

North Yorkshire and York

Title:	Retirement and Flexible Retirement Policy
Reference No:	NYYPCTHR11
Owner:	Amanda Wilcock, Associate Director of HR
Author:	Stephen Dean, Head of HR
First Issued On:	July 2007 (version 1.0)
Latest Issue Date:	01 May 2012 (version 4.0)
Operational Date:	01 May 2012
Review Date:	July 2013
Consultation Process:	JNCC, Directors
Policy Sponsor:	Amanda Wilcock, Associate Director of HR
Ratified and Approved by:	Governance Committee
Distribution:	All staff
Compliance:	Mandatory for all permanent & temporary employees of North Yorkshire and York PCT
Equality Statement:	This policy has been subject to a full equality impact assessment

CHANGE RECORD			
DATE	AUTHOR	NATURE OF CHANGE	VERSION
16.11.09	Karen O'Brien, HR Advisor	Year 1 review of policy – re-formatted into NYYPCT style. Changes throughout policy to expand and provide clarity on processes. Expansion to section 6 to include detailed processes. Inclusion of section 8 'responsibilities'. Removal of appendix B – transitional arrangement as no longer relevant. Amendments to appendix A with more detailed process. Addition of standard letters for agreeing flexible retirement/continue working.	2.0
18-01-11	Joanna Dodds, Senior HR Advisor	Updated policy in light of the removal of the default retirement age (DRA). Section 2.0.	3.0
27-02-12	Kerry Ryan, Senior HR Advisor	<ul style="list-style-type: none"> • Removed references to CMHS, LNC and SMT from front page • Section 1.0 – Removed reference to LNC • Section 4.2 – Updated information relating to pre retirement courses • Section 5.1 – Updated information relating to Staff in Special Classes • Section 6.1.3 - Updated to ensure there is a two week break in employment upon retirement • Section 6.2 – Added information regarding annual leave entitlement • Section 7.0 – Changed reference to locality HR support • Section 8.0 – Incorporated responsibilities for Workforce Information Team into Human Resources Department • Section 13.0 Updated Equality Statement 	4.0

Please note that the intranet version is the only version that is maintained. Any printed copies should therefore be viewed as 'uncontrolled' and as such, may not necessarily contain the least updates and amendments.

CONTENTS

1.0	PREFACE	4
2.0	INTRODUCTION.....	4
3.0	SCOPE.....	5
4.0	RETIREMENT.....	3
4.1	STATE PENSION	5
4.2	PRE-RETIREMENT COURSES.....	5
4.3	NHS RETIREMENT FELLOWSHIP	5
5.0	NHS PENSION SCHEME	5
5.1	STAFF IN SPECIAL CLASSES.....	6
5.2	VOLUNTARY EARLY RETIREMENT (VER).....	6
5.2.1	VER (WITH REDUCED BENEFITS)	6
5.2.2	VER (NO REDUCTION OF BENEFITS).....	7
6.0	FLEXIBLE RETIREMENT	7
6.1	OPTIONS	7
6.1.1	WINDING DOWN	7
6.1.2	STEPPING DOWN.....	7
6.1.3	RETIRE AND COME BACK	8
6.2	PROCESS.....	8
7.0	ILL HEALTH RETIREMENT	9
8.0	RESPONSIBILITIES	10
8.1	INDIVIDUAL EMPLOYEES.....	10
8.2	LINE MANAGERS	10
8.3	HUMAN RESOURCES DEPARTMENT.....	10
8.4	NHS SHARED BUSINESS SERVICES	10
9.0	APPEALS	10
10.0	CONSULTATION, APPROVAL AND RATIFICATION PROCESS.....	11
11.0	DISSEMINATION AND IMPLEMENTATION	11
12.0	DOCUMENT CONTROL	11
13.0	EQUALITY AND DIVERSITY STATEMENT.....	11
14.0	TRAINING AND AWARENESS	11
15.0	REVIEW	11
16.0	MONITORING	12

RETIREMENT AND FLEXIBLE RETIREMENT POLICY

1.0 PREFACE

This Policy is made between North Yorkshire and York Primary Care Trust (NYPCT) and the recognised staff side organisations, using the mechanism of the Joint Negotiating and Consultative Committee (JNCC). It will remain in force until superseded by a replacement Policy, or until terminated by either management or staff side, giving no less than six months notice. The purpose of the notice to terminate the Policy is to provide the opportunity to for both parties to renegotiate a replacement Policy. Withdrawal by one party, giving no less than six months notice, will not of itself invalidate the agreement. If agreement cannot be reached on a revised policy, then the matter will be dealt with through the PCT's Grievance Procedure.

2.0 INTRODUCTION

On 1 October 2006 the UK government introduced legislation outlawing age discrimination in employment and vocational training – the Employment Equality (Age) Regulations 2006, in line with the European Treatment Framework Directive. This has now been further updated by the Equality Act 2010.

From 6 April 2011 the Government removed the default retirement age (DRA) so that people have more choice about how long they work. This change means that:

- From 6 April 2011, employers will not be able to issue any notifications for compulsory retirement using the DRA procedure.
- Between 6 April and 1 October, only people who were notified before 6 April, and whose retirement date is before 1 October can be compulsorily retired using the DRA.
- After 1 October, employers will not be able to use the DRA to compulsorily retire employees (unless that retirement can be objectively justified).

North Yorkshire and York PCT is committed to removing age discrimination from its employment practices and making decisions that do not discriminate against staff because of their age. The PCT recognises that being positive about age support building an effective workforce, can increase motivation and provide a wider pool of skills. This policy supports the PCT's commitment to this important aim.

The PCT also recognises that retirement can be a considerable change in someone's life and therefore the measures outlined in this policy are intended to support individuals in making informed decisions about their retirement and ensure the transition from work to retirement is seamless.

The purpose of this policy is to outline the PCT's approach and procedures relating to retirement and flexible retirement, in accordance with the above statements and legislation.

3.0 SCOPE

This policy applies to all direct employees of the PCT in all locations.

4.0 RETIREMENT

4.1 STATE PENSION

The State pensionable age is currently still different for men and women. For further information visit www.direct.gov.uk/pensions or contact your local Department for Work and Pensions.

4.2 PRE-RETIREMENT COURSES

Employees with a minimum of 12 months service and who are within two years of their expected date of retirement are eligible to attend a pre-retirement course. The course must be approved by the PCT and be provided either by the PCT or a neighbouring NHS Trust. Courses are organised and advertised periodically via the staff intranet and normal booking processes/application forms apply. Please contact the Human Resources Team for more information.

4.3 NHS RETIREMENT FELLOWSHIP

Membership of the NHS Retirement Fellowship is open to retired NHS workers and also those nearing retirement, whatever their age. National membership of the fellowship (for which there is a small annual fee) offers a package of benefits including financial discounts and reductions. For further information visit www.nhsrf.org.uk or if you are interested in joining please contact them direct on 01305 361317.

5.0 NHS PENSION SCHEME

PCT employees who are members of the NHS Pension Scheme can retire and claim their full pensionable benefits between the ages of 60 and 65 years (dependant on which section of the scheme they have joined).

For 1995 section members:	On retirement members are eligible to receive both an annual pension and a tax-free lump sum based on 1/80 th of the final years pensionable pay for each year of scheme membership (the lump sum equates to three times the amount of the annual pension)
---------------------------	---

For 2008 section members: On retirement members are eligible to receive a pension worth 1/60th of the final years pensionable pay for each year of scheme membership

Members of the NHS Pensions Scheme are entitled to request NHS Pension Scheme estimates. This can either be done online via www.nhsbsa.nhs.uk or by contacting the PCT's pensions team directly at NHS Shared Business Services, St James Hospital, Locksway Road, Portsmouth, PO4 8LD, email payroll@sbs.nhs.uk, telephone 0303 1231144.

NHS Shared Business Services/NHS Pensions require a minimum of 4 months notice in order to process NHS pension requests and begin payment to an individual. NB: retirement can take place without 4 months notice (i.e., with individual's contractual notice period), however the employee's pension will likely be delayed and received some time afterwards.

5.1 STAFF IN SPECIAL CLASSES

Members of staff who hold 'special class' status, including some nurses, midwives, physiotherapists, health visitors and clinicians whose work relates to the fields of Mental Health/Learning Disabilities are able to retire from age 55, subject to meeting the criteria of the NHS Pension Scheme (NB: with effect from 6 March 1995 special class status was withdrawn to both new entrants of the scheme and those who have more than 5 years break in pensionable service).

5.2 VOLUNTARY EARLY RETIREMENT (VER)

5.2.1 VER (WITH REDUCED BENEFITS)

Anyone who was a member of the 1995 section prior to 06 April 2006 may choose to take Voluntary Early Retirement from the age of 50. For those who joined the 1995 section on or after 06 April 2006, and members of the 2008 section, the minimum pension age is 55. The employees' benefits from the scheme are reduced on a sliding scale, i.e., the nearer to retirement age the less the benefits are reduced. It should be noted that the reduction of benefits for those with 'special class' status under the age of 55 years would be based on a retirement age of 60 years.

There are no costs attributed to the PCT for Voluntary Early Retirement (with reduced benefits). Initial enquiries in respect of this should be made in writing to your line manager, following which an estimate of benefits must be requested from NHS Shared Business Services.

Benefits are based on accrued scheme membership at the date of retirement. It is important that the employee must be given the opportunity to consider the implications of Voluntary Early Retirement (with reduced benefits) before an agreement is reached to process this particular type of application.

It must also be stressed that where reduced benefits are less than the guaranteed minimum pension (GMP), Voluntary Early Retirement may not be approved by the NHS Pensions Agency.

5.2.2 VER (NO REDUCTION OF BENEFITS)

Voluntary early retirement with no reduction of benefits will only take place by mutual agreement of the PCT and the employee. Enquiries in respect of this type of early retirement must be made in writing by the line manager to the Head of Human Resources, who would then request from Shared Business Services an estimate of both employee benefits and costs to the PCT. Approval must be sought from the PCT Board and can only be obtained once the full cost implications are made known to the Associate Director of Human Resources and Director of Finance.

Where a member of the scheme chooses to take Voluntary Early Retirement from the age of 50 with the support of the PCT, the employee's benefits are not reduced and are based on accrued scheme membership at the date of retirement. Costs are borne by the PCT to compensate the NHS Pension Scheme for early payment of benefits. These costs may be capitalised (i.e., paid on a one-off lump sum basis) – this decision would be made by the Director of Finance.

Again the employee must be given adequate time to consider the implication of this type of early retirement prior to an application being processed.

6.0 FLEXIBLE RETIREMENT

6.1 OPTIONS

The PCT recognises that experienced staff of all ages have a great deal to offer the NHS. Being flexible about retirement is often not considered because staff and managers believe this can reduce pension entitlement. This is rarely the case. Employees who are planning their retirement need to understand their options and should contact their line managers in the first instance.

Worked examples of flexible retirement options are contained in Appendix 6.0. These options include:

6.1.1 WINDING DOWN

Staff may choose to defer their retirement, but reduce their working hours so that they are working part time. Staff who defer retirement and continue to work part time, carry on building up pension entitlement. Pension benefits for part time staff are calculated on the whole time equivalent pay (although reckonable service for the period of part time working will be pro rata to hours worked – i.e., an employee continuing to work 18.75 hour per week or 0.5 whole time equivalent for 2 years would accrue 1 year of pension entitlement during that time).

6.1.2 STEPPING DOWN

Provided they are over the minimum pension age, there is a suitable vacant post available and their line manager is in agreement, an employee can step down into a less demanding, lower paid role, whilst preserving pension rights earned at the previous higher level. The member of staff may then start a second pension based on the stepped down pay and, when they retire, both pensions are added together.

6.1.3 RETIRE AND COME BACK

An employee may retire at normal retirement age, begin to receive their pension and then return to work, either part-time or full-time. This will not affect their pension. This option will only be available to staff if there is suitable work for them to return to. Because they are retired, the employee will no longer be a member of the pension scheme and will not accrue any further pension on this additional work.

If a staff member is retiring and coming back, the following conditions will apply and therefore need to be considered:

- Individuals must take a break from NHS employment for a minimum of two weeks, in order to receive their pension.
- Staff can work a maximum of 16 hours per week during the first calendar month after retirement, otherwise their pension will be suspended.
- For those taking their pension before the age of 60 with unreduced benefits (i.e., special class status), their earnings on re-employment plus pension must not exceed their pre-retirement pay. Where a pension is reduced or the employee is over 60 years of age, there is no restriction on earnings.
- Employees should be aware that when pensions benefits are received, the employment taken into account for that purpose will no longer count as statutory continuous service or contractual reckonable service for the purposes of redundancy (see section 16 of A4C NHS Terms and Conditions).
- When retiring and coming back, service accrued prior to this time will continue to be counted as reckonable service for the purposes of annual leave and sick pay entitlements.

6.2 PROCESS

Requests to move to part-time working, changing the pattern of their work or stepping-down from their current role should not be unreasonably refused. Consideration should be given to staff who wish to retire and resume working again in a different way following the principles of the PCT's flexible working policy, balancing individual and service needs.

There is not a requirement for staff members taking flexible retirement to have Occupational Health approval to continue working, however should a line manager have concerns over an individual's health, this should be actioned and managed under the PCT's Management of Attendance policy.

A new Criminal Records Bureau check must be undertaken for all employees retiring and coming back as it is treated as a new contract. Please see 'CRB Disclosure Policy NYYPCTHR05' for further information.

Any outstanding annual leave must be taken prior to the retirement date. Outstanding accrued leave cannot be carried over into a new contract of employment. If more annual leave has been taken than has been accrued, at the point of retirement, a deduction will be made from the employee's salary.

For employees retiring and coming back, on the pension application form, employees must indicate they are planning to return to work, triggering Xafinity Paymaster, the company responsible for paying NHS pensions, to send an additional form for completion with new employment details.

For employees 'stepping down' – they must inform NHS Shared Business Services in writing of such a change, who will then request NHS Pensions to protect the employee's pension benefits.

7.0 ILL HEALTH RETIREMENT

For any employee/line manager who considers Ill health retirement to be an appropriate course of action, advice should be sought from the HR department in the first instance, and as soon as possible within the management of attendance process.

In order to receive a pension from the NHS pension scheme on ill health grounds, a member of the scheme must have a minimum of two years membership and be assessed on behalf of the NHS Pensions Agency and be found to be medically unfit to continue their employment within the NHS.

There are two tiers of ill health retirement; tier 1 if you are unable to carry out current job due to permanent ill health, or tier 2, if you are unable to carry out regular employment due to permanent ill health. NB: In order for an employee to be considered under tier 2, their application form must be received and acknowledged by NHS Pensions prior to the individual's employment with the PCT ending. Employees can apply under tier 1 after leaving employment with the PCT.

It must be stressed that the final decision rests with the NHS Pension Agency. Ill health retirement applications must be supported by the PCT's Occupational Health Physician via an AW33 form, obtained from NHS Shared Business Services. This is completed by the employee, line manager, human resources and Occupational Health Physician.

For more information on Ill Health Retirement please refer to the PCT's Management of Attendance Policy.

8.0 RESPONSIBILITIES

8.1 INDIVIDUAL EMPLOYEES

- To contact SBS Pensions to request a pension forecast and the appropriate paperwork when planning to retire, giving a minimum of 4 months notice.
- To complete the appropriate payroll paperwork in conjunction with their line manager.
- To be aware that a new Criminal Records Bureau check must be undertaken for all employees retiring and coming back as it is treated as a new contract, and to therefore factor the time this can take into their retirement plans.
- Whilst the PCT are able to provide support and signposting to information regarding retirement and the processes for this, it is strongly recommended that employees seek their own financial advice when intending to retire.

8.2 LINE MANAGERS

- To facilitate retirement or continuation of working for their team members.
- To complete the appropriate payroll paperwork in conjunction with the individual.

8.3 HUMAN RESOURCES DEPARTMENT

- To provide advice and guidance where necessary for line managers and individuals on all aspects of retirement and flexible retirement.
- To process HR5 and HR2/3 forms for retirements/flexible retirements in an accurate and timely manner.

8.4 NHS SHARED BUSINESS SERVICES

- To respond to requests from staff members for pension forecasts and AW8 forms in a timely manner.
- To process AW8 forms in a timely manner.
- To provide advice and guidance to employees within the limits of their roles and knowledge.

9.0 APPEALS

Appeals against breach of any part of this policy should be made via the PCT's Grievance Policy.

10.0 CONSULTATION, APPROVAL AND RATIFICATION PROCESS

This policy has been developed in conjunction with management and trade union colleagues, using the Joint Negotiating and Consultative Committee as a forum for approval and ratification.

11.0 DISSEMINATION AND IMPLEMENTATION

This policy is available to all employees of the PCT and individuals with line management responsibilities for PCT staff, via the PCT Intranet, in the HR section. Line managers/employees are informed of its existence and updates via the HR bulletin.

12.0 DOCUMENT CONTROL

The PCT intranet is updated immediately with the latest version of the policy.

13.0 EQUALITY AND DIVERSITY STATEMENT

The PCT recognises the diversity of the local community and those in its employ. Our aim is therefore to provide a safe environment free from discrimination and a place where all individuals are treated fairly, with dignity and appropriately to their need, regardless of age, disability, race, nationality, ethnic or national origin, gender, religion, beliefs, sexual orientation, gender reassignment or employment status. The PCT recognises that equality impacts on all aspects of its day to day operations and has produced an Equal Opportunities Policy to reflect this. All strategies, policies and procedures are assessed in accordance with the Equality and Diversity Assessment Toolkit, the results for which are monitored centrally.

14.0 TRAINING AND AWARENESS

This policy is available to all employees of the PCT and individuals with line management responsibilities for PCT staff, via the PCT Intranet, in the HR section. Training and guidance will be provided by the HR Department upon request from line managers and/or individuals.

15.0 REVIEW

This policy will be reviewed in 1 years time. Earlier review may be required in response to exceptional circumstances, organisational change or relevant changes in legislation or guidance.

16.0 MONITORING

The implementation and application of this policy will be monitored by the PCT's Human Resources team on a regular basis, including monitoring applications for flexible retirement and the outcomes.

APPENDIX 1.0

EXAMPLES OF FLEXIBLE RETIREMENT

Wind Down	Pat is 54, a senior staff nurse, with almost 20 years pensionable service. She has been thinking about retiring at 55 to devote more time to gardening and other hobbies, but knows her pension will be only 25% (20/80ths) of her present income. She wants more time of her own, so she renegotiates her role to start working half-weeks of two and three days alternately. She carries on working part-time until 61. During this period, Pat earns 50% of her previous staff nurse salary and over the 6 years adds a further 3 years to her eventual pension entitlement. When she retires, her pension is still calculated on the equivalent full-time salary for her job.
Step Down	For the last 10 years, Helen has been a busy Clinical Manager. She is 56 and could retire now with 24 years pensionable service. However whilst she is ready for a change, she still enjoys many aspects of her work. With the formal agreement of NHS Pensions her benefits for those 24 years are preserved at her Clinical Manager rate of pay, she applies for a job as a band 6 diabetic liaison nurse, working in outpatients, the medical wards and community. Helen gets the job. Her salary in the new role is 30% lower; she works for a further 4 years, retiring at 60. Her income while she continues to work is 70% of her previous earnings, rather than a pension of 24/80ths (30%). When she does retire, her pension for the first 24 years is calculated on her earnings as a Clinical Manager, with the addition of 4 extra years entitlement at the lower earnings level.
Retire and Come Back	Jean is an Occupational Therapist approaching her 60 th birthday, with 30 years of pensionable service. She has always intended to retire at this age, but as it gets closer she realises she'll miss the teamwork and involvement with patients. So she discusses with her manager the possibility of part-time work, helping to cover holiday periods for other team members and providing continuity of contact for patients. The arrangement is agreed as 2 days a week. In retirement Jean has a pension of 30/80ths of her pay at retirement. She also earns 2/5ths of her previous salary from the flexible part-time work. This has no effect on her pension.