

## RETIREMENT SCHEME

### INTRODUCTION

One of the key aims of Perth & Kinross Council is to attract and retain employees who are committed to delivering excellent public service and making Perth & Kinross Council a dynamic and innovative Council. To achieve this aim, workforce planning is used to create a flexible and adaptable workforce.

A Retirement Scheme is an integral part of our approach to retaining employees with the skills, abilities and experiences needed to deliver the Council's vision as well as supporting business change and organisational transformation. Importantly, the Retirement Scheme also supports equality of opportunity and valuing diversity within our workforce as well as providing flexible options for employees who may wish to improve their work-life balance as they approach retirement age or who may no longer be able to cope with the demands of their job. In turn, our flexible approach to retirement in support of business needs will promote a positive image of the Council as an employer of choice and improve recruitment and retention.

### SCOPE

The Scheme applies to employees of the Council who are members of the Local Government Pension Scheme (LGPS). There are similar but separate provisions on retirement options applicable to Teaching staff based on the Scottish Teachers' Superannuation Scheme which is administered by the Scottish Public Pensions Agency. The governance arrangements are the same for retirement across all groups of employees.

### FORMS OF RETIREMENT

- 1 [Flexible Retirement](#)
- 2 [Voluntary Early Retirement](#)
- 3 [Early Retirement in the Interests of Efficiency of the Service, or Redundancy \(applicable only in circumstances initiated by the employer\)](#)

#### ***Flexible Retirement (back)***

An employee who is a member of the LGPS may request to receive their retirement benefits and to continue working under provisions known as Flexible Retirement if the following conditions are met:

- The employee must be aged 55 or over;
- The employee must take a reduction in hours or grade; and
- The Council agrees to both the revised working arrangement and the release of pension benefits (for employees aged 60 and over, the Council only needs to agree to the revised working arrangements).

The option of Flexible Retirement may be attractive to employees who are approaching retirement and wish to either reduce their hours of work or step down to a less demanding role. This option may be a useful transition from work to retirement and enables employees to continue to make a valuable contribution to the Council and the services it delivers.

For the Council, it provides a way of retaining skills, abilities and experiences it may otherwise lose - it creates options to utilise such expertise in nurturing and developing other employees who are at earlier stages in their careers; or to take forward special projects.

A request for Flexible Retirement must be for a permanent change to the employee's contract of employment. However, the change is for a fixed period of time, at the end of which the employee will retire from the post in which they are flexibly retiring and leave the Council. Therefore, the employee must confirm a leaving date (in writing) which has to be within 2 years of the commencement of the Flexible Retirement. In exceptional circumstances, there is an option for the Council and employee to mutually agree an extension period of up to 2 further years. No further extension will be granted.

Where an employee who is a member of the LGPS retires and is re-employed by an LGPS employer, the retirement pension is reduced by the extent to which the total of the retirement pension plus the salary in the new post exceeds the salary in the former post. This process is known as abatement. In a Flexible Retirement situation, these abatement rules do not apply and therefore there is no requirement to reduce the pension as a result of the employee continuing in employment.

The employee may choose to take all or part of their occupational pension without having to retire completely, and would have to submit a written request for this to Dundee City Council. The employee may continue in the LGPS and build up another set of rights in respect of their ongoing employment, or continue making contributions if they take part of their pension.

Benefits being claimed prior to an employee's Normal Pension Age, including those claimed under the Flexible Retirement provisions, may be subject to an actuarial reduction in the pension payable to the employee and a strain on the fund payment may be payable by the Council.

### **Reduction In Hours of Work**

The employee may request to reduce working hours in their current job - this may be to weekly part-time hours, term time working or annualised hours; it may be a request to job share. If agreed, pay will reduce pro rata for hours worked and the employee will receive pension benefits accrued for previous service.

### **Stepping Down/Reduced Grade**

The employee may request to move to a lower graded post. In the event that a suitable post can be identified and agreed, pay will reduce to the rate of pay for the new post and the employee will receive pension benefits accrued for previous service. Options include redesigning/downgrading the employee's current post or providing support to the employee to secure an alternative post within the Council via the normal

recruitment and selection process.

In all types of Flexible Retirement, the reduction should be sufficient to be regarded as creating a genuine retirement situation. For this reason, there is a requirement for a reduction of at least 20% of original salary which may be achieved by reduced hours or grade, or a combination of both.

Employees wishing to apply for Flexible Retirement should submit a request to Human Resources at least 6 months prior to their preferred date of this arrangement coming into place. On receipt of this request, HR will arrange for an estimate of benefits to be sent to the employee and details of any costs for the Council to be sent to the manager. Where the request for Flexible Retirement involves a reduction in grade, it can only be approved in principle by the manager when a suitable post has been identified.

Employees are encouraged to obtain independent financial advice to inform their own decision-making.

If the request is not accepted, the employee will be given written reasons for the decision and the manager and employee should explore alternative options, if available.

When an employee, having received and considered their pension estimate, wishes to proceed with their request, they should write to their manager, stating their requested start date and retirement date for leaving the Council, which must be within 2 years of commencement of Flexible Retirement.

Careful consideration will be given to all requests for Flexible Retirement. Operational business needs and individual circumstances must be taken into account. It is appropriate to consider:

- Costs to be borne by the Council
- Effect on the efficient and effective operation of the service
- Ability to re-organise work among existing employees
- Impact on performance or quality of work
- Availability of work during the period the employee proposes to work
- Planned structural changes
- Recruitment difficulties in that job family
- Recruitment and Selection Procedure (reduced grade applications). Details to be worked out internally.

The manager would then make a recommendation in a report (with support from the relevant HR Officer and Service Accountant), outlining full details of the proposal. The Executive Director has authority to approve requests for Flexible Retirement in situations where there are no pension costs.

Any request for Flexible Retirement which involves strain on the pension fund costs requires scrutiny and consideration by the Executive Officer Team.

There is an appeals process in the form of an independent review of the outcome of a manager's decision on whether to recommend approval of an employee's application

for Flexible Retirement.

The employee must lodge their appeal within 10 working days of receipt of the letter informing them of the decision. The independent review meeting should be convened within 10 working days of receipt of the appeal and should be chaired by a senior manager not previously involved in the decision relating to the original request. Human Resources will advise the manager chairing the appeal. Any decision at this stage is final.

If a request for Flexible Retirement is declined by the Executive Director or Executive Officer Team, the employee will be given written reasons for the decision and there is no right of appeal.

Requests from chief officers will initially be considered by the Executive Director (if appropriate) and/or the Chief Executive, and if recommended for approval, will be submitted to the Executive Subcommittee of Strategic Policy & Resources Committee.

Under the [Flexible Working Policy](#) employees can request a reduction in their hours of work or a change in their work pattern. This policy applies to all employees who otherwise meet the criteria of the Flexible Working Policy, regardless of membership of an occupational pension scheme. If an employee wishes to make a flexible working hours request to reduce their hours or change their work pattern in their current job, this will be considered under the terms of the Flexible Working Policy and their hours of work would be adjusted as agreed - the employee would receive the pro rated pay and pension contributions would be made on the basis of their new salary. There would be no payment of pension benefits at this time. This may be an alternative option for discussion between the manager and employee in situations where Flexible Retirement is not an acceptable option.

### **[Voluntary Early Retirement \(back\)](#)**

In a Voluntary Early Retirement situation, employees who are over 55 years of age and are members of the LGPS can retire early with an actuarial reduction in their pension which takes account of the fact that they will be receiving their pension before their Normal Pension Age and not making the contributions they would otherwise have been making. In Voluntary Early Retirement, the pension calculation is based on the employee's period of membership - there is no award of added years.

No approval is required for an employee aged 55 or over to leave the Council under voluntary early retirement.

The employee's pension will be actuarially reduced, subject to the detailed rules of the LGPS, and there would be no cost to the Council. Employees must inform their manager of their intention to retire in writing, giving notice as per their Statement of Employment Particulars. There are no decisions which require to be made by the Council in this situation.

The option to take Voluntary Early Retirement may suit an employee who wishes to leave the Council's employment before their Normal Pension Age - perhaps to take up employment with another non-local government employer, to start a new career or to stop working to take on caring responsibilities or to improve their work-life

balance. The Council recognises that sometimes the pace of change may become too much for certain individuals, and it may be in everyone's interests if there was provision for them to leave on more favourable terms than a simple resignation, although such a decision is an individual's personal choice.

Employees are encouraged to obtain independent financial advice to inform their own decision-making.

### ***[Early Retirement on Grounds of Efficiency of the Service/ Redundancy \(back\)](#)***

The Council has an ambitious agenda to transform the organisation to deliver excellent services to the communities of Perth and Kinross. From experience, we know this journey to excellence may mean:

- Changes in our organisation and structure to ensure the right focus on Council priorities;
- Changes in business processes to improve efficiency, performance and customer focus; and
- Changes in ways of work which impact on the design of jobs, the skills and abilities required to ensure we have a flexible and adaptable workforce.

There may be times when restructure or redesign requires us to consider allowing some employees to take Early Retirement on Grounds of Efficiency of the Service or Redundancy as we reshape our workforce to meet the challenges ahead. Early Retirement on Grounds of Efficiency of the Service or Redundancy would be available only in circumstances initiated by the employer and would be considered **only** after other alternatives have been explored.

There may be opportunities for employees aged 55 or over who are members of the LGPS to leave early and receive their pension benefits with no actuarial reduction and, where appropriate, a redundancy payment. The availability of this option may be part of the Council's approach to avoiding compulsory redundancies. The award of added years will only be available where there is a retirement date on or before 31 March 2020. Following that date, the discretion to award compensatory added years will be removed from the Council's Retirement Scheme.

Members of the LGPS who have their employment terminated on Grounds of Efficiency of the Service or Redundancy have a protected pension age of 50 as long as they were in the LGPS Scotland on 5 April 2006.

Employees affected by a Management Review/Managing Change project will be advised if the change process is likely to provide opportunities for Early Retirement on Grounds of Efficiency of the Service, or Redundancy. In exceptional circumstances, employees in other areas may be allowed to retire early if this would provide redeployment options for those directly affected by the change.

Employees may be eligible to take Early Retirement on Grounds of Efficiency of the Service, or Redundancy and, in circumstances determined by the Council, employees should normally explore this option with their manager 6 months in advance of a possible leaving date. Careful consideration will be given to requests from employees to take Early Retirement on Grounds of Efficiency of the Service, or Redundancy.

Operational business needs and individual circumstances must be taken into account. It is appropriate to consider:

- Costs to be borne by the Council
- Effect on the efficient and effective operation of the service
- Suitable alternative employment within the Service or elsewhere in the Council
- Training and development needs
- Actual savings arising directly from the Management Review/Restructure
- Ability to reorganise work, including the impact on demands of jobs and grades
- Recruitment difficulties in that job family or other areas of the Council
- Workforce or succession planning arrangements

Advice and support is available from Human Resources. If a manager supports the request, they should contact Human Resources who will arrange for an estimate of benefits to be sent to the employee and details of any costs for the Council to be sent to the manager.

Employees are encouraged to obtain independent financial advice to inform their own decision-making.

When an employee, having received and considered the pension estimate, wishes to proceed with retiring early on grounds of efficiency or redundancy, they should write to their manager. The manager would then make a recommendation in a report (with support from the relevant HR Officer and Service Accountant), outlining full details of the proposal. This proposal requires scrutiny and consideration by the Executive Officer Team.

If the request is not accepted, the employee will be given written reasons for the decision and, the manager and employee should explore alternative options, if available.

Requests from Chief Officers will initially be considered by the Executive Director (if appropriate) and/or the Chief Executive and, if recommended for approval, will be submitted to the Executive Sub-Committee of Strategic Policy & Resources.

There is an appeals process in the form of an independent review of the outcome of a manager's decision on whether to recommend approval of a request for Early Retirement on the Grounds of Efficiency of the Service, or Redundancy. The employee must lodge their appeal within 10 working days of receipt of the letter informing them of the decision. The independent review meeting should be convened within 10 working days of receipt of the appeal and should be chaired by a senior manager not previously involved in the decision relating to the original request. Human Resources will advise the manager chairing the appeal. Any

decision at this stage is final.

If a request for Early Retirement on the Grounds of Efficiency of the Service, or Redundancy, is declined by the Executive Officer Team, the employee will be given written reasons for the decision and there is no right of appeal.

### ***SUPPORTING EMPLOYEES APPROACHING RETIREMENT***

Employees who are aged 55 or over and are members of the Local Government Pension Scheme may obtain pensions information for voluntary retirement from [pensions@dundeecity.gov.uk](mailto:pensions@dundeecity.gov.uk). However, any estimate for efficiency or redundancy retirement or for flexible retirement should be requested through your employer.

Pre-retirement courses are available to help employees prepare for retirement - please contact Organisational Development on [innovate@pkc.gov.uk](mailto:innovate@pkc.gov.uk) for further details.

### ***MONITORING AND REVIEW***

The Retirement Scheme will be subject to regular review to ensure it remains fit for purpose. Regular monitoring will be carried out by Human Resources to ensure fairness and consistency of application and for equalities impact. In accordance with the Audit Scotland, Buy Now Pay Later requirements, Elected Members will receive information on an annual basis, detailing the number of early retirement decisions made in the year, along with the associated costs and savings.