



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

Flexible Retirement Policy

Os hoffech dderbyn gohebiaeth mewn perthynas â'ch cyflogaeth yn Gymraeg, [cysylltwch â'ch Swyddog AD dynodedig.](#)

Flexible Retirement Policy

1. Purpose

The Flexible Retirement Policy is designed to provide eligible employees with the option to transition into retirement while continuing to work in a reduced capacity. It allows employees to balance their work and personal needs as they approach retirement, ensuring continuity of services while providing flexibility across the workforce.

2. Scope

This policy applies to all employees of the Council (**excluding** schools based employees) who are members of the Local Government Pension Scheme (LGPS) and wish to reduce their working hours or take a reduction in salary as part of retirement planning.

3. Eligibility Criteria

To qualify for flexible retirement under this policy, employees must:

- be aged 55 or over (this is the minimum pension age stipulated by the LGPS)
- have 2 years or more membership in the scheme or transferred in pension benefits from another scheme.
- be cost-neutral to the Council

Propose to either

- Reduce their working hours by a minimum of 40%, or
- In exceptional circumstances (*) reduce their working hours by a minimum of 20%, or
- Accept a permanent reduction in salary of at least 15%, and
- Intend to access accrued LGPS pension benefits (in part or in full),
- Have approval from their Head of Service to reduce their working hours or grade and retire under flexible retirement rules.

(*) Exceptional circumstances will be considered on a case by case basis and will include:-

- The post holder is in a 'business critical' role
- The post holder is in a 'hard to fill' role
- The knowledge and skills of the post holder are scarce
- There is a recruitment / retention difficulty with the role

(the above list is not exhaustive).

There must be robust intelligence provided with the Business Case to support the above in order to approve the 20% reduction.

4. Key Principles

- 4.1 With effect from 1st April 2014, each employee's Normal Pension Age will be the same as their state pension age.
- 4.2 Any pension payable will be subject to actuarial reductions depending on the employee's age and length of service at the time of retirement. The current reductions are updated on the City and County of Swansea's Pension Fund pages [here](#). (Also see section on 85 Year Rule below)
- 4.3 Employees have the option to exchange part of their pension for a tax-free lump sum (this process is known as Commutation).
- 4.4 If an employee takes flexible retirement and chooses to remain in the pension scheme, they will accrue a second pension based on the reduced hours/pay grade. However, they must take this LGPS pension by the age of 75, even if they are still working, as that is the upper limit, in line with the pension regulations. (note: employees are permitted to work for the Council beyond the age of 75).
- 4.5 The employee will be covered for a range of pension benefits as a result of taking up this subsequent pension, including ill health retirement and death in service benefits, as well as the option to buy Additional Pension Contributions or pay Additional Voluntary Contributions.
- 4.6 The practice of "abatement" (which would restrict an employee from receiving a combined sum of pension and new pay package which was greater than the original pay package) is not applicable to pension benefits payable as a result of flexible retirement.
- 4.7 **The 85 Year Rule** – An employee's NPA under the Scheme is linked to their State Pension Age, with a minimum age of 65. However, the earliest age an employee can retire is age 55.

****The Government has announced that the normal minimum pension age will increase to age 57 from 6 April 2028.***

As above, if an employee has their benefits paid before your NPA, there will be a reduction to take account of the early payment.

However, if an employee joined the Scheme on or before 30 September 2006 and was granted Flexible Retirement between the ages of 55 and 60, they will be entitled to the protection of the 85 Year Rule. This means that the benefits that

they have built up before 01 April 2008 will **not** be reduced for early payment. Click [here](#) for further details

If an employee joined the Scheme on or after 1 October 2006, the 85 Year Rule will **not** apply, and benefits will be reduced for early payment. However, the closer an employee is to their NPA when they retire, the lower the reduction will be to their benefits.

5. Application Process

Employee Request: The employee must submit a written request to their line manager, specifying their desired reduction in hours or salary.

If the reduction is in hours, then the employee should refer to the Council's Flexible Working Scheme [here](#) and have approval from their line manager to reduce their hours as per the Scheme.

If the reduction is in salary, then it is the employee's responsibility to apply for relevant vacancies advertised via Employee Self Service on iTrent or ring-fenced advertisements within their team. Once successful in obtaining a reduced salary post, then the flexible retirement application can commence.

It will be the responsibility of the employee to ensure that they obtain all necessary information about pension benefits payable, additional voluntary contributions etc. and other financial matters to inform his/her decision to seek approval for flexible retirement. Employees may wish to obtain independent financial advice before making this decision.

5.1 **Reduced hours** – once agreement has been reached around the reduction in hours (as detailed in 5. above), flexible retirement applications will be processed in two stages as follows:

- (a) Part One of the Flexible Working Application Form set out in **Appendix 1** of this Scheme to their Head of Service who will make a request to their designated HR Officer for an estimate of pension benefits.
- (b) If the employee wishes to proceed with their application, having received the estimate of pension benefits, they should complete Part Two of the Flexible Working Application Form, to formally apply for flexible retirement and the release of pension benefits.

5.2 **Reduced pay** – once agreement has been reached around the reduction in pay (as detailed in 5. above) flexible retirement applications will be processed in two stages as follows:

- (a) When successful in being appointed/redeployed to the relevant post, the employee should submit Part One of the Flexible Application Form set out

in **Appendix 1** to his/her Head of Service who will make a request to their designated HR Officer for an estimate of pension benefits.

- (b) If the employee wishes to proceed with his/her application, having received the estimate of pension benefits, he/she should complete Part Two, to formally apply for flexible retirement and the release of pension benefits.

5.3 Where a Flexible Working application is made by a Head of Service, then the relevant Corporate Director can support the application but the decision is made at Full Council. (See Section E of Business Case in Appendix 2)

5.4 Where a Corporate Director makes a Flexible Working application, then the Chief Executive can support the application but the decision is made at Full Council. (See Section E of Business Case in Appendix 2)

6. Business Case

Following completion of section 5 above, the Head of Service should complete the Business Case shown in **Appendix 2**.

Where the application is made by a Head of Service, then the Business Case should be completed by the Corporate Director

Where the application is made by a Corporate Director, then the Business Case should be completed by the Chief Executive.

The Head of People and Organisational Development and the Director of Finance have a monitoring role in all flexible retirement Business Cases.

7. Duration and Review of Arrangements

Flexible Retirements can vary in duration, up to three years. This will give enough time for the employee to ease into retirement and for any succession planning arrangements to be put in place. The duration will be agreed at the outset of the Flexible Retirement approval process and this will then be reflected in the contractual documentation issued to the employee.

In addition to this, flexible retirement agreements are subject to periodic review. The employee and their line manager will meet regularly to assess the effectiveness of the arrangement based on the needs of the employee and the service.

8. Contractual Documentation

The HR Team will issue revised contractual documentation to the employee once the Flexible Retirement Business Case has been agreed and before the start date of the new contract.

9. Termination of Flexible Retirement

Either party may request to terminate the flexible retirement arrangement, in line with the contractual notice period. Upon termination, the employee will fully retire from the Council.

10. Appeals

Employees who feel that their application for flexible retirement has been unreasonably refused may appeal the decision. This will be in accordance with the final stage of the Council's Grievance Procedure.

11. Monitoring and Review

This policy will be reviewed periodically to ensure compliance with legal requirements and operational effectiveness.

Flexible Retirement Request Form

PERSONAL DETAILS

Name	
Pay Number	
Date of Birth	
Job Title	
Directorate	
Date Flexible Retirement to Commence	

PART ONE – AWAITING ESTIMATE OF BENEFITS

For Reduction in Hours Applications only

My application, in accordance with the Council's Reduced Hours Working Scheme, has been approved by my Head of Service and the signed approval form is attached:

Yes ☐ No ☐

This means my weekly hours would reduce from:
(Current hours per week)

To:
(proposed number of hours per week)

For Reduction in Grade Applications Only

My Current Grade	
I Have Been Offered the Post of	
Proposed New Position Grade	
If Approved, Flexible Retirement will Commence on:	
An estimate in relation to this application has been requested from the City and County of Swansea Pension Fund.	

Signed		Date	
PART 2 – TO BE COMPLETED ONCE ESTIMATE OF BENEFITS HAS BEEN RECEIVED			
I have received an estimate of benefits in relation to this application from the City and County of Swansea Pension Fund.	Y/N?		
I have read and understood the Council's Flexible Retirement Policy.	Y/N?		
I would like to apply for flexible retirement on the basis outlined above.	Y/N?		
Signed		Date	

Please note that an application does not guarantee that your request will be granted.

Flexible Retirement Business Case

IMPORTANT INFORMATION

All decisions concerning flexible retirement are subject to a business case being approved by the Head of Service. The Head of People and Organisational Development and the Director of Finance will have a monitoring and review role in all applications.

All requests for Pensions estimates must be sent to the City & County of Swansea Pension Section by HR/Payroll, not by the individual or their line manager.

SECTION A – EMPLOYEE DETAILS

Full Name	
Job Title and Workplace	
Directorate	
National Insurance Number	
Post Reference Number	
Payroll Number	
Date of Birth	
Proposed Date of Commencement of Flexible Retirement	

SECTION B – COSTS (IF RELEVANT)

Cost Centre Code	
Cost of Early Release of Pension	£

SECTION C – RATIONALE FOR APPROVAL OF FLEXIBLE RETIREMENT

Please explain how it is proposed that the service area concerned will operate in future if this employee accepts the flexible retirement as set out in this application. Full supporting details may be attached.

Details of Application for Reduced Hours Working	
If the reduction is for 20% of the contracted hours, intelligence to	

support the reason for this reduction must be provided here.			
Details of Application for Reduction in Grade/Change of Post			
If there are costs associated with this flexible retirement application, how will these be met?			
SECTION D – APPROVAL			
<p>1. I confirm that my support for this application is not as a result of any capability or disciplinary issues or concerns in relation to this employee</p> <p>2. There are no outstanding concerns or formal processes regarding this employee's ability to attend work on a regular basis;</p>			
Head of Service Signature		Date:	
SECTION E – SUPPORT FOR BUSINESS CASE [TO BE COMPLETED FOR CHIEF OFFICER APPLICATIONS ONLY]			
<p>1. I confirm that my support for this application is not as a result of any capability or disciplinary issues or concerns in relation to this employee</p> <p>2. There are no outstanding concerns or formal processes regarding this employee's ability to attend work on a regular basis;</p>			
Corporate Director /Chief Executive		Date	
SECTION F – BUSINES CASE MONITORING / REVIEW			
Business Case reviewed by Head of People and Organisational Development:	Comments:		
Signature:-			
Date:			
Business Case reviewed by the Director of Finance to ensure that there is funding for any costs arising from this Flexible Retirement			
Signature:			
Date:			

**This form should be emailed to the designated HR Officer
HR Officer – to enter details on the VR Database**