

**EAST HAMPSHIRE DISTRICT COUNCIL
FLEXIBLE RETIREMENT PROCEDURE**

1.0 Purpose and Scope

- 1.1 The purpose of this procedure is to outline how the Council will exercise its discretionary powers in relation to requests for flexible retirement. The policy applies to employees aged 55 or over and who are active members of the Local Government Pension Scheme (LGPS) and have 3 or more months pensionable service.

2.0 Considerations

- 2.1 The Council, will consider the following factors in deciding whether to exercise its discretionary powers with regard to flexible retirement:
- the reasonableness of the proposals
 - the effect upon the service provision to customers
 - that the policy is workable, affordable and reasonable in terms of foreseeable costs

3.0 Policy

- 3.1 This is as follows:
- the Council will consider all written requests for flexible retirement and will only approve a request when it is in the Council's interests to do so. All cost falling on the Council as an employer must be affordable and within existing cash limits. Where this is not achieved, the proposal should be accompanied by a supplementary plan detailing how any costs will be recovered.
 - A request should typically involve a permanent reduction in salary of *at least* 40%, either through reduced hours of work or level of job responsibility (grade).
 - If agreed, the employee's contract of employment will be amended on a permanent basis by mutual agreement to reflect the new hours or grade, and continuity of service will be preserved for terms and conditions purposes.

In exceptional circumstances the Council may consider waiving the member's early payment reduction and this must be agreed by an Executive Director or the Chief Executive.

4.0 Eligibility Criteria

- 4.1 The employee must be a current member of the pension scheme and aged 55 or more.
- 4.2 Employee should note that typically pension benefits will be reduced in accordance with actuarial tables (available from the pension service) unless the council waives the reduction, either fully or in part, or a member has protected rights.
- If a person is granted flexible retirement between the ages of 55 and Normal Pension Age and the 'rule of 85' (service and age in complete years totalling 85) is not satisfied, their pension benefits will be reduced.
 - If a person is granted flexible retirement between 55 and 60 and satisfies 'the rule of 85', there will usually be a cost to the employer to cover the strain on the Pension Fund. If the employer consents to flexible retirement in this case, benefits earned before 1 April 2008 (or 1 April 2016 for those born before 1 April 1956) will not be reduced, as long as the person joined the Scheme before 1 October 2006.
 - If the person is over 60 and satisfies the rule of 85, there will be no strain on the Pension Fund so there is no cost to the employer. Benefits earned before 1 April 2008 (or 1 April 2016 for those born before 1 April 1956) will not be reduced, as long as the person joined the Scheme before 1 October 2006.
- 4.3 A person can remain in the LGPS following flexible retirement and accrue further benefits in the continuing employment.

5.0 Consent Process

5.1 For All Employees Below Service Manager Level

Consideration will be given to the impact on the delivery of the service. The Executive Head must consult with HR, who will ensure that a consistent approach is taken and that decisions are in line with the policy. If there is no financial impact, the case may be approved by the Executive Head of Service and HR.

If there is a Pension Fund charge the business case must also be approved by an Executive Director or above and the Section 151 Officer in consultation with HR.

5.2 For Employees at Service Manager Level and Above

Consideration will be given to the impact on the delivery of the service.

The Chief Executive must consult with HR, who will ensure that a consistent approach is taken and that decisions are in line with the policy. If there is no financial impact, the case may be approved by the Chief Executive and HR.

If there is a Pension Fund charge the business case must be approved by the Chief Executive and the Section 151 Officer in consultation with HR.

6.0 Appeals Procedure

6.1 An employee who wishes to appeal against a business decision not to allow them flexible retirement should lodge an appeal to the next level of management via HR.

7.0 Revision

7.1 This procedure will be reviewed in accordance with changes in LGPS regulations and other relevant legislation, and in consultation with the recognised trade union.