

**Report to:** Governance Committee

**Date of meeting:** 16 July 2024

**By:** Chief Operating Officer

**Title:** Flexible Retirement

**Purpose:** To advise the Governance Committee of an amendment to the proposed Flexible Retirement Scheme and seek their agreement to the Scheme's implementation on the basis of the amended provisions.

---

## RECOMMENDATIONS

The Governance Committee is recommended to recommend the County Council to:

- 1) Agree the implementation of a flexible retirement scheme for employees (excluding those on Teaching terms and conditions) as set out in Appendix 2 of the report; and,
  - 2) Agree that the Local Government Pension Scheme Employer Discretions Policy is updated accordingly to allow for this.
- 

### 1 Background

1.1 The Governance Committee considered a report at its meeting on 25 June 2024 proposing the implementation of a Flexible Retirement Scheme. The report noted a number of key principles, including that the implementation of the Scheme would present no additional costs to the Council. A copy of the report and draft Policy is attached at Appendix 1.

### 2 Supporting information

2.1 The East Sussex Pension Team have now advised that whilst the LGPS regulations permit for an actuarial reduction to be applied to a retiree over age 55 years and under 60 years, who has satisfied the '85 year rule' in circumstances of voluntary retirement, they do not allow employers to levy such a reduction in circumstances of flexible retirement. Instead, where flexible retirement is awarded to an individual prior to age 60, those benefits that meet the '85 year rule' would be payable without reduction. As a result, this would generate a revenue cost to the Council.

2.2 Each individual case will have a range of unique factors, for example, age, length of service, number of years contributing to the LGPS etc and as such, any costs arising will need to be calculated on an individual basis. The previous report noted the requirement for a business case to be agreed, demonstrating how the arrangement would support the business needs of the service. As mitigation for the issue identified above, it is now proposed that the business case requirements are amended to include consideration of any revenue costs arising out of the proposed flexible retirement arrangement. Full details of the costs will need to be set out, along with an explanation as to how and why the proposed retirement represents best value for money from an economy, efficiency and effectiveness perspective.

2.3 It was previously proposed that as the consideration was in relation to the needs of the service and business impact, approval to a flexible retirement arrangement would only require the agreement of the service Assistant Director. In light of the issue now identified, the approval requirements will be changed to include the Chief Finance Officer and Assistant Director, HR&OD, in line with all other HR related business case approvals.

2.4 The draft 'Flexible Retirement Policy' will need to be amended to reflect the correct position. The proposed amendments are highlighted on the draft 'Flexible Retirement Policy' attached as Appendix 2 to this report.

### **3. Conclusion**

3.1 Notwithstanding the issue now identified for some flexible retirement cases to have the potential to incur revenue costs to the Council, there is still value in having a flexible retirement scheme as part of the suite of flexible working options for staff approaching retirement age. In circumstances where business needs can continue to be met by a flexible retirement arrangement and any costs have been subject to a value for money test, the scheme can retain skills and help services plan resources into the future. A flexible retirement scheme has the potential to provide a degree of security and stability for both employees and services particularly in the context of a changing operating environment.

3.2 The Governance Committee is therefore recommended to recommend the County Council to; agree the implementation of a flexible retirement scheme for employees (excluding those on Teaching terms and conditions) as set out in Appendix 2 of the report; and, agree that the Local Government Pension Scheme Employer Discretions Policy is updated accordingly to allow for this.

**Ros Parker**  
**Chief Operating Officer**

Contact Officers:

Sarah Mainwaring  
Assistant Director, HR&OD  
Email: [sarah.mainwaring@eastsussex.gov.uk](mailto:sarah.mainwaring@eastsussex.gov.uk)