

The Highland Council

Resources Committee

27 May 2015

Agenda Item	24
Report No	RES/51/15

Flexible Retirement Policy

Report by Depute Chief Executive/Director of Corporate Development

Summary

This report proposes an amendment to the Flexible Retirement Policy to include a requirement for employees to commit to a retirement date when applying for flexible retirement.

1. Background

- 1.1 The Council's Flexible Retirement policy, which has been in place since April 2010, enables employees over age 55 with 2 years pensionable service in the Local Government Pension Scheme to apply to work reduced hours or in a post at a lower grade. Where approved, employees will receive immediate access to their pension benefits up to the date of commencing flexible retirement, while continuing to work for the Council.
- 1.2 Currently employees who reduce their hours of work under the flexible retirement policy do so in a similar way to an application under the Council's flexible working policy. The only difference is that, under flexible retirement, employees aged 55 or over can receive access to their accrued pension benefits under the pension regulations.
- 1.3 The Staff Partnership Forum (SPF) on 15 May 2015 considered and supported an amendment to the current policy which would require employees applying for flexible retirement to commit to a retirement date when submitting their application to assist Services with their workforce planning.

2. Uptake in Flexible Retirement

- 2.1 Since the policy was introduced in April 2010, 131 employees have applied with for flexible retirement with 92 applications progressing. The overwhelming majority of those applications (90 out of 92) are for a reduction in hours.
- 2.2 The breakdown of the number of flexible retirement leavers and period worked under flexible retirement arrangements prior to retiring is outlined in Table 1 below.

Table 1

Number of leavers under FR	Period worked under FR prior to retiring
11	Under 1 year
9	1 year to under 2 years
3	2 years to under 3 years
2	3 years to under 4 years
0	4 years to under 5 years

- 2.3 There are 67 employees currently working flexible retirement, with the majority have worked less than 3 years under FR, see Table 2 below the for breakdown of the time employees have worked on flexible retirement.

Table 2

Number of employees currently on FR	Period employees have worked under FR
23	Under 1 year
19	1 year to under 2 years
18	2 years to under 3 years
4	3 years to under 4 years
3	4 years to under 5 years

3. Proposals

- 3.1 It is proposed that when an employee submits a request for FR they must specify and commit to a leaving date to assist Services with workforce planning. The SPF on 15 May 2015 agreed to recommend that employees can give **up to 3 years** notice when applying for flexible retirement. It was also agreed that this should be reviewed over the next 2 years and this review period should be included in the policy.
- 3.2 Pension service and benefits can continue to accrue on new hours worked or where there is a drop in grade. The earliest an employee could access their benefits would be age 60.
- 3.3 Guidance for managers and employees, application form and FAQs will also be revised to reflect the above amendment to the policy.

4. Implications

4.1 Legal Risk

From a legal perspective the longer the period of notice which is given beyond the employee's contractual notice period, the greater risk to the Council that there may be a legal challenge from the employee e.g. where an employee has a change of mind and the Council wishes to apply the resignation date.

4.2 Financial

If there are any financial costs relating to flexible retirement applications, applications will be submitted to the Early Retirement Sub-Committee for consideration.

4.3 There are no equalities climate change/carbon clever; Gaelic and rural implications.

5. Recommendations

5.1 That the Flexible Retirement policy should be revised to include the provision that when flexible retirement is requested, the employee must specify a leaving date, which will then be the period of notice to be worked.

5.2 It is recommended that employees can give up to 3 years notice as this provides flexibility for employees approaching retirement, assists with Service's workforce planning, and reduces the legal risks to the Council. It is also recommended that this is reviewed over the next 2 years to check for any impact on Services' workforce planning and this review period is included in the policy.

Designation: Depute Chief Executive/Director of Corporate Development

Date: 15 May 2015

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Background Papers: