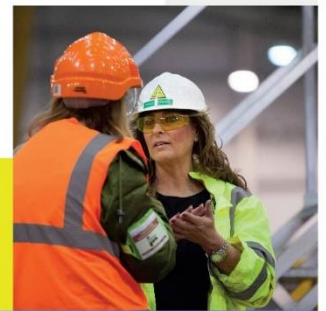


FLEXIBLE AND EARLY VOLUNTARY RETIREMENT POLICY



Flexible & Early Voluntary Retirement

The purpose of this policy is to outline the options and procedure to be followed by Transport for the North's (TfN) employees looking to apply or take flexible and/or early voluntary retirement.

Flexible Retirement

1. Induction

TfN is committed to adopting a more flexible approach to retirement and recognises the benefits it can have for both employees and the organisation as a whole.

Where possible, TfN wants to retain employees with the technical skills and ability that will help to achieve the business aims and objectives. To do this the organisation welcomes the opportunity to consider enabling employees to continue to work for as long as they are fit and able to do so.

This policy is a guide for employees to outline the options and procedure to follow when looking to apply for Flexible Retirement.

The approval of Flexible Retirement applications will be solely at the discretion of TfN and it does not constitute an employee's right.

The scheme applies to all TfN employees who are over the age of 55.

2. General Principals

The Employment Equality Regulations 2011, abolished the default retirement age (which was 65 years of age), to allow employees to decide for themselves when they wish to stop working.

This procedure is designed to provide those employees considering retirement with the option of doing this without finishing work completely giving them the opportunity to gradually adjust to retirement.

This procedure applies to employees over 55 who are employed by TfN and is in place to ensure fair treatment throughout. Employees are responsible for compliance with this procedure and the HR & Skills Representatives will ensure that all appropriate actions are taken to ensure compliance with the procedure.

The Local Government Pension Scheme introduced flexible retirement in April 2008. These regulations give employees over 55, particularly those with defined benefit occupational pension schemes, the option to elect to access their pension benefits (pension and lump sum) whilst remaining in employment, subject to them either reducing their working hours, or salary, with the employer's consent.

The options for consideration of flexible retirement are:

- Reduction in working hours – TfN consider the redistribution of the remaining workload and/or stopping of discretionary tasks to enable the employee to reduce their working hours and/ or days within their current role.
- Reduction in salary – an employee successfully obtains (via the Recruitment Procedure) either a fixed term contract or new role within TfN with a reduction in working hours and/or salary (the salary should be a minimum reduction of 40% to allow access to pension benefits).

If an employee's flexible retirement application is granted by TfN, they can re-join the Local Government Pension Scheme in their reduced hours or graded post and begin to accrue pension benefits again.

Continuous service with TfN will be unaffected if an employee is successful with their application for Flexible Retirement in relation to the calculation and entitlement of all other terms and conditions to employment.

All applications received for Flexible Retirement will be considered by the HR & Skills Representative and employee's Line Manager and all decisions will be based on the following objective criteria:

- Business efficiency;
- Operational efficiency;
- Financial reasons / costs;
- To achieve a desired change to staffing structures;
- In recognition of exceptional personal factors and/or compassionate grounds where this is deemed to be appropriate;
- To seek to comply with best practice or other efficiency measures which may be underpinned by Government legislation;
- To respond to external factors;
- Any other factors which may be relevant to the efficient exercise of the functions of TfN.

3. Procedure

If an employee wishes to apply for flexible retirement, they will need to complete an application form which is available via TfN Intranet or can be requested from the HR & Skills Representative.

The completed application form should then be submitted to their Line Manager for consideration and completion. The Line Manager will meet with the employee within 28 days to discuss the request. The employee has the right to be accompanied by a work colleague or Trade Union Representative during the meeting.

Once the Line Manager has completed the appropriate sections, and if supportive of the application, this will be submitted to the relevant Operating Board Member for validation.

The Operating Board Member will review and validate all applications from their respective areas to ensure that all the information is correct prior to this being sent on to the HR & Skills Representative.

The HR & Skills Representative will then confirm the decision to the employee in writing, including any reasons for rejection - if applicable (having regard to the entire discretion of the employer), this will normally be within five working days of the decision being made.

4. Criteria for refusing an application for Flexible Retirement

TfN has the right to refuse applications. In considering an application, the following matters should be taken into account:

- The burden of additional costs;
- Detrimental effect on ability to meet customer demand;
- Inability to re-organise work among existing staff;
- Inability to recruit additional staff;
- Detrimental impact on quality;
- Detrimental impact on performance;
- Insufficiency of work during the periods the employee proposes to work;
- Planned structural changes.

Where one or more of these matters would apply, refusal of the application may be considered.

There may be occasions where the pension element of a Flexible Retirement cannot be granted but the flexible working element of the request can be granted.

TfN has the discretion to augment an employee's local government pension by virtue of Local Government Pension Scheme Regulations and subsequent amendments.

Any augmentation will be entirely at the discretion of TfN as it does not constitute an employee's right; please refer to TfN's Compensation and Local Government Pension Scheme (LGPS) Discretions Policy for further details.

5. Responsibilities

Employee

To be eligible for Flexible Retirement, an employee must be 55 or over.

Employees interested in applying for Flexible Retirement can obtain associated pension quotations at any time directly from the Local Government Pension Scheme.

Employees who wish to be considered for Flexible Retirement should complete an application form which is available through TfN Intranet. The employee is required to fully complete the form and clearly state their reason and the pattern requested for Flexible Retirement addressing the criteria detailed within the procedure.

Line Manager

The Line Manager must clearly address the criteria outlined within this procedure when completing the relevant section of the application form; this should include their comments and recommendations, including how the loss of post/employee and/or working hours will be mitigated, and any associated costs that need to be considered in line with the application being accepted.

When completing this information, the Line Manager should consider if the post/post holder can reduce their working hours/be released to a different role without any significant detrimental impact to TfN.

Operating Board Member

The Operating Board Member is responsible for reviewing and validating all applications received from their department to ensure all the information is correct. Once a decision is made, applications should then be sent through to the HR & Skills Representative.

HR & Skills Representative

Where an application is agreed, a HR & Skills Representative will liaise with the Finance (Payroll) team and the relevant Line Manager to ensure all appropriate paperwork is completed.

In the event of the application being rejected a HR & Skills Representative will liaise with the Line Manager and confirm this in writing to the employee.

The outcome of applications will be communicated to employees in writing normally within 5 working days. Where the application is refused, reasons for the refusal shall be given. An employee whose application for flexible retirement is refused will be advised of their right to appeal the decision.

6. Notice Period

The employee will agree a date to reduce their working hours and/or transfer to a different role with their Line Manager, aligned to the employee's notice period.

Early Voluntary Retirement

1. Introduction

TfN's Early Voluntary Retirement scheme is primarily aimed at managing human resource levels.

The scheme should not be taken in isolation and forms part of the organisation's wider human resources planning framework that includes other TfN policies.

The approval of Early Voluntary Retirement applications will be solely at the discretion of the organisation, it does not constitute an employee's right.

The scheme applies only to TfN employees who are members of the Local Government Pension Scheme.

2. General Principles

Where there is a justifiable business case, the organisation will consider applications from employees who have attained the age of 55.

The organisation currently has discretion within the Local Government Pension Scheme Regulations to permit employees in excess of 55 years of age to retire 'in the interests of the efficiency of the service'.

All applications received for Early Voluntary Retirement will be considered by the HR & Skills Representative and employee's Line Manager and all decisions will be based on the following objective criteria:

- Business efficiency;
- Operational efficiency;
- Financial reasons / costs;
- To achieve a desired change to staffing structures;
- In recognition of exceptional personal factors and/or compassionate grounds where this is deemed to be appropriate;
- To seek to comply with best practice or other efficiency measures which may be underpinned by Government legislation;
- To respond to external factors;
- Any other factors which may be relevant to the efficient exercise of the functions of TfN.

TfN has the discretion to augment an employee's local government pension by virtue of Local Government Pension Scheme Regulations and subsequent amendments.

Any augmentation will be entirely at the discretion of TfN as it does not constitute an employee's right; please refer to TfN's Compensation and Local Government Pension Scheme (LGPS) Discretions Policy for further details.

3. Procedure

If an employee wishes to apply for early voluntary retirement, they will need to complete an application form which is available via TfN Intranet or can be requested from the HR & Skills Representative.

The completed application form should then be submitted to their Line Manager for consideration and completion. The Line Manager will meet with the employee within 28 days to discuss the request. The employee has the right to be accompanied by a work colleague or Trade Union Representative during the meeting.

Once the Line Manager has completed the appropriate sections, and if supportive of the application, this will be submitted to the relevant Operating Board Member for validation.

The Operating Board Member will review and validate all applications from their respective areas to ensure that all the information is correct prior to this being sent on to the HR & Skills Representative.

HR & Skills Representative will confirm the decision to the employee in writing, including any reasons for rejection if applicable, this will normally be within five working days of the decision being made.

4. Criteria for Refusing an Application for Early Voluntary Retirement

An application for Early Voluntary Retirement can be rejected on the following grounds:

Business Critical

The post is business critical and cannot be released mindful of the need to maintain a relevant balanced and skilled workforce.

Affordability

Payback of the costs to the organisation associated with granting the request for Early Voluntary Retirement should be realised within a three-year period and consideration will be given as to how the payback period can be minimised further. The costs to be recovered will be calculated taking into account actuarial strain, the saving of the employee's salary, pension costs and if applicable the cost of a re-organisation or replacement.

In exceptional circumstances longer payback periods may be granted where these support the wider business interests and/or the longer-term requirements of the organisation.

Examples of efficiency savings include:

- Non-filling of the subsequent vacancy;
- Down-grading of the post vacated;

- Re-allocation of the duties resulting in the up-grading of one or more posts resulting in an overall reduction in the staffing establishment.

Applications not meeting one or more of the above will be rejected.

If the procedure has been followed and the application is rejected based on the criteria as outlined above, the employee will have no right of appeal.

An employee may normally only make one application for Early Voluntary Retirement within any 12 month period. TfN does, however, reserve the right to allow an employee to make more than one application within any 12 month period, where this is considered economically advantageous to do so and/or it is in the wider business interest.

5. Responsibilities

Employee

To be eligible for Early Voluntary Retirement, an employee must be 55 or over.

Employees interested in applying for Early Voluntary Retirement may request the calculation of their entitlement via the HR & Skills Representative.

Employees who wish to be considered for Early Voluntary Retirement should complete an application form which is available through TfN intranet. The employee is required to fully complete the form and clearly state their reason for requesting Early Voluntary Retirement addressing the criteria detailed within the procedure.

Line Manager

The Line Manager must clearly address the criteria outlined within this procedure when completing the relevant section of the application form; this should include their comments and recommendations; including how the loss of post/ post holder will be mitigated and any associated costs and payback periods that need to be considered in line with the application being accepted.

When completing this information, the Line Manager should consider if the post/post holder can be released without any significant detrimental impact to TfN.

Operating Board Member

The Operating Board Member is responsible for reviewing and validating all applications received from their department to ensure all the information is correct. Applications should then be sent through to the HR & Skills Representative.

HR & Skills Representative

Actuarial advice will need to be obtained from the Pensions Scheme Administrator as to cost of early retirement to be factored into decision before decision is made.

The HR & Skills Representative will liaise with the Finance (Payroll) team to obtain redundancy figures as requested by employees and the cost to TfN of the early retirement.

Where an application is agreed, the HR & Skills Representative will liaise with the Finance (Payroll) team and the relevant Line Manager to ensure all appropriate paperwork is completed.

In the event of the application being rejected a HR & Skills Representative will liaise with the Line Manager and confirm this in writing to the employee.

The outcome of applications will be communicated to employees in writing normally within 5 working days. In the event of a refusal, reasons will be given.

6. Notice Period

The employee will agree a leaving date with their Line Manager, aligned to the employee's notice period.

Once operational requirements, e.g. completion of projects and any handover, have been satisfactorily completed, TfN reserves the right to give pay in lieu of notice in a redundancy situation where it is economically advantageous and/or it is in the wider business interest.

Annual Leave will be calculated pro-rata up to the date of Early Voluntary Retirement. Any accrued annual leave not taken at the date of retirement will normally be calculated at a daily rate of 1/365th of annual salary.

7. Travel Pass or Travel Allowance

The entitlement to an employee's Travel Pass or Travel Allowance will cease should the employee be released on Early Voluntary Retirement.

8. Re-engagement

Re-engagement of an employee will only be made in exceptional circumstances after a period of no less than 6 months from their leave date.



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