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**HUMAN RESOURCES**

**SCHOOL MODEL POLICY & PROCEDURE**

**Flexible Retirement Policy**

**Position Statement**

The school should consider flexible retirement applications from employees who are members of the Local Government Pension Scheme (LGPS), who wish to reduce their contracted working hours, and/or take a “step down” in responsibility and access their accrued pension benefits.

**Purpose**

To outline to Headteachers and employees the circumstances where a flexible retirement application may be considered, and the approval process to be followed.

**This Applies to:**

Employees at the School aged 55 or over, who are members of the Local Government Pension Scheme.

**Roles and responsibilities**

Headteachers will:

* Follow the application process set out in this document
* Be satisfied that the reduction of working hours/grade does not have a detrimental impact on the School.
* Ensure any costs to be incurred are affordable within existing budgets/recoverable in the stated time scales.
* Notify Finance and the Council HR Professional Support Team of any one-off cost to the Council (there will be a one-off pension strain cost to the Council for employees aged between 55 and 60 where the 85 year rule applies which will be recovered from the schools budget).
* Ensure the employee is aware of the pension implications. In particular for those employees that do not meet the 85 year rule, there is no pension strain charge to the employer, but the employee will have their pension benefits reduced.
* Ensure necessary pension scheme documentation is completed and issue revised employment contract.

Employees will:

* Follow the application process set out in this document.
* By making a flexible retirement request, agree not to apply for further employment with the School / Council to replace their lost income.
* Understand the effect of flexible retirement on their pension payments and any future redundancy, prior to proceeding with an application (a flexible retirement guidance document is available on the Hampshire Pension Fund website).
* Understand that the change in hours will ordinarily be permanent.

HR Provider should:

* Advise managers on the flexible retirement application process.
* Request pension estimates from Hampshire County Council Pensions and prepare a Financial Estimate statement for the Headteacher.
* Highlight any one-off cost to the School: there will be a one-off pension strain cost to SCC for staff aged between 55 and 60 where the 85 year rule applies.
* Highlight the pension implications for the employee to the school: in particular for those employees that do not meet the 85 year rule, there is no pension strain charge to the employer, but the employee will have their pension benefits reduced.
* Complete the necessary pension scheme documentation.

**Principles**

Approval criteria for flexible retirement applications

Requests for flexible retirement should typically involve a reduction in salary of 40%, either through reduced hours or level of responsibility (grade). However reductions of less than 40% will be considered with reference to the criteria listed below.

Applications should only be granted when it is in the school’s interests to do so. Consideration will be given to:

* Tangible and substantial future benefits to the school and tax payers
* Direct financial savings
* The need to ensure that the school does not unlawfully discriminate on the grounds of characteristics protected by the Equality Act or other employment legislation
* Overall reasonableness in exercising the discretion
* **All costs incurred by the School or Council as an employer: for those employees aged between 55-60 (where the 85 year rule applies), a one-off pension ‘strain’ charge will be incurred.**

Costs to School / Council

Applications not related to a restructure saving

For flexible retirement applications not linked to a saving, any associated scheme charges must be met by the School, with the aim that these can be covered in the first year. All requests of this nature must be discussed with Schools Finance.

Applications related to a restructure saving

For flexible retirement applications linked to a budget related restructure (i.e. an employee applying for flexible retirement to help the school achieve savings in staffing costs); any scheme charges will be met centrally by the Council, provided the costs associated with the budget saving are covered within the required payback period of 3 years. This must be detailed in a business case related to that particular saving and will need to be agreed by the Council’s Employment and Appeal Panel.

**Review and amendment**

This Policy does not form part of the employee’s contract of employment and the Council/School retains the right to review and change the Policy at any time, ensuring that it complies with current employment legislation and the requirements of the Council/School. The recognised Trade Unions will be consulted with a view to reaching an agreement on any changes prior to publication.

**Procedure**:

Step 1

**Employee:** completes the standard form and sends to the Headteacher.

Step 2

**Headteacher:** meets the **employee** and discuss the specific case (not normally more than two weeks after receiving the written request)

* If the Headteacher **agrees** in principle to the request – proceed to Step 3
* If the Headteacher **does not agree** to the request the employee is informed of the decision at this stage, the decision is confirmed in writing and the procedure ends.

Step 3

**Head teacher:** requests pension estimate from Hampshire Pensions via their payroll provider. (Note**:** Pension information from Hampshire can take up to 6 weeks)

Step 4

**Payroll Provider:** notify the Headteacher of the estimate information. Any costs to the School/Council will be highlighted.

**Head teacher:** considers the financial estimate and whether they remain in support of the application. The Headteacher then meets the employee to discuss. If the head teacher remains in support of the application and the employee wishes to proceed go to Step 5

If either the Headteacher or employee does not wish to proceed at this stage this will be confirmed in writing to the employee.

Step 5

**Headteacher:** submits application to the **Governing Body** for authorisation / approval.

**(**Note:the Headteacher must include a written business case with the application **IF** there are any costs to the School/Council in approving the application and / **OR** where the employee’s new income and pension combined exceed the person’s current salary)

Step 6

**Governing Body** authorises the request and passes details along with the financial implications detail to **School Finance Team**.

OR

**Governing Body** refuses this request, advising the Headteacher of the reasons.

**Headteacher** informs employee of the outcome verbally and in writing.

Step 7

**Headteacher:** provides payroll provider with the information that they require to process the flexible retirement

**Headteacher** issues new contract and the **employee** starts on the new terms and conditions on the agreed date.