Part 4: Additional material
Using flexibilities to support workforce planning and development

This document provides illustrations of how organisations are using flexible employment practices to support workforce planning and development.

Many organisations find that flexible employment practices bring business benefits. The NHS has considerable experience of using flexibilities for the benefit of employees and to meet service delivery needs. The NHS Pension Scheme can be a positive tool in both attracting and retaining staff and an aid to good workforce planning. Here are some examples from the NHS and other sectors.

Please note the following case studies were published prior to the Government’s announcement regarding the abolition of the default retirement age1.

Case studies

- **The East of England Ambulance Service NHS Trust** has a policy to ensure that staff who are approaching retirement age are given the opportunity to prepare for the significant change in lifestyle that this involves. It offers a flexible approach to retirement, based on the understanding that some employees may prefer to alter their working pattern leading up to their retirement, or even request to extend their retirement date into the future. The trust has a standard retirement age of 70 for all staff, as well as the right to continue working beyond that date.

- To ensure that all staff approaching retirement age are aware of the benefits of the NHS Pension Scheme and their options at retirement, **Plymouth Hospitals NHS Trust** has introduced planning your financial future workshops. These are offered to staff of all ages. The sessions have increased the number of people showing interest in flexible retirement, and have helped the organisation to retain knowledge and valuable skills. In one example, a key member of staff (a biomedical scientist team leader) was planning to take early retirement. The employee sought increased flexibility in his working life and was finding that managerial duties were becoming onerous. He attended a workshop and then spoke with his line manager about stepping down into a less challenging role. The employee was able to gain the sort of flexibility he wanted, while committing his specialist scientific knowledge to the NHS for longer. The managerial elements of the role were covered using an existing vacancy.

- **ASDA** was a pioneer in the positive recruitment of older workers. As a result of creative policies such as Benidorm leave, which allows staff to take extended leave in the winter months and extending the right to request flexible working to all employees, over a fifth (21 per cent) of its staff are now aged 50 or over. Its Seasonal Colleagues scheme targets older workers, retirees and career changers and has proved very popular, not only with older workers, but also with students looking for temporary work. ASDA reports that as a result of employing older workers it experiences reduced staff turnover and recruitment costs; enhanced staff and customer satisfaction; and it has boosted its reputation as a responsible company.

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1 On 29 July 2010 the Government announced plans to abolish the default retirement age from October 2011.
• **Essex County Council** Children’s Services predicted a 25 per cent deficit in the number of qualified practitioners in social work. Essex had double the 11.3 per cent national social services vacancy rate, with particularly acute shortages among field staff and practitioners at the higher levels. There was also competition with other authorities to attract a small pool of qualified practitioners.

The Council explored opportunities to maximise the capacity of the current workforce. To do so, it surveyed its workforce and gathered basic information on roles, age profiles, recruitment and retirement trends, types of contracts and views on how the service might change and how staff would like to work, including using flexibilities. The information gained allowed senior managers to understand their current workforce more fully. The approach allowed the Council, in partnership with staff, to maximise the workforce for the delivery of client care.

• **First Group** has introduced a flexible decade policy that allows employees to work more flexibly between 60 and 70 and to start drawing their pension from the age of 60 onwards. It says that this has enabled it to retain skilled workers and to recruit older workers who are attracted by its flexible approach to retirement.

• **Hertfordshire County Council** offers several options to employees reaching retirement age. Those who want to retire when they reach the normal organisation retirement age of 65 years are entitled to do so. There are also options open to people who want to ease into retirement gradually or postpone it until a later date by extending their service. A flexible retirement period of five years is open to employees who wish to extend their service beyond the normal retirement age of 65. This allows employees to work up to the age of 70.

The Council runs a number of flexible working schemes, including a flexitime scheme, job sharing, term-time working, voluntary reduced hours, career breaks, compressed hours, annualised hours and location flexibility. Employees can also wind down in the run up to retirement by applying for a different or lower graded post, if they are interested in considering this option. A pension helpline is provided so that employees can discuss the implication of options discussed above on their pension entitlement and benefits.

• **Marks & Spencer (M&S)** has operated an older workers policy since 2001, which entitles all employees to continue working after the default retirement age and to work while drawing their pension from the age of 50. M&S values diversity and seeks to ensure that all decisions relating to employment practices are objective, free from bias and based solely on work criteria and individual merit. M&S store teams and workforces across the UK generally reflect national diversity averages and as of March 2009, 27 per cent of M&S employees were aged 50 or over.

**Flexible retirement case studies**

NHS Employers gathers case studies about flexible retirement in the NHS, particularly where flexibilities included in the NHS Pension Scheme have been used to support staff and retain skills. If you have any good practice to share in this area, or to view the case studies available to date, visit our flexible retirement case studies web page.

Further information can be found at the NHS Pension website.
Overview of the NHS Pension Scheme

Scheme reviewed jointly by NHS Employers and NHS trade unions with changes introduced in 2008.

Designed to help meet the long-term needs of the NHS:

- Retention of skills, knowledge and experience
- Recruitment of new staff from a wider pool
- Help retain the older workforce longer
- Mitigate the risk of future rising costs to the scheme

What has changed?

Existing members remain in 1995 section of the scheme; new staff automatically join 2008 section.

The 2008 section retains core benefits plus new ones.

There is a one-off choice to move to 2008 section.

In 1995 section:

- Normal pension age 60 (special classes 55)
- 1/80th pension and 3/80th lump sum
- Final salary, best year in last three
- Partner pensions
- Survivor pensions for life

2008 section at a glance

Highly flexible: step down, wind down, retire and return

Normal pension age: 65

Final salary: average of best three years in last ten

1/60th (flexible benefits)

Flexible options in run-up to retirement

Actuarially enhanced service post age 65

Why change was needed?

Worldwide demographic change.
Increasing life expectancy with people living longer and in relatively good health.

By 2030 half the UK population will be over 50, with one third over age 60.

People are saving less for retirement.

Life cycle changes with different patterns of work, education and leisure.

The changing face of retirement

“The notion of retirement as it has been traditionally practised, as a once-in-a-lifetime event that divides work from leisure, no longer makes sense. In its place we are starting to design models in which employees can continue to contribute in some fashion to their own satisfaction and to the company’s benefit.”

Ken Dychtwald, Age power: how the 21st century will be ruled by the new old.
Why is it important?
NHS Pension Scheme helps attract and retain staff.
Valued part of the staff reward package.
Supports Quality Productivity Challenge agenda.
Flexibilities can better match staff aspirations.
Employing well motivated and skilled staff to improve productivity.

What is flexible retirement?
Flexible retirement is defined as:
“Flexibility regarding the age at which an employee takes to retire or the nature and intensity of work in the lead up to final retirement”

Benefits of flexible retirement
• Retention of experienced staff with valuable skills
• Greater choice for employees
• Creation of a wider pool of expertise for recruitment (by including those aged over 55)
• Strategic and effective response to demographic change
• Equality of opportunity and fairness for all employees

Flexible options in the NHS Pension Scheme
Step down: downgrade to a less demanding role and apply for voluntary pension protection.
Wind down: opting to work fewer days or hours in current post without reducing pensionable pay for the calculation of pension benefits.
Draw down: switching to a lower paid job or reducing hours of work and taking part of pension benefits whilst continuing in NHS employment (only available to members in 2008 section).
Retire and return: at minimum retirement age can opt to retire, take pension benefits and return to NHS employment e.g. staff bank to work on ‘as and when’ basis with opportunity to pick and choose the hours worked.

Age profiling – does it help?
Age profiles provide basic workforce data.
Gather and analyse this information at team and departmental levels.
Line managers need this to make informed decisions about flexible working, to deploy skills effectively and to guard against skills shortages.
It is particularly important for managers to have accurate information when discussing with staff their future career and retirement plans.

Case study – acute trust
Rob: Biomedical Scientist
Team leader Band 7
Age: early fifties
Issue 1: desire to relinquish managerial role
Issue 2: desire to spend more time on hobbies
Rob’s plan: take early retirement
At in-house seminar learned about step down
Option: Specialist Biomedical scientist band 6
Rob’s decision: step down and continue working

NHS Pension Scheme retirement flexibilities resource pack
Case study – PCT

Pat: public health consultant
Age: mid to late fifties
Issue 1: work pressure
Issue 2: desire to spend more time with partner
Pat’s plan: step work early and take pension

NHS Pension Choice exercise

- The NHS Pension Choice exercise has already started.
- It gives staff a one-off chance to move to updated section of the scheme.
- For employers it is an opportunity to support staff to make informed personal choices about their retirement plans.
- It is the employer’s role to provide information not advice.
- Should lead to positive outcomes for the workforce and health service.

Making the most of scheme flexibilities

“I would value it most if my employer offers flexibility (step down and so on) and I can trust that arrangements will be honoured.”

A member of the NHS Pension Scheme at an NHS Employers focus group in 2009

For further information

NHS Employers
www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview

The NHS Pension Scheme
www.nhsbsa.nhs.uk/1082.aspx

Pension flexibilities
www.nhsbsa.nhs.uk/Pensions/RetirementBenefits.aspx

The NHS Pension Choice exercise for employers
www.nhsbsa.nhs.uk/Pensions/2998.aspx
FAQs: Questions that HR managers may raise

The following frequently asked questions (FAQs) include questions that HR managers may raise in relation to the NHS Pension Scheme and the wider workforce agenda.

To support good workforce planning NHS organisations will want to ensure that HR managers are well equipped to have informed discussions with board members and senior managers about the strategic implications of NHS Pension Scheme reforms.

FAQs

Q. What are the key things we need to know about the NHS Pension Scheme?
A. That it is a valued part of the staff reward package; that staff of all ages should have opportunities to discuss their career plans and that there are new flexibilities that may be attractive to staff and helpful to employers. It is also helpful to know the timetable for the NHS Pension Choice exercise and what the plans are for managing this process within the trust.

Q. What are the strategic benefits of the NHS Pension Scheme?
A. The scheme can help to facilitate flexible working, recruitment and the retention of scarce skills and knowledge.

Q. How can employers make the most of these benefits?
A. Employers can make the most of these benefits by ensuring that the NHS Pension Scheme is included in the development of a workforce strategy, aimed at continuous improvement, productivity and efficiency.

Q. How can the flexibilities included in the NHS Pension Scheme help us while we have quality and cost improvements to make?
A. In this period of tighter financial constraints, every opportunity to add value to the staff reward package must be taken – this includes ensuring that the flexibilities in the NHS Pension Scheme are put to best use.

As part of the quality, innovation, productivity and prevention (QIPP) challenge, the NHS is looking to save around £20 billion by 2014. NHS Employers’ report, Leading the NHS workforce through to recovery, argues that savings on this scale cannot be met by tweaking around the edges, but will require a transformation of the way that NHS organisations work. Staff should be seen as part of the solution and a focus on quality, safety and value for money will be paramount.

Many older workers have developed key skills, experience and knowledge essential to efficient service delivery and which are hard (and costly) to replace. Employers need to focus on developing a workforce strategy that will retain the skills of experienced staff. This can be achieved by ensuring that the NHS Pension Scheme flexibilities are integrated into policies and procedures, and by ensuring increased awareness of pension flexibilities during the NHS Pension Choice exercise.
Q. Why does the NHS Pension Choice exercise matter?
A. As well as having disclosure obligations to meet during the NHS Pension Choice exercise; employers also have a responsibility to provide staff of all ages with information (but not advice) to support career and retirement planning. For many employees this will be the first time that they have thought about their pension in conjunction with their future career plans. As a result, it is possible that some members of staff will choose to commit their skills to the NHS for longer while gaining the sort of flexibilities they want.

FAQs: Questions that staff may raise

To support good workforce planning NHS organisations will want to ensure that line managers are well equipped to have informed discussions with staff about the NHS Pension Scheme, how it operates, and opportunities for flexible working.

Supporting staff to make informed personal choices about their retirement plans will result in positive outcomes for staff and the healthcare service. Further guidance is available via the quick links provided at the end of this document.

Q. What is step down?
A. As a member of the 1995 section, if you decide to downgrade to a less demanding role and your pay is reduced by at least 10 per cent, you can apply for voluntary pension protection (step down). The level of pensionable pay is protected for the calculation of pension benefits for staff who are over the minimum retirement age.

Q. Will I benefit at retirement for protecting my pension?
A. Yes. This is because the pension you have already earned before the step down will be based on the higher pensionable pay. You will then start a second pension based on your stepped down pay. The first pension will also be kept up to date with cost-of-living increases. When you retire, both pensions will be added together.

Q. What is wind down?
A. As an alternative to retiring, you can opt to wind down by working fewer days or hours in your current post. Pensions for part-time staff are calculated on the whole time equivalent salary, so moving from full-time to part-time work, rather than retiring, should not reduce the level of pensionable pay for the calculation of pension benefits. However, it will reduce the rate at which members build up future membership.

Q. What is draw down?
A. Draw down is only open to members of the 2008 section of the NHS Pension Scheme. This option allows you to take part of your pension benefits, while continuing in NHS employment. On reaching age 55, members become eligible to take some of their pension if they reduce their pay by switching to a lower paid job or by reducing their hours of work. A break in employment is not required to take advantage of this provision to draw down some of your pension.
Q. Can I retire and then return to NHS employment?
A. If you have reached the minimum retirement age you can opt to retire, take your pension benefits and return to NHS employment. Options available include registering for the staff bank by taking retirement, then opting to work on an ‘as and when’ basis, giving an opportunity to pick and choose the hours you work.
Further information and quick links

The following list includes links to further information and guidance available from the NHS Employers website and the NHS Pensions website, this includes information about the NHS Pension Scheme, flexible retirement, the ageing workforce and the NHS Pension Choice exercise. A list of other useful sources of information is also provided.

NHS Employers publications and web pages

NHS Pension Scheme
www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview

The Ageing Workforce
www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview/Age

NHS Pension Choice Exercise
www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview/PensionChoice

Scheme changes from 1 April 2008
www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview/SchemeChanges

Flexible retirement and the NHS Pension Scheme
www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview/PensionChoice

Flexible retirement case studies
www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview/PensionChoice

Improving Working Lives in the NHS – a framework developed by the NHS Staff Council
www.nhsemployers.org/SiteCollectionDocuments/Improving%20working%20lives_af080709.pdf

Health and safety essential guide
www.nhsemployers.org/HealthyWorkplaces/HealthAndSafety_new/HealthAndSafetyEssentialGuide/Pages/HealthAndSafetyEssentialGuide.aspx

Default retirement age FAQs
www.nhsemployers.org/PayAndContracts/NHSPensionSchemeReview/Age/Pages/DefaultRetirementAgeandtheNHSworkforce.aspx

NHS Pensions publications and web pages

NHS Pensions
www.nhsbsa.nhs.uk/Pensions

NHS Pensions Choice Exercise
www.nhsbsa.nhs.uk/Choice.aspx

NHS Pension Scheme flexibilities
www.nhsbsa.nhs.uk/Pensions/RetirementBenefits.aspx

Employer Choice FAQs
www.nhsbsa.nhs.uk/Pensions/2998.aspx
General NHS Pension Scheme FAQs
www.nhsbsa.nhs.uk/1082.aspx

Information for staff
www.nhsbsa.nhs.uk/Pensions

Member Choice FAQs
www.nhsbsa.nhs.uk/Pensions/2572.aspx

Other useful sources of information

The Advisory, Conciliation and Arbitration Service (Acas) aim is to improve organisations and working life through better employment relations. Acas provides advice and guidance on equality and age discrimination www.acas.co.uk/index.aspx?articleid=1841

The Department for Business, Innovation and Skills (BIS) believes employment matters and is working to promote best practice and effective employment. The BIS provides links to useful information on age discrimination http://webarchive.nationalarchives.gov.uk

The Department of Work and Pensions (DWP) leads the Government’s response to some of the biggest issues facing the country. DWP has produced useful publications on age discrimination www.dwp.gov.uk/age-positive

Business Link is a free business advice and support service, available online and through local advisers. Business Link provides useful information on employing older workers www.businesslink.gov.uk/bdotg/action

The Employers’ Forum on Age (EFA) is the UK’s leading authority on age. The EFA has some useful good practice employer policies that leading employers have adopted to both comply with age discrimination laws and set the standard on good practice www.efa.org.uk/pages

The Age and Employment Network (TAEN) works to promote an effective labour market that serves the needs of people in mid and later life, employers and the economy www.taen.org.uk

You may also wish to read

Leading the workforce through to recovery
www.nhsemployers.org/PlanningYourWorkforce/Pages

The NHS quality, innovation, productivity and prevention challenge (QIPP)

Pension Choice? Career and retirement options for the NHS
www.nhsemployers.org/Aboutus/Publications/Pages/PensionChoice.aspx