

Manager Q&A – New Retirement Policy & Procedure

BACKGROUND

What's changed?

The FC will no longer retire people because they have reached age 65. Employees are now responsible for deciding when the time is right to retire.

Why is this happening?

Following the Employment Equality (Age) Regulations introduced in 2006, the Civil Service aims to lead by example in eliminating age discrimination in the workplace. Having consulted the Council of Civil Service Unions, the Head of the Civil Service, Sir Gus O'Donnell, announced in October 2008 that all departments and agencies within the Civil Service would remove their mandatory retirement age by March 2010. This means that the FC will no longer be able to retire people just because they have reached age 65.

Anticipated business benefits are that the FC can:

- retain skills and know how
- reduce recruitment and training costs whilst benefiting from continued loyalty and productivity
- build on the organisation's success of being a good employer, increasing flexibility for employees

NEW PROCESS

Is there anything I need to do now?

The removal of the mandatory retirement age marks a significant change in how people are managed within the FC, which changes responsibilities for both employees and managers on arranging retirement. You should make sure that the individuals in your team understand that they are now in control when it comes to arranging their retirement. It's important, now more than ever, that people feel they can approach their manager to discuss personal matters such as retirement plans - even if it may still be some time in the future, and for them to feel that they will be supported in moving forward.

What do I do if a member of my team tells me they're thinking about retiring?

The new retirement procedure gives both employees and managers a straightforward process to follow so that an individual's retirement can be arranged as smoothly as possible. A short management guide accompanies the new procedure, which outlines what managerial duties you should undertake when a member of your team tells you that they're thinking about retiring, including: ensuring they are aware of the support available; notifying HR so that payment of pension benefits can be arranged; and progressing your succession plans. The new procedure also includes details on what you need to do if an employee asks you if partial retirement is an option.

Where is the new Retirement Policy & Procedure, and Manager's Guide?

These can be accessed on the HR area of e-Connect within the Staff Handbook.

IMPACT

How am I going to plan workforce requirements if I don't know when people are going to retire?

Although it may be more difficult to predict when an employee will retire, we can still plan for the future by continuing to monitor the age profile and retirement pattern of the workforce. Additionally, discussing career aspirations at performance reviews will assist us in planning resource requirements for the future.

Whilst we are giving employees more flexibility regarding their retirement date we anticipate that most people will still want to retire when they are eligible to draw their pension benefits. Also, by building into the retirement policy an expectation that employees should provide ample notice of their intended retirement, i.e. at least six months written notice, we should be equipped with the ability to ensure we have the sufficient skills and expertise across the FC to deliver services.

Is the FC going to be doing anything in addition to producing a new retirement procedure with regard to this change in policy?

Consultation with management across the FC and the Trade Unions has provided the opportunity for the potential impact of the policy change to be assessed. In response to the issues and concerns raised, the work that will be taken forward by HR will include:

- *Skills development:* The existing training available on performance management will be reviewed and developed to support managers in developing their skills in motivating and nurturing talent, providing other career development options if promotion opportunities are more limited. The training will also support managers in tackling poor performance issues.
- *Guidance:* The inefficiency procedure is currently being reviewed and managerial guidance will be produced on 'considering reasonable adjustments' plus clarification on how diminishing capability should be addressed in the context of managing performance.
- *Person specifications:* Support will be provided to recruiting managers to ensure that physical elements of a role are captured on person specifications, if they are a genuine occupational requirement.
- *Employee wellbeing:* The 'Your Good Health' initiative will continue to promote good health education programmes. The communication strategy for the initiative will be reviewed.
- *Workforce planning:* HR will continually monitor retirement trends and support managers with succession planning throughout the FC.

Shouldn't there be some posts within the FC where a mandatory retirement age should be applied?

Senior managers across the FC have carefully considered the possibility of retaining a mandatory retirement age for specific posts and decided not to pursue a business case for this. Whilst certain posts within the FC may have particular demands, for example the need for a high level of physical fitness, age should not be an indicator of fitness to do a job and therefore the focus should remain on performance management – i.e. assessing an individual's ability to meet the requirements of their post regardless of age, rather than applying a mandatory retirement age.

STAFF MANAGEMENT ISSUES

Can I approach the subject of retirement with individuals?

The FC has made significant progress in increasing diversity awareness within the organisation. Some managers may feel nervous about asking someone if they have retirement plans for fear that this may be perceived as age discriminatory behaviour. Whilst the FC wants to make sure that no-

one feels pressurised into retirement, it is perfectly legitimate for you to ask older employees if they are thinking about making plans for retirement.

This dialogue is likely to take place during the normal performance management process when you are considering the work-plan of your team, what people's forward job plans are, and most importantly when considering what an individual's career aspirations are. You should not be afraid to have this conversation because succession planning is a necessary and important part of your job. It's likely that you'll only want to consider exploring retirement plans with employees who are over 58 as this is two years before those in the Classic, Classic Plus, and Premium pension schemes (over 80% of the current FC workforce) will be approaching their scheme pension age – the age at which full pension benefits can be withdrawn.

Are there still circumstances where we can instigate an employee's retirement?

By introducing a policy of no mandatory retirement age across the FC, employees will be able to choose when they want to retire rather than have this enforced on them. However, compulsory retirement will still be possible if for example the individual is no longer fit to work due to ill health then we may need to consider retiring the employee on medical grounds.

What happens if an older employee is no longer able to do their job?

Irrespective of age, if an employee is struggling to meet the requirements of the job then this needs to be tackled via the existing process for managing poor performance.

If after following this process it becomes clear that the employee is no longer able to meet the requirements of the job then there will be several options depending on the circumstances as follows:

If performance is not fully effective on health grounds:

- The FC will consider making a reasonable adjustment to help the employee fulfil the duties of the post or redeployment to another post that the employee is able to do. In either case, a trial period will be arranged to assess if the employee is coping with the demands of the post.
- If the individual is unable to carry out their role effectively then a possible outcome may be retirement on medical grounds.

If performance is not fully effective on grounds other than health:

- If the employee is of an age where they are able to retire and withdraw their pension benefits under pension scheme rules then a possible outcome may be retirement.
- If the employee is of an age where they are unable to retire and withdraw benefits under pension scheme rules then a possible outcome may be dismissal on capability/inefficiency grounds.

Can we use 'partial retirement' if an employee is no longer able to cope with some of their duties?

Whilst changing job content is an option when partial retirement is being considered, the driver in these circumstances is to help an employee make a gradual transition into retirement by maintaining employment in a reduced capacity as the individual adjusts to a new lifestyle.

Partial retirement should not be done to allow an individual to avoid having to improve skills or abilities that are judged as not fully effective. We have to be fair and non-discriminatory to all our employees - the same provision for partial retirement would not be given to employees that are ineligible to take pension benefits, who are deemed to be under-performing.

An exception to this would be if an employee suffers a detrimental change in their health which affects their capability. In these circumstances the FC would consider making reasonable adjustments to help the employee remain in employment, and partial retirement may be an option in this process.

Can an employee retire to take their pension benefits but come back and work for us under a new contract?

If an employee wants to take some of their pension benefits but continue working for the FC should pursue the possibility of partial retirement with their manager. Employees who retire from the FC and take their pension benefits but return at a later date are known as re-employed pensioners and they may have their pension reduced temporarily or suspended.