



**NOTTINGHAMSHIRE
POLICE**

PD 552 **Nottinghamshire Police Staff Flexible Retirement Procedure**

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This procedure will cease to apply from 1st of April 2013 when it is replaced by PD 616 Retirement Options Procedure

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SECTION 1 VERSION CONTROL

Version No.	Date	Post Holder/Author	Post	Reason for Issue
1.0	25 June 2008	Azhar Saddique	Principal Personnel Officer	New Document

SECTION 2 BACKGROUND

Nottinghamshire Police is committed to offering older employees flexible options for the transition from working life to retirement.

There were two major changes introduced in 2006, which affect employees' retirement options.

- As a result of changes to the Local Government Pension Scheme Regulations, employees aged 50 or over, and who are members of the Local Government Pension scheme can apply for flexible retirement. Flexible retirement is where an individual, with their employer's consent, reduces either their contracted hours of work and/or the grade of their current post and receives the pension benefits they have built up.
- As a result of the Employment Equality Age Regulations, employees have the right to request to extend their employment beyond age 65. All employers have a duty to consider such requests.

SECTION 3 AIMS / OBJECTIVES

It is recognised that there are significant benefits in enabling employees to take advantage of the flexible retirement provisions. These benefits include:

- Easing a person into retirement
- Enabling Nottinghamshire Police to retain the skills and expertise of an individual which may otherwise be lost
- Providing greater flexibility and choice for employees
- Taking account of demographic changes in the population as a whole and in the working population in particular
- Providing equality of opportunity and fairness for employees
- Enabling employees to achieve an effective work/life balance
- Assisting with succession planning to support continuous operational performance.

SECTION 4 DETAILS

The Force will consider any request that is made by an employee for flexible retirement through the application of this procedure and will consider the wishes of any individual employee in line with the needs and requirements of the effective and proper provision of its services. It is emphasised that in the vast majority of cases, flexible retirement will result in a significant reduction to pension entitlements due to early payment and actuarial reductions (see 4.3 below and Appendix One).

If a request for flexible retirement is agreed it will constitute a variation to the contract of employment when implemented and an employee will not be able to revert to the former hours or grade of work.

FLEXIBLE RETIREMENT – KEY PRINCIPLES

- A flexible retirement can be requested by an employee at age 50 or over but can only be progressed with the consent of the employer.
- Flexible retirement is normally achieved through a voluntary reduction in hours or grade.
- The value of pension benefits will in the vast majority of cases be actually reduced for employees taking flexible retirement, and it is important that they take specific advice from the pensions provider. Pension reductions will be in accordance with the table at Appendix One.
- Employees taking up flexible retirement options, resulting in them working reduced hours will be paid on a pro-rata basis, according to the number of hours worked. Those moving to a lower graded post will receive payment at the lower grade.
- Flexible retirement means that employees can continue to receive pay (but at a reduced rate due to the reduction in hours or grade) and receive pension benefits, whilst still holding the job through which the benefits were built up.
- From the point at which flexible retirement benefits are taken, pension contributions into the Local Government Pension scheme may continue, but this will be treated as a new membership of the scheme. As a result, when the employee finally retires they will be entitled to a second pension based on this second period of service. Contributions into a second pension can continue up to the age of 75.
- In cases of disciplinary, attendance management or unsatisfactory performance procedures being underway, the Force may decline to consider requests for flexible retirement until such cases have been completed.
- Requests to reduce contracted hours/grade may be made where pension is not claimed or where the employee is not a member of the Local Government Pension Scheme. Any such requests will be considered on their merit, and will be dealt with as variations of contract by mutual agreement.

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In the vast majority of cases, applications will not be approved where the employer incurs costs.

- In exceptional cases where the Divisional Commander/Head of Department is able to fund the additional costs from their budget and recommends approval, the case will be considered by the Directors of HR and Finance and Corporate Services. A business case will be prepared which will cover:
 - Details of the proposed retirement and any related establishment matters
 - Rationale for incurring additional costs for actuarial reduction
 - Service/operational workload management implications
 - Full details of costs
 - Full details of applicant's circumstances

ELIGIBILITY

The Flexible Retirement option is open to all permanent employees who have at least 3 months' membership of the Local Government Pension Scheme and who have reached the qualifying age. At the current time, the qualifying age is 50 years. From April 2008 the qualifying age will rise to 55 years. New joiners to the scheme will immediately be affected by this rise from April 2008, however, until 2010, employees who were a member of the scheme prior to the April 2008 will retain 50 years as their qualifying age.

It is important to note, that should approval be given for Flexible Retirement and staff are under the age of 65 (60 for protected members) then there will, in the vast majority of cases, be a reduction, known as an 'actuarial reduction', in their pension to reflect the early payment. The amount of reduction depends on a number of factors, but examples of the expected reductions are outlined at Appendix One.

The Pension Benefits Department will issue a pension-forecast personal to the specific circumstances of the individual on request (**see below**).

LGPS Pensions Help line – Pension scheme members can obtain further information by contacting the Council's pensions help line on 0115 846 3333.

More information about local government pension scheme is available on the LGPS web site: www.lgps.org.uk

How to achieve a reduction in hours

The voluntary reduction may be achieved by reducing the number of hours worked. A reduction in hours may be achieved by either:

- A reduction of hours on a number of days or every working day
- OR
- By reducing the number of days worked in a week e.g. working 3 days instead of 5.

Employees taking up the Flexible Retirement option resulting in a reduction in hours will be paid on a pro-rata basis according to the number of hours worked.

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How to achieve a reduction in grade

The employee should identify a suitable lower graded vacant post, to which they would wish to be appointed to, either within their own Division/Department or elsewhere within Nottinghamshire Police. Alternative posts at a lesser grade may be identified by applicants through a variety of routes e.g. at risk process, competitive selection.

Those moving to a lower graded post will receive payment at the lower grade.

PROCEDURE

- Informal meeting takes place between line manager and employee (instigated by the employee) and it must be emphasised that any application resulting in extra employer costs is very unlikely to succeed.
- Employee obtains pension forecast through the above help line number.
- If employee wishes to proceed, line manager notifies Human Resources Manager
- Human Resources Manager requests pension quotes – need to specify the suggested operative date, which should be at least 3 months in advance.
- Employee completes application form and forwards to line manager.
- Line manager completes application with evidence to support or decline including consideration of the following:
 - Overall performance
 - Reasons for the request
 - Future commitment to working for Nottinghamshire Police
 - Any incapability / disciplinary / sickness issues
 - Outstanding work commitments
 - Pending court commitments
 - Resilience within the department
 - The broader view of force contingencies
 - The cost - flexible retirement - in the vast majority of cases applications resulting in additional employer/actuarial costs will be rejected
- Human Resources Manager receives pension quote, (this can take up to 4 weeks) sends copy to employee.
- If employee wishes to proceed meeting held with Human Resources Manager/Divisional Commander and line manager.
- Human Resources Manager/Divisional Commander reviews the case and provides a written response within 10 working days of the meeting outlining their decision if no costs are incurred OR a recommendation if costs are incurred.
- If the employee wishes to appeal against the decision/recommendation they must write to the Head of Human Resources within 10 working days of the notification of decision, identifying grounds of appeal. This should be sent via the Human

Resources Manager so that all the paperwork can be sent together.

- In cases where no costs are incurred, the Head of Human Resources to review the case and provide written notification of the final decision within 10 working days of receipt of all the paperwork.
- If the application results in additional costs, the Head of Human Resources will present a written report to the Directors of Human Resources and Finance and Corporate Services for a final decision. This will include the Head of Human Resources recommendation and any appeal made by the employee. The final decision will be notified to the employee within 20 working days of the receipt of the report.

PENSION IMPLICATIONS

Employees will be concerned about the effect of flexible retirement on their pension. There will in the majority of cases, be a significant cost to the employee in the form of a reduction in pension benefits on account of pension benefits being paid for longer (see Appendix One).

There may be circumstances where an employee takes flexible retirement and starts contributing to a new pension, but subsequently faces ill health retirement or termination on efficiency or redundancy grounds. In these cases it is important to seek advice from the pensions section. All employees who are considering the flexible retirement option should assess the possible impact of future events on pension benefits over the longer term.

It is vital therefore that before any decisions are made employees contact the Local Government Pension Scheme provider at County Hall on 0115 846 3333. More information about the Local Government Pension Scheme is available on the LGPS website: www.lgps.org.uk

SECTION 5 LEGISLATIVE COMPLIANCE

This document has been drafted to comply with the general and specific duties in the Race Relations (Amendment) Act 2000, Data Protection, Freedom of Information Act, European Convention of Human Rights and other legislation relevant to the area of policing such as, Employment Act 2002, Disability Discrimination Act 1995, Sex Discrimination Act 1975 and Employment Relations Act 1999.

APPENDICES

Benefits Reduction Table – Employees in England and Wales

No of Years Paid Early	Pensions Reduction Men	Pensions Reduction Women	Lump Sum Reduction
0	0%	0%	0%
1	6%	5%	2%
2	11%	10%	5%
3	16%	15%	7%
4	20%	19%	9%
5	24%	23%	12%
6	28%	27%	14%
7	32%	30%	16%
8	35%	33%	18%
9	38%	36%	20%
10	41%	39%	22%
11	44%	42%	24%
12	47%	45%	26%
13	50%	47%	27%
14	52%	49%	29%
15	54%	51%	31%

If benefits are paid before age 55, with the employers consent, the percentages shown above will differ.

The reduction is based on the length of time (in years and days) from early retirement to the date the benefits are paid to age 65.

Where staff were in the LGPS on 30 September 2006 and are protected members some or all of the benefits paid early may not be reduced. In these cases the 85-year rule will apply. Members are asked to seek advice from the Council's Pensions help line in cases of doubt.