

DUNDEE CITY COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE - 14 SEPTEMBER 2009

REPORT ON: POLICY ON FLEXIBLE RETIREMENT

REPORT BY: HEAD OF PERSONNEL

REPORT NO: 327-2009

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek the Committee's approval of the proposed Policy on Flexible Retirement.

2 RECOMMENDATION

- 2.1 It is recommended that the Committee approves the Policy on Flexible Retirement attached as Appendix 1.

3 FINANCIAL IMPLICATIONS

- 3.1 In some circumstances there may be a saving to the Council, for example:-
- in the case of an application to reduce working time, the department may be able to accommodate an overall reduction in the total number of hours worked, without causing a detriment to the service;
 - in the case of an application to reduce grade, rather than fill the resultant vacancy, the department may decide to restructure or to delete the post currently occupied by the applicant.
- 3.2 Where approval of an application for Flexible Retirement would result in excessive costs to the Council because of a strain on the pension fund, chargeable to the employer, the application for Flexible Retirement will be refused.

4 MAIN TEXT

- 4.1 The Local Government Pension Scheme (Scotland) Regulations provides that where a member of the scheme has attained the age of 50*, and, with the employer's consent, reduces the hours he/she works, or the grade in which he/she is employed, he/she may elect, in writing, for accrued benefits to date to be paid and such benefits may be paid notwithstanding there is no retirement from employment. Employer consent to the payment of benefits will be required if the member has not reached age 60. If the payment of benefits takes effect before the member's 65th birthday, the benefits are reduced in accordance with guidance issued by the Government Actuary. The employer may choose to waive in whole or in part any such reduction, however at a meeting held on 11 May 2009 the Policy and Resources Committee agreed not to waive any actuarial reduction on compassionate grounds.

* 55 or over, with effect from 1 April 2010

- 4.2 Where approval of an application for Flexible Retirement would result in excessive costs to the Council because of a strain on the pension fund, chargeable to the employer, the application will be refused.
- 4.3 In considering an application for Flexible Retirement, the Council will take account of the above information, and approval will be required from the Chief Executive, the Head of Finance and the Head of Personnel.
- 4.4 Whilst the regulations do not stipulate a minimum reduction in working time, and each request will be considered according to the particular circumstances of the case, approval for flexible retirement will only be granted where the revised income (ie reduced salary added to pension payment) of the applicant does not exceed current salary.
- 4.5 The Policy on Flexible Retirement, attached as Appendix 1, provides a procedure for department managers to follow where an employee of the Council makes a request for Flexible Retirement.

5 **POLICY IMPLICATIONS**

- 5.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty and Equality Impact Assessment. There are no major issues.

6 **CONSULTATIONS**

- 6.1 This report has been the subject of consultation with the Chief Executive, the Depute Chief Executive (Support Services), the Depute Chief Executive (Finance), the Head of Finance and the recognised trade unions.

7 **BACKGROUND PAPERS**

- 7.1 None.

I Martin
Head of Personnel

7 September 2009

* 55 or over, with effect from 1 April 2010

POLICY ON FLEXIBLE RETIREMENT**INTRODUCTION**

The Local Government Pension Scheme (Scotland) Regulations allow for flexible retirement with the employer's consent, where an employee is aged 50 or over*. An employee, who meets the age requirement, may therefore make a request to the Council to reduce the number of hours he/she works, and to authorise the release of accrued pension benefits; or to reduce the grade of the post he/she occupies, ie to be redeployed to a lower graded post, and to authorise the release of accrued pension benefits. On receipt of such a request, the Council has discretion on whether to approve the request to reduce hours or reduce the grade of the post occupied; and thereafter, if the employee is under age 60, on whether to release the employee's pension benefits.

Where release of the pension benefits is agreed there may, or may not, be a cost to the Council.

Dundee City Council recognises that the transition from work to retirement can be a daunting prospect to those employees reaching that stage. The Council has already implemented a Flexible Working Policy to recognise and support employees with caring responsibilities as well as assist in achieving work-life balance. This policy will further assist those employees who are approaching retirement and wish to gradually reduce working time or the level of duties and responsibilities at work, in order to improve work-life balance and to assist in the transition from work to retirement.

POLICY STATEMENT

Dundee City Council is committed to supporting its employees in balancing the demands made on them by work-life, home-life, and at the various stages in their working lives. Where an employee wishes to take advantage of the benefits of flexible retirement, then the Council will seek to support the request providing that there is no resulting detriment to the quality of services delivered to the people of Dundee, and no excessive cost to the Council.

Whilst the regulations do not stipulate a minimum reduction in working time, and each request will be considered according to the particular circumstances of the case, approval to release the employee's pension benefits will only be granted where the revised income of the applicant (ie reduced salary added to pension payment) does not exceed current salary.

REDUCED WORKING TIME

An employee, aged 50 or over*, may request to reduce working hours, in any way that suits his/her circumstances i.e. may reduce daily hours, weekly hours, or may request to work job-share, and further request the release of accrued pension benefit. Where these requests are approved, pay will reduce pro rata for hours worked, and the employee will receive pension benefit accrued for previous service.

The Council already has a Flexible Working Policy, and managers will be required to give similar consideration to a request for Flexible Retirement, however, in the case of Flexible Retirement, there will be a further decision to make regarding the release of pension benefits where the employee is under age 60.

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In making this assessment, the nominated senior officer will consider the potential to make efficiency savings by reorganising work more effectively, etc, as well as any cost to the Council resulting from a strain on the pension fund. Where there is a good business case for the proposed change and any additional cost to the Council is not excessive, the Request for Flexible Retirement may be approved.

Reduced Working Time - Procedure

- 1 The employee must apply in writing to the Head of Department, requesting Flexible Retirement from his/her post and stating the working hours and pattern which he/she wishes to work.
- 2 The Head of Department will acknowledge receipt of the request, and delegate a senior officer to make arrangements to meet with the employee, within 20 working days of receiving the request;
- 3 The nominated senior officer will seek information on any strain on the pension fund, chargeable to the employer, from the Pensions Section at the earliest opportunity in order that timescales may be met;
- 4 Prior to agreeing to a request for flexible retirement, the line manager will require approval from the Chief Executive, Head of Finance and Head of Personnel;
- 5 Where the proposed pattern of work can be accommodated with no detriment to the efficient and effective operation of the service, the Request for Flexible Retirement may be approved. The employee will normally be informed of the decision, in writing, within 20 working days of the meeting;
- 6 If the request is approved, the relevant approval papers will be forwarded to the Pensions Section, in order that the pension benefit may be released;
- 7 A letter detailing the new working arrangement will be drawn up and agreed with the employee. This will constitute a formal amendment to the employee's terms and conditions of employment.
- 8 The Pensions Manager will advise the employee of the pension arrangements.

REDUCED GRADE

An employee aged 50 or over*, may request to be redeployed to a lower graded post, and further request the release of accrued pension benefit. Where these requests are approved and implemented, pay will reduce to the rate of pay for the new post and the employee will receive pension benefit accrued for previous service.

The Council is committed to Equal Opportunities in Employment, and care requires to be taken in the implementation of this option in order to ensure that the requirements of the Recruitment and Selection policy are met.

Therefore, when an employee wishes to apply for Flexible Retirement under this option, the Line Manager considering the request will, in effect, approve the application in principle only. The employee will be required to apply for vacant posts and attend competitive interviews etc in the usual manner.

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The line manager will make a decision on the Flexible Retirement Request based on potential benefits to the efficiency of the service balanced against any additional costs chargeable to the Council as a result of any strain on the pension fund.

Reduced Grade - Procedure

- 1 The employee must apply in writing to the Head of Department, requesting Flexible Retirement from his/her current post, in principle, should he/she be successful in applying for a lower graded post;
- 2 The Head of Department will acknowledge receipt of the request, and delegate a senior officer to make arrangements to meet with the employee, within 20 working days of receiving the request;
- 3 The nominated senior officer will seek information on any strain on the pension fund from the Pensions Section at the earliest opportunity in order that timescales may be met;
- 4 Prior to agreeing to a request for flexible retirement on this basis, the nominated senior officer will require approval from the Chief Executive, Head of Finance and Head of Personnel;
- 5 Where there is no excessive additional cost to the Council, the Request for Flexible Retirement may be approved in principle, however, it is the employee's responsibility to apply for suitable vacancies as they occur;
- 6 The employee will normally be informed of the decision, in writing, within 20 working days of the meeting;
- 7 If the request is approved and the employee subsequently succeeds in finding a lower graded post, the relevant approval papers will be forwarded to the Pensions Section, in order that the pension benefit may be released;

The Personnel Department can provide advice and guidance on the procedure if required.