

AGENDA 12, Enc iv) Ashington Town Council Pensions and Flexible Retirement Policy

1. Introduction and Background

All employees of the Town Council are eligible to participate in the Local Government Pension Scheme, which is a defined benefit pension scheme.

A defined benefit pension scheme is one where the scheme rules define the benefits payable to members independently of the contributions payable, and the scheme may be funded or unfunded.

The Administering Authority for the Local Government Pension Scheme in Northumberland is South Tyneside Council, on behalf of Northumberland County Council.

Northumberland County Council operates the scheme in accordance with the various pensions regulations as follows:

- ❖ Local Government Pension Scheme (Administration) Regulations 2008
- ❖ The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014
- ❖ The Local Government Pension Scheme Regulations 2013

Employers and employees participating in the Pension Scheme will pay contributions and receive benefits in accordance with the requirements of these regulations and the rules and requirements of the Local Government Pension Scheme.

Employers' and employees' contributions are determined by the Pension Fund actuary on a triennial basis and are set to meet 100% of the liabilities of the Fund, in accordance with the relevant Government regulations.

Further information about the Local Government Pension Scheme including the various rules and regulations, membership details, contribution rates and benefits payable are available from the Pensions Department at South Tyneside Council, Town Hall & Civic Offices, Westoe Road, South Shields, Tyne & Wear, NE33 2RL, Tel: 0191 427 7000.

The Council needs to have in place a Retirement and Pensions Policy, the Local Government Pension Scheme Regulations require each Employing Authority to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions which employers can use under the Scheme. Ashington Town Council has agreed a separate Discretions Policy.

2. Purpose

The purpose of this policy is to provide guidance on how Ashington Town Council supports employees seeking a transition to retirement by reducing their working hours or responsibilities while accessing their pension benefits under the Local Government Pension Scheme (LGPS).

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3. Scope

This policy applies to all Ashington Town Council employees eligible under the LGPS. The Council is committed to balancing employee requests for flexible retirement with operational needs.

4. Policy Statement

Flexible retirement allows eligible employees to continue contributing in a reduced role while accessing their pension benefits. Ashington Town Council supports flexible retirement only where it aligns with operational objectives and recovers any pension-related costs within two years.

5. Eligibility and Application Process

5.1 Eligibility Criteria

- ✓ Employees must be at least 55 years old.
- ✓ Employees must hold at least two years of LGPS membership.
- ✓ The employee's combined pension and salary must not exceed their pre-retirement earnings.

5.2 Application Steps

- ✓ **Request Submission:** Eligible employees submit a written request to the Executive Officer, specifying their desired reduction in hours or responsibilities.
- ✓ **Formal Acknowledgment:** The Executive Officer acknowledges the request in writing, confirming receipt and outlining the next steps.
- ✓ **Feasibility Assessment:** The Executive Officer (and Line Manager) assess operational impact, workload distribution, and succession planning.
- ✓ **Review by Personnel Committee:** Each case is evaluated by the Personnel Committee, which considers the operational benefit, potential cost recovery, and other relevant factors.

5.3 Decision and Notification

- ❖ **Approval:** If approved, the Executive Officer will inform the employee and initiate contractual adjustments (new job description, hours and salary).
- ❖ **Denial:** If the request is denied, the Executive Officer will provide written feedback, including a rationale and any alternative arrangements.

6. Flexible Retirement Options and Contract Adjustments

6.1 Reduction Options

Employees have two options for flexible retirement:

- ✓ **Reduction in Hours:** A reduction in weekly hours.
- ✓ **Reduction in Grade/Responsibilities:** A move to a lower-grade position, subject to availability and Council needs.

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6.2 Conditions for Reducing Responsibilities

Employees may apply for a lower-graded post if a suitable vacancy is available. Adjustments will be reflected in a new job description and permanent contract changes. Additional changes require a separate application and further Council consideration.

7. Actuarial Reduction Waiver Discretion

7.1 Waiving Actuarial Reductions

The Council may waive actuarial reductions, in whole or in part, for benefits taken before Normal Pension Age if:

- ✓ There is a significant operational benefit.
- ✓ The cost is financially recoverable within two years.

Compassionate grounds justify the waiver, with appropriate evidence of hardship.

8. Operational and Succession Planning Considerations

8.1 Operational Review Criteria

Flexible retirement requests are reviewed with the following factors in mind:

- ✓ Service continuity and quality impact.
- ✓ Ability to reorganise workload among team members.
- ✓ Feasibility of recruiting additional or replacement staff.
- ✓ Overall service and customer needs.

9. Benefits of Flexible Retirement for Employees and the Council

Flexible retirement can provide several advantages to both the employee and Ashington Town Council:

9.1 For the Council

- ✓ Maintain a balanced age profile within the workforce.
- ✓ Facilitate knowledge transfer, succession planning, and employee retention.
- ✓ Enable an efficient transition while easing potential bottlenecks in promotion or reorganisation.

9.2 For the Employee

- ✓ Allows a gradual shift into retirement, easing stress or burnout.
- ✓ Provides flexibility and maintains engagement with reduced work demands.
- ✓ Supports ongoing mental and physical activity as they ease into life after employment.

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10. Communication and Documentation

10.1 Employee Notification

All decisions are communicated clearly, detailing the reasons for approval or denial.

10.2 Contractual Documentation

Approved changes result in a revised job description and a new written statement of particulars reflecting the updated terms.

11. Appeals Process

Employees have the right to appeal if their request is denied.

11.1 Appeal Submission

Employees may submit an appeal within 14 calendar days, outlining the grounds for reconsideration.

11.2 Appeals Sub-Committee Review

The Appeals Sub-Committee reviews appeals and provides a final decision.

12. Legal and Financial Considerations

12.1 Non-Discrimination

The Council adheres to the Equality Act 2010, ensuring non-discriminatory decisions regarding flexible retirement.

12.2 Financial Implications

Employees are advised to seek independent financial advice regarding the impact of flexible retirement on tax and pension benefits. The Council does not provide financial advice.

12.3 Tax and NI Considerations

The Council informs employees about potential tax and National Insurance implications associated with receiving both salary and pension. NI contributions continue if the reduced salary meets the threshold.

13. Ongoing Support

The Executive Officer, in consultation with Line Manager(s) and Personnel Committee will schedule regular check-ins with employees on flexible retirement to ensure the arrangement remains effective.

14. Monitoring and review of the policy

The Executive Officer shall be responsible for reviewing this policy annually to ensure it meets current employment and pension regulations.