pension Scheme (LGPS) (Benefits, Membership and Contributions Regulations) 2007 provided authorities with discretionary powers to allow eligible employees (LGPS Scheme members age 55 and over) the option to reduce their working hours/grade whilst also accessing their pension benefits as a way of avoiding the 'cliff edge' of full retirement. However, authorities are required to demonstrate that any policy on flexible retirement is workable, affordable and reasonable, having regard to the foreseeable costs and that requests are approved only when it is in the authority's interest to do so.

1.2 The council's policy was approved by Cabinet in December 2008 and since then a total of eight employees have taken advantage of the scheme as follows:

Planning and Development	-	3
Assets	-	1
Central Services	-	1
Revenues and Benefits	-	1
Fleet Services (Garage Workshops)	-	1
Operations	-	1

2. **Issues**

2.1 The policy provides for new (reduced) hours and/or grade to be agreed with employees and for employees to then continue in employment until the council's Normal Retirement Age, at which point the Age Retirement Procedure will apply.

2.2 However, as a result of changes in employment legislation to prevent 'age discrimination', from October 2011 employers could no longer require employees to retire at the 'Default Retirement Age' (65). As a consequence of this, the council's Age Retirement Procedure was revoked and the reference to it at Section 3 (iv) in the Flexible Retirement Policy needs to be removed.

2.3 The LGPS Regulations (Miscellaneous Regulations) 2012 clarified that position for employees in respect of their options for drawing accrued benefits on flexible retirement. In effect, they are required to draw benefits derived from all LGPS membership prior to 1 April 2008 but have an option to take all, part, or none of the benefits derived from membership on or after 1 April 2008. A note to this effect has been included following Section 3(vii) of the Scheme.

2.4 The Head of HR and the previous Chair of the Employees Consultative Committee (ECC) met with the trade unions on 10 May 2013 to discuss the proposed changes and these were agreed. At the meeting the trade unions also requested that the following text be added at Section 3(vii):

The council will ...

*'Be sympathetic to requests involving a phased reduction in working hours, subject to any such arrangements being potentially practicable. However, ...'*

2.5 Your Officers felt it was reasonable for this to be incorporated into the Policy and this was recommended to the 17 June 2013 meeting of the ECC.

2.6 At this meeting it was also suggested that the words *'will not agree'* at paragraph 3 vii, line 2, be replaced with *'can not agree'* as under the Regulations, the council has no discretion in respect of any decision and may only agree requests that overall lead to an employee being no better off financially than they were before taking flexible retirement.

### 3. **Legal and Statutory Implications**

3.1 The review of the Scheme as proposed will ensure the council continues to comply with current employment legislation regarding removal of the 'Default Retirement Age'.

3.2 The proposed revised policy will also ensure that employees considering flexible retirement are fully aware of the position regarding the Local Government Pensions Scheme Regulations (Miscellaneous Regulations) 2012.

### 4. **Equality Impact Assessment**

4.1 The Policy is designed to ensure that requests for flexible retirement from eligible employees are dealt with fairly and consistently. No significant differential impact has been identified.

### 5. **Financial and Resource Implications**

5.1 Under the current and proposed revised Policy, requests for flexible retirement are approved only when it is in the council's interests to do so on the basis that there is no detrimental effect on service delivery and that any pension strain costs are affordable and are within existing budget limits.

### 6. **Major Risks**

6.1 None.

### 7. **Earlier Cabinet/Committee Resolutions**

Cabinet, 3 December 2008

8. **List of Appendices**

- Appendix A - Current Policy on Flexible Retirement for Members of the Local Government Pensions Scheme with proposed changes highlighted.