

Flexible /Phased Retirement Policy

Model Policy for Schools

November 2022

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1. POLICY STATEMENT

1.1 The school strives continuously to improve the standards of education it provides for students and recognises that a committed and motivated workforce is central in achieving this aim. It recognises the benefits of attracting and retaining a well-trained, well-motivated, flexible and mixed age workforce, which has a wide range of skills and experience.

1.2 Whilst a more flexible approach to retirement enhances staff choice and addresses work-life balance issues, it also enables the school to retain the skills, knowledge and experience of staff who might wish to make a more gradual transition from full-time work to full-time retirement.

1.3 This policy reflects the flexible retirement provisions of the Local Government Pension Scheme and the phased retirement provisions of the Teachers pensions scheme.

2. SCOPE

2.1 This policy applies to members of staff within both the Teachers Pension Scheme and the Local Government Pension Scheme. Both schemes, allow employees to draw their pension whilst continuing to work in a reduced capacity.

2.2 The scheme is open to applications from both members of teaching and support staff in school that are 55 years of age or over.

2.3 Eligible employees have the right to apply for Flexible/Phased Retirement; but the employer does not have to agree to it.

2.4 Further detail on eligibility can be found in section 5.

3. EQUALITIES

3.1 The school will promote equality in all aspects of school life and are committed to complying with the Equality Act 2010. The school will monitor the impact of this policy, paying particular attention to any equality implications.

3.2 There is no default retirement age for school employees. This enables employees more choice about when they want to retire and draw any occupational pension to which they are entitled, in line with the relevant pension scheme's rules.

3.3 Flexible retirement is aimed at giving employees flexibility to ease their way into retirement and may include options such as reduced hours/days and/or reduced grade.

3.4 Flexible/phased retirement could enable employees to balance work with other responsibilities, for example caring or volunteering and also to provide time to pursue other outside interests.

3.5 If an employee wishes to retire at age 65 or older, they will need to resign from their post, in writing, providing the notice specified in their contract of employment in the normal way. It would be helpful if individuals could give an early indication of when they might be planning to retire but a headteacher/ manager cannot require them to do so.

3.6 Employees who remain working beyond the State Retirement Age do so on the same terms and conditions of service as before, provided there has not been a break in service or a change of post.

4. AIMS AND OBJECTIVES

4.1 This policy provides a framework for schools to consider and manage requests for flexible retirement from eligible employees within the provisions of the relevant pension schemes.

4.2 Flexible./phased retirement can benefit the school in a number of ways, including:

- Enabling employees to work towards retirement gradually.
- Supporting effective succession planning and transfer of valuable knowledge and skills before retirement .
- Helping manage organisational change by providing an alternative to redundancy
- Potentially save on recruitment and other costs .
- Supporting flexible working arrangements.

5 ELIGIBILITY AND PENSION SCHEME PROVISIONS

5.1 Support Staff

5.1.1 Under the LGPS this provision is called 'flexible retirement'. The LGPS

allows employees aged 55 or over with at least three months' total membership (or who have brought a transfer value into the LGPS) to apply for flexible retirement to help ease them into retirement. Under the 2014 Scheme, the qualifying membership is 2 years.

- 5.1.2 In terms of school's application of this provision, employees will need to apply for a minimum 40% cut in hours, or a minimum reduction of two full grades or 25% drop in gross salary before flexible retirement will be considered. In order that service delivery can be maintained it is agreed that where a member requests flexible retirement with a reduction in their hours of work, the likelihood of being able to recruit to the remaining hours must be considered before agreeing to such a request. Therefore, the reduction in hours should normally be at least 40% of the previous hours worked.
- 5.1.3 Where a member requests flexible retirement with a reduction in grade, there will be a corresponding reduction in the level of duties and responsibilities. Therefore, where a request is agreed, the reduction in grade should normally be at least 2 grades or 25% drop of gross salary. The reduction in hours or grade should not be temporary.
- 5.1.4 Also, in order for the School to consider an application for flexible retirement, any employee under the age of 60 must be able to commit to remaining in employment with the school for a minimum period of one year from the date they start the flexible retirement arrangement, or to age 60, if earlier.
- 5.1.5 Under the provisions of the LGPS, eligible employees for whom flexible retirement is agreed may draw the pension benefits they have accrued, however pension benefits may be actuarially reduced if they are paid before normal retirement age. It will be at the school's discretion to determine whether to apply all or part of this reduction. However due to ongoing budget pressures in schools, it is highly unlikely that the reduction will be disapplied. The reduction in pension paid is calculated by the actuary to reflect the longer period over which the pension is payable.
- 5.1.6 Eligible employees may also draw their salary from their job on the reduced hours or grade and continue paying into the LGPS to build up further benefits in the Scheme if they so wish.
- 5.1.7 There is usually a cost associated with a member of the LGPS taking flexible retirement therefore the agreement of the Governing Body must be sought for both the reduction in hours/grade **and** the release of accrued pension benefits.

- 5.1.8 If a request is rejected, a further request cannot be made for 12 months.
- 5.1.9 There is no trial period for flexible retirement under the LGPS and, once it has been agreed, the decision cannot be reversed, because of the direct impact upon the pension benefits.

5.2 Teachers

- 5.2.1 Under the TPS the provision is called 'phased retirement'.
- 5.2.1 In order to be eligible, employees need to be aged between 55 and 75.
- 5.2.2 In terms of school's application of this provision, employees will need to change the capacity in which they are working so that their pensionable salary is reduced by at least 20% compared to the average of the salary they have received during the preceding six months. The application for phased retirement must be received by Teachers' Pensions within 3 months of the salary reduction taking place. The reduction in salary, which must last for at least 12 months, could be as a result of moving to part time work or taking up a post with less responsibility.
- 5.2.3 Members of the TPS can take up to a total of 75% of the pension benefits that they have in the scheme at the date the phased retirement begins. If these benefits are taken before the member's normal pension age the benefits will be actuarially reduced to take account of the fact that they have been put into payment early and they will be in payment for longer. If a teacher has accrued final salary and career average benefits, they do not have to access both sets of benefits.
- 5.2.4 Remaining service, which must be at least 25%, will be aggregated together with any subsequent service the member accrues to be used in any future benefit calculations.
- 5.2.5 There are no pension costs associated with a teacher taking phased retirement therefore the agreement of the Governing Body must only be sought for the reduction in hours or grade. The Governing Body may decide, for phased retirement requests from teachers, to delegate the authority to agree requests to the headteacher.
- 5.2.6 The school will need to certify to the TPS that the employee has taken up, or will be taking up, a lower paid post which meets the criteria for phased retirement.

- 5.2.7 If the reduction in grade/hours is achieved by the employee moving to a post with a different employer, then the application form to the TPS must be signed by the employer responsible for the new working arrangements.
- 5.2.8 Members of TPS can take up to two phased retirements before final retirement. The TPS states - Protected members can take 2 phased retirements before finally retiring. Career average members can take up to three phased retirements before finally retiring, but only two can be before age 60. Further information can be found on the Teachers Pension website, a link is available at the end of this document.
- 5.2.9 If the employee has more than one employer when they apply for phased retirement benefits then they have to agree on a common retirement date. What's more, every employer must complete an 'Application for Phased Retirement Benefits' form if the employee has worked for them in the past 12 months.

6. FINANCIAL CONSIDERATIONS

6.1 There are usually no pension costs associated with the approval of Flexible Retirement if the employee has met normal retirement age, however, there may be considerable pension costs to the school for early payment of pension benefits if, for example,

- the employee is requesting Flexible Retirement before normal retirement age,
- if the employee does not have much pensionable service or,
- If the employee is aged between 55 and 60 and they are covered by the 85 year rule (*NB the 85 year rule only applies to employees who were in the scheme pre October 2006*).

6.2 If consent is given for flexible retirement before the applicant reaches the age of 65, the pension benefits payable in whole or part may be actuarially reduced. However, the Chair of Governors has the discretion to determine not to apply all or part of this reduction, but as stated earlier, due to ongoing budget pressures in schools, it is highly unlikely that the reduction will be disapplied. The reduction in pension paid is calculated by the actuary to reflect the longer period over which the pension is payable

6.3 The Governing Body can agree to fund the costs from the school's budget if:

- the early payment costs are for legitimate business reasons or
- If the employee is requesting the payment of unreduced benefits because there are special extenuating circumstances.

6.4 In the event that the school agree to waive the pension reduction and the flexible retirement application is approved, should an employee subsequently submit their resignation prior to the agreed retirement date, the school reserve the right to recover the full cost of the actuarial strain incurred.

7 APPLICATION PROCEDURE

7.1 The employee should request an estimate of their benefits upon flexible retirement from the appropriate Pension Service. If, having sought independent financial advice, the employee wishes to proceed with their application, they should discuss this informally with the headteacher before completing the appropriate Application for Flexible Retirement form (appendices A and B) . Employees. who wish to take flexible/phased retirement must seek approval from the Headteacher.

7.2 Employees should note that requests for flexible/phased retirement might take a number of weeks/months to action (or longer if a problem arises). As such, they should ensure that they make their application well in advance of when they would like flexible/phased retirement to start.

7.3 Eligible employees can request to reduce their hours of work in their current job, or move to another job in the school on a lower grade or on reduced hours and elect to draw the pension benefits they have already built up, whilst continuing to work the flexible arrangements proposed. To do this, they need to complete Part 1 of the application form (Appendix A for Support Staff/Appendix B for Teachers) and pass this to the Headteacher.

7.4 Making an application does not give employees an automatic right to flexible/phased retirement but the Headteacher/Governing Body will give any such requests serious consideration. In doing so, the Headteacher/Governing Body will look at the following factors:

- impact of any additional costs on the school;
- impact on ability to meet school objectives;
- ability to reorganise work amongst existing employees;
- ability to recruit additional staff;
- impact on quality;
- impact on performance;
- availability of work during the periods the employee proposes to work;

- any relevant planned structural change.
- The need to retain skilled employees who would otherwise leave or retire.
- Personal circumstances affecting an employee's ability to carry out their duties and adaptations or support cannot resolve the issue.
- Any additional costs of agreeing the request (e.g. costs incurred in filling the remainder of the post).
- The non-financial costs in terms of efficiency and effectiveness if the application is turned down.
- Whether it is a job role that is difficult to recruit to.
- Whether the remainder of the post can be left vacant to create a saving.
- Whether the period needs to be time limited (e.g. till the end of a project).
- Whether the flexible retirement period can be used for succession planning/training a new appointment.
- Whether approval might maximise the performance of the individual employee.

7.5 Applications on compassionate grounds will be considered as above, taking into account any financial implications, the individual circumstances of the employee's request and the needs of the School.

7.6 In cases of flexible retirement the responsibility for confirming and justifying that there is a case for granting release is with the Headteacher in consultation with the appropriate Committee of the Governing Body.

7.7 Each request for flexible retirement will be considered on its merits and will only be agreed if it is in the economic and/or operational interests of the school to do so.

7.8 After receiving the application form, the Headteacher will liaise with the school's HR Provider/LA to arrange an estimate of the accrued pension benefits and any costs to the school associated with the request. Information about the actuarial cost to the school will not be shared with the employee.

7.9 The Headteacher will then aim to meet the employee to discuss the request within four working weeks of receipt of the employee's request. The meeting will provide the Headteacher and employee with the opportunity to discuss the request in detail, including any financial and operational implications. It also provides an opportunity to consider alternative reductions in working hours, should there be problems in accommodating the initial request.

7.10 If the employee has requested flexible/phased retirement via moving to a lower graded post in their current team or in a different team in the School, or for reduced hours in a different post in the School, the employee must still apply for an

advertised post under the School's Recruitment and Selection policy in fair and open competition with other applicants. As such, if the School agrees the request for flexible/phased retirement on this basis, a timescale for implementation cannot be given, as this will depend on the availability of suitable jobs and the recruitment and selection programme.

7.11 Following the meeting, the Headteacher should take advice from the School's HR Provider as necessary before giving their recommendation on Part 2 of the application form (Appendices A and B) as to whether or not the request can be agreed.

7.12 The Headteacher must then pass the form to the Chair of Governors ensuring that a copy of the pension estimate and estimated costs to the School are attached to the form. The Chair of Governors will nominate two governors to consider the request.

7.13 For requests from Teachers where there is no cost to the school and the reduction in grade/hours can be accommodated, the Governing body can delegate the matter to the Headteacher. In these cases the Headteacher would also complete Part 3 of the application form (appendix B).

7.14 The nominated governors should consider the application, bearing in mind that the School will consider each request on its merits and will only agree requests if it is in the School's economic and/or operational interests to do so.

7.15 The nominated governors should then complete Part 3 of the application form indicating their decision. They should return the form to the headteacher who will send it to the employee as soon as possible and advise them of the outcome.

7.16 If the request is agreed, the relevant pension arrangements will need to be made, a revised Statement of Particulars issued and relevant payroll documentation completed.

7.17 If a contract variation is agreed, it will be permanent and there will be no right to revert back to the former arrangements unless otherwise agreed.

7.18 If a request is not agreed the employee has the right to appeal.

Note for Teachers

7.19 If an employee's salary goes over the 25% reduction in the first 12 months the application will be invalidated and the benefits will be suspended. There may also be an unauthorised payment charge from HMRC of 40% of the lump sum received.

8. RIGHT OF APPEAL

8.1 A member of staff has the right to appeal against a decision to deny a request for flexible/phased retirement.

8.2 The appeals committee of the Governing Body will consider the appeal.

8.3 The appeal must be submitted to the Chair of Governors in writing within 10 working days of the date of the Headteacher's letter notifying the member of staff of the decision. The letter should set out clearly the grounds for appeal.

8.4 The Chair of Governors will then convene a meeting of the Appeals committee and reply to the member of staff. An appeal hearing will be held within 10 working days of receipt of the appeal letter by the Chair of Governors or (if that is not practicable) as soon as practicable thereafter. The member of staff may be accompanied by a work colleague or trade union representative.

8.5 At the hearing, the employee will state the basis of their appeal. The Appeals committee will take account of all the information gathered at the earlier stages in addition to any new information. The Appeals committee will notify the employee of their decision, in writing, as soon as is practicable. This decision is final.

8.6 The member of staff will be notified in writing of the outcome of the appeal hearing within 10 working days of the meeting or (if that is not practicable) as soon as practicable thereafter.

8.7 Where the appeal is upheld, the headteacher will confirm in writing, the arrangements for flexible retirement.

8.8 Where the appeal is not upheld, the headteacher will confirm in writing that the school still intends the member of staff to remain on their current terms and conditions.

8.9 There is no further right of appeal under this procedure and the reply from Appeals committee will then be the final response by the school.

9 REPRESENTATION

9.1 The employee has the right to be accompanied by a representative for the first and any subsequent meetings on this issue. The representative may be a trade union representative, workplace colleague who does not have a conflict of interest.

The representative will be able to address the meeting and confer with the employee during the meeting but not answer questions on the employee's behalf.

10 WITHDRAWAL OF APPLICATION

10.1 If an employee wishes to withdraw an application for flexible/phased retirement at any stage of the process, they must do so in writing to the Headteacher.

11 FURTHER INFORMATION

11.1 Please note that employees may choose to apply for a job at a lower grade or on reduced hours at any time via the normal recruitment and selection process. However, if their application is successful, the new arrangements would be entirely voluntary and the flexible retirement provisions would not apply, i.e. in terms of the release of the accrued pension benefits (LGPS only).

11.2 Where there is any difference between the legislation governing the LGPS/TPS and the information in this policy, the legislation will apply.

11.3 For further information on the operation of this procedure, please contact your HR provider. Information on pensions can be found at the following websites;

LGPS scheme <https://www.lgpsmember.org/>

The Teachers' Pension Scheme <https://www.teacherspensions.co.uk/>

State pension <https://www.gov.uk/state-pension>

Appendix A SUPPORT STAFF APPLICATION FOR FLEXIBLE RETIREMENT

1. EMPLOYEE ACTION

(i) PERSONAL DETAILS

Name: _____ **Employee Number:** _____

Post Title: _____ **Current Hours:** _____

Grade: _____

(ii) ELIGIBILITY

Please confirm that you are aged 55 or over* (or will shortly be aged 55 and wish to request flexible retirement from then), with at least 2 years vested membership of the Local Government Pension Scheme?

Yes

(if no, you may not be eligible to apply. Please contact your Headteacher

(iii) APPLICATION DETAILS (Please tick a, b or c below as relevant)

I would like to apply to:

a) Reduce my working hours in my current post by at least 20%
Please give details in section (iv) below

b) Reduce my working hours by applying for another post on less hours
Please state required number of hours (NB at least 20% reduction)

c) Reduce my grade by applying for another post at a lower grade
Please state required grade (NB at least 1 grade lower)

(iv) REDUCED WORKING HOURS

Please describe your current working pattern (days/hours/times worked)



TOWER HAMLETS

Please describe the reduced working hours and pattern you would like to work (days/hours/times)

How do you think this reduction in hours will affect the School and colleagues?

How do you think this impact on the School and colleagues might be addressed?

(v) DECLARATION

I understand that the School will liaise with Pensions for an estimate of my accrued pension benefits and details of any costs to the School in terms of this flexible retirement request.

I also understand that if any reduction in hours or grade is agreed then this will be a permanent change.

Signed:

Date:

PLEASE PASS THIS APPLICATION TO YOUR HEADTEACHER

2. SCHOOL ACTION

Note to Headteacher

Headteacher to liaise with the School's HR provider/LA to access costs of early release of pension benefits under flexible retirement. Headteacher then to meet employee within 4 working weeks of request to discuss application and complete the section below.

I can confirm:

- a) **I would/ would not* support the request** *(please delete, as appropriate)
- b) **The request is/ is not in the interest and efficiency of the School** *(please delete, as appropriate)
- c) **If request is supported (b) may be achieved by:** (please expand on additional sheet if necessary)

Signature:

Date:

PLEASE PASS PART 1 & 2 TOGETHER WITH A COPY OF THE PENSION ESTIMATE AND ESTIMATED SCHOOL COSTS, TO THE CHAIR OF GOVERNORS FOR CONSIDERATION BY A NOMINATED GOVERNOR/S

Note to nominated governor/s

You should complete this form to evidence that an application for flexible retirement from age 55 has been properly considered. You must return this completed form to the Headteacher to pass on to the employee soon as is reasonably practicable.

I can confirm that:

I have considered your request for flexible retirement and I would be able to support your request as follows

Your new working arrangement will begin from:

I can confirm that:

I have considered your request for flexible retirement and I am sorry but I must reject your request on the following ground(s):

Continue on a separate sheet if necessary

Note to Employee

If your request has been refused you have the right to appeal against this decision. The appeal must be submitted to the Chair of Governors in writing within 10 working days of the date of the Headteacher’s letter notifying the member of staff of the decision. The letter should set out clearly the grounds for appeal.

Signature:

Date:

(on behalf of the Governing body)

THIS FORM SHOULD BE RETURNED TO THE EMPLOYEE AND A COPY PLACED ON THE EMPLOYEE’S PERSONAL FILE

Appendix B TEACHERS APPLICATION FOR PHASED RETIREMENT

1. EMPLOYEE ACTION

(i) **PERSONAL DETAILS**

Name: _____ Employee Number: _____

Post Title: _____ Current Hours: _____

Current Working Arrangements: _____ Grade: _____

(ii) **ELIGIBILITY**

Please confirm that you are age 55 or over (or will shortly be aged 55 and wish to request phased retirement from then)?

Yes

(if no, you may not be eligible to apply. Please contact your Headteacher)

(iii) **APPLICATION DETAILS (Please tick a, b or c below)**

I would like to apply to:

a) Reduce my working hours in my current post by at least 25% Y
Please give details in section (iv) below

b) Reduce my working hours by applying for another post on less hours Y
Please state required number of hours (NB at least 25% reduction)

c) Reduce my grade by taking reduced responsibility e.g. give up TLR Y
Please give details in section (iv) below

(iv) **REDUCED WORKING HOURS/REDUCED RESPONSIBILITY**

Please describe the revised arrangements you would like to work



TOWER HAMLETS

How do you think this reduction in hours/responsibility will affect the School and colleagues?

How do you think this impact on the School and colleagues might be addressed?

From which date would you like this change to begin?

(v) DECLARATION

I understand that the School will liaise with Pensions for an estimate of my accrued pension benefits. I also understand that if any reduction in hours or grade is agreed then this will be a permanent change.

Signed:

Date:

PLEASE PASS THIS APPLICATION TO YOUR HEADTEACHER

2. SCHOOL ACTION

Note to Headteacher

Headteacher to liaise with the School's HR provider if required. Headteacher then to meet employee within 4 working weeks of request to discuss application and complete the section below.

I can confirm:

- a) **I would/ would not* support the request** *(please delete, as appropriate)
- b) **The request is/ is not in the interest and efficiency of the School** *(please delete, as appropriate)
- c) **If request is supported (b) may be achieved by:** (please expand on additional sheet if necessary)

Signature:

Date:

3. Nominated Governor/s or Headteacher

1. Note to Nominated Governor/s or Headteacher

You should complete this form when replying to ensure that an application for phased retirement from age 55 has been properly considered. You must return this form to the employee as soon as is reasonably practicable.

I can confirm that:

I have considered your request for flexible retirement and I would be able to support your request as follows:

Your new working arrangement will begin from:

I can confirm that:

I have considered your request for flexible retirement and I am sorry but I must reject your request on the following ground(s):

Note to Employee

Continue on a separate sheet if necessary

If your request has been refused you have the right to appeal against this decision. The appeal must be submitted to the Chair of Governors in writing within 10 working days of the date of the Headteacher's letter notifying the member of staff of the decision. The letter should set out clearly the grounds for appeal

Signature:

Date:

**THIS FORM SHOULD BE RETURNED TO THE EMPLOYEE AND A COPY
PLACED ON THE EMPLOYEE'S PERSONAL FILE**