



HUMBERSIDE FIRE AND RESCUE SERVICE

# People & Development

## Retirement and Re-engagement Policy

<b>Owner</b>	<b>Executive Director People &amp; Development</b>
<b>Responsible Person</b>	<b>Head of Human Resources</b>
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What we must  
do well



How we support our  
communities



We value and support  
the people we employ



We efficiently manage  
the Service

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## **1. INTRODUCTION**

The Government encourages and supports employers in offering opportunities for flexible working. In addition, the Government has recognised that it is in the interests of both employers and pension schemes if employees can have early access to their retirement benefits, but still be available to work. This approach has a twofold benefit; the first is to the employer in that they retain the skills and experience of an employee, the second is to the employee who can have access to their retirement benefits but also continue in employment.

Due to pension scheme rules the policy for Local Government Pensions Scheme (LGPS) and the policy for both Firefighters Pension Schemes are dealt with separately within the policy.

Those employees who were members of the LGPS on 30 September 2006 may be protected from a reduction in benefits under the 85 year rule. This rule is satisfied if the age at the date they draw their benefits, and their scheme membership (each in whole years), add up to 85 or more. This could therefore affect the costs to the Authority when an employee retires early or requests flexible retirement. In view of the complexity of the 85 year rule, it is essential that estimates are requested prior to any decisions being made, in order to ascertain the cost to the Authority. Each request will therefore be considered under its own individual circumstances.

### **Core Code of Ethics**

Humberside Fire & Rescue Service (HFRS) has adopted the Core Code of Ethics for Fire and Rescue Services. The Service is committed to the ethical principles of the Code and strives to apply them in all we do, therefore, those principles are reflected in this guidance.

### **National Guidance**

Any National Guidance which has been adopted by HFRS, will be reflected in this Policy

## **2. EQUALITY & INCLUSION**

HFRS has a legal responsibility under the Equality Act 2010, and a commitment, to ensure it does not discriminate either directly or indirectly in any of its functions and services nor in its treatment of staff, in relation to race, sex, disability, sexual orientation, age, pregnancy and maternity, religion and belief, gender reassignment or marriage and civil partnership. It also has a duty to make reasonable adjustments for disabled applicants, employees and service users.

## **3. AIM & OBJECTIVES**

The aim of this policy is to provide information to employees contemplating retirement so they may consider whether they have an option to retire, access their lump sum and pension and be re-employed by HFRS.

#### **4. ASSOCIATED DOCUMENTS**

- [Equality Impact Analysis](#)
- Legal Requirements  
There are no specific legislative requirements relevant to this policy.
- [Abatement \(Pensions\) Policy](#)
- [East Riding Pension Fund](#)

#### **5. SCOPE**

This policy applies to all HFRS employees, including members of the following schemes:

- Local Government Pensions Scheme (LGPS)
- Firefighters Pension Scheme 1992
- Firefighters Pension Scheme 2006
- Retained Firefighters Modified Scheme (2006)
- Firefighters Pension Scheme 2015

#### **6. LOCAL GOVERNMENT PENSION SCHEME POLICY**

##### **Background**

Regulations, introduced in late 2005, allow members of the LGPS to request flexible retirement. The regulations allow an employee who is a member of the Scheme, aged 55 or over, to draw all or part of their retirement benefits (both pension and lump sum) whilst continuing in employment and HFRS Pension Fund membership, provided that:

- There has been a reduction in hours, or
- A reduction in grade

They require each Authority to publish and keep up an up to date policy statement on Flexible Retirement.

HFRS is fully supportive of work life balance issues and recognises there are advantages of flexible retirement to both the employee and the Authority. The Authority can benefit from retaining the skills of experienced employees, allowing better succession planning, whilst the employee can move into retirement more gradually.

##### **LGPS – Policy Statement**

HFRS will consider applications made under this Regulation having regard to the particular circumstances surrounding each case. There should be a reduction in

hours, or in grade, equivalent to at least an overall 20% reduction in remuneration. Decisions will be made on the individual merits of each case taking into consideration:

- The operating requirements of the employing department
- The ability of HFRS to meet the cost of granting such a request (the nearer to 55 years an employee is, the higher the costs will be for HFRS)
- Whether any demonstrable cost savings can be made in excess of potential savings available under any severance arrangements in place
- The member's personal circumstances

Applications for the payment of unreduced benefits in these circumstances will be granted if:

- In the Authority's sole opinion, the special extenuating circumstances surrounding the application, along with the supporting evidence provided, justify approval, and
- The Authority can meet the cost of granting such a request.

### **LGPS – Application Procedure**

If an employee, who is a member of the LGPS, wishes to apply for flexible retirement they must put their request in writing to their line manager with a copy to the Executive Director People & Development, at least 3 months before the date they wish to take flexible retirement stating:

- The date of flexible retirement
- That they wish to reduce either their hours of work or their grade and the details of the request e.g. number of hours to be reduced to and pattern of work. If the employee wishes to reduce their grade they must understand that this would only be accepted, should it meet the business needs of the Service and there would be a change and evaluation of the job description to reflect any reduced responsibilities.

The line manager will discuss the implications of the request with the respective Director and if it is a viable and cost-effective option, obtain a financial quotation from East Riding Pension Fund (ERPF) for the cost implications. If there is a cost to the Authority in granting the request then the respective Director will have to demonstrate to the Executive Director of Finance and s151 Officer how this cost will be met before the request is signed off.

Within four weeks of submitting the request, the employee, together with a trade union representative (if appropriate), will be invited to a meeting with the line manager to discuss the request further. Should there be problems in accommodating the initial request, the meeting will provide an opportunity to consider alternative solutions.

After further discussion with the respective Director, the line manager will confirm in writing to the employee, within 2 weeks of the meeting, whether or not their application for flexible retirement has been successful.

If the application is not approved the employee will have the right of appeal. The grounds for the appeal must be submitted in writing to the Executive Director People & Development within seven days of receiving the decision. The appeal will be heard by a higher level manager. The outcome of the appeal is the final level of appeal.

### **LGPS – Implications for pensions and Terms and Conditions of Service**

Employees are strongly advised to seek independent financial advice on how flexible retirement will affect their pension entitlement. The Authority will not provide any such advice to employees. Employees may request an estimate of pension benefits before requesting flexible retirement by contacting the [East Riding Pension Fund](#).

Employees who take flexible retirement will get immediate access to the pension they have accrued up to the date of commencing flexible retirement, which will be on a reduced basis if they are below State Pension Age.

Employees will continue to pay into the LGPS once they take flexible retirement unless they choose to opt out. Provided they do not opt out, employees will build up another period of membership within the Scheme, albeit on a reduced basis.

Where an employee changes their hours or grade, this will affect any future redundancy entitlement since redundancy payments are based on the salary at the time of redundancy.

## **7. Firefighters Pension Scheme and New Firefighters Pensions Scheme Policy**

### **Background**

This section applies to members of the Firefighters Pension Scheme and the New Firefighters Pension Scheme ((N)FPS) only. The term 'firefighter' is used for all operational ranks throughout Section 7.

Note: Opportunities to be re-employed will be limited to posts where the Authority has a defined need.

On 6 April 2006, the Government relaxed the rules on pension commutation whilst continuing in employment. As a result, HFRS has elected to exercise the discretion allowed within these provisions and will enable employees in the (N)FPS to retire from the scheme, access their lump sum and pension and be re-employed (subject to the abatement rule).

Subject to any future changes to the (N)FPS or to the Government's tax provisions, firefighters are eligible to retire, receive a commuted lump sum pension benefit (if they wish) and be re-employed, providing the (N)FPS criteria for retirement is met.

The 1992 Firefighters Pension Scheme has been amended to include the definition of re-employment, so that the abatement of pension may apply to a member re-employed in any role by any authority, including non-operational and On-Call firefighter roles.

Under this rule, firefighters who are re-employed following retirement cannot receive annual remuneration plus annual pension in excess of the remuneration received immediately prior to retirement. Therefore, pension will not be payable in addition to salary. If the firefighter elects to apply for a post with reduced salary, a proportion of the pension may be paid subject to the maximum level of previous salary.

The annual pension will be payable when employment in the Fire Service ends.

It is crucial that firefighters familiarise themselves with the potential implications of abating their pension. This may include liaising with the Inland Revenue and West Yorkshire Pension Fund.

### **Firefighters Pension Scheme – Pensionable Age**

Firefighters should request advice from the Pensions Manager who will be able to provide accurate information on retirement dates and pension figures. In the FPS the normal pension age is 55 and the minimum 50, provided that the individual is able to reckon at least 25 years' pensionable service.

Firefighters may retire from the age of 50, having completed at least 30 years pensionable service, with the option to commute up to 25% of their annual pension in favour of a one-off lump sum.

Firefighters aged over 50 but under 55, with at least 25 years but less than 30 years pensionable service, may retire with the option to commute up to 2.25 x their annual pension into a lump sum.

### **New Firefighters Pension Scheme – Pensionable Age**

Firefighters should request advice from the Pensions Manager who is able to provide accurate advice on retirement dates and pension figures. In the NFPS the minimum pension age is 55 with a normal pension age of 60.

Firefighters may retire from the age of 60, with the option to take a 'commuted portion' which is limited to one quarter of the pension entitlement. You would receive £12 as a lump sum for each £1 of pension that you commute.

Firefighters aged over 55 may retire with the appropriate actuarial reduction.

## **Firefighters (and New Firefighters) Pension Scheme – Applying for Re-engagement**

It is important to stress that it would be advantageous to discuss any request as early as possible before the proposed retirement date, however requests will not be considered until the employee has submitted their retirement notification. A decision will not be given until the employee's contract with HFRS is terminated. The following policy sets out the criteria for re-engagement. It should, however, be clearly understood that the granting of requests for re-engagement will be the exception rather than the rule.

Applicants are required to submit the form 'Application to Retire and be Re-engaged' ([Appendix A](#)) to their line manager following completion of Part 1. The line manager should, without delay, complete Part 2 before sending it to the senior manager for completion of Part 3. Thereafter, the form should be returned to Human Resources.

HR will complete Part 4 and forward to the Executive Director of People and Development and the relevant Area Manager or Executive Director for approval in principle.

On receipt of an application for Re-engagement following Retirement, the Executive Director of People and Development, together with the relevant Area Manager or Executive Director, will take the points below into consideration:

- Clear financial benefit to the Authority
- Staffing requirements of the Authority, in particular any shortage of specialisms
- Resilience of staffing options
- The fitness and health of the firefighter
- The absence record of the firefighter
- The disciplinary record of the firefighter
- The skills of the firefighter
- Need and suitability for filling the post part-time or flexibly, including ability to maintain competency

Following approval from the Executive Director of People and Development and the relevant Area Manager or Executive Director, the latter will complete Part 5 of the form, before returning it to Human Resources. The Transfers and Posting Board will then offer re-engagement as an option to fill specific post(s), where there is an identified genuine vacancy and shortage of skills/experience within the Service. The Chair of the Postings & Transfers Board will complete Part 6 of the form and return it to Human Resources.



In the case of unsuccessful applications for Re-engagement following Retirement, the process will end and, as this is a discretionary policy, there will be no right of appeal.

Where firefighters are re-engaged following retirement, then the following will apply:

- Firefighters will be re-engaged at the same rates of pay as other firefighters of the Authority employed at the role re-engaged.
- SLT, in considering requests for re-engagement, will treat each case on its merit. The firefighter's on-going pension payments will be abated where they are re-engaged in the role of a regular firefighter on the principle that the annual rate of pay on re-engagement, plus the annual rate of pension payable under the FPS should not exceed the annual rate of pay they received in the firefighting role immediately prior to retirement.
- Re-engagement will be agreed in blocks of 6 months, for a maximum period of 18 months.

Operational roles above firefighter may apply for re-engagement at that role or any lower graded role. The same criteria will be applied to these applications as detailed above.

Firefighters may also apply for re-engagement at the same or lower graded role on reduced hours or flexibly when the criteria above will apply to such applications. In addition, the ACFO and DCFO may decide that an offer of re-engagement is only made on the basis of reduced or flexible hours.

Offers of re-engagement will only be made when an existing contract is terminated and they are no longer an employee of HFRS. A break in employment of at least one month is necessary and they will re-join on conditions applicable to new staff members. It should be noted that the Service's decision is final and there is no right of appeal.

## **8. PROTECTED PENSION AGE (PPA)**

Members taking a pension and/or lump sum benefit before normal minimum pension age are liable for a tax charge, unless they retire on the grounds of ill health. From 6 April 2010, the normal minimum pension age was increased from age 50 to age 55.

However, individuals paying into a scheme that allowed members to take their benefits without consent before the age of 55 were entitled to keep their earlier normal minimum pension age, providing that they were a member of that scheme on 5 April 2006. This is known as the member's PPA.

The Firefighter's Pension Scheme 1992 has a PPA of 50 with at least 25 years' service, therefore benefits can be paid from age 50 without additional tax charges.

There is no requirement for a member to register this protection with HMRC, it applies automatically.

PPA can be lost in the circumstances outlined below and is automatically lost where the main purpose (or one of the main purposes) for early entitlement to benefits is to avoid paying tax or national insurance contributions.

### **Loss of PPA – Re-engagement / re-employment**

A PPA can be lost if the member does not comply with certain rules on or after retirement. If a member is re-employed by a sponsoring employer, or by a body or person connected to a sponsoring employer, the member may lose their PPA and become subject to tax charges.

### **Loss of PPA – Concurrent Employment**

If a member holds both a Full-Time and On-Call firefighter role, they must leave the On-Call post before or at the same time as the Full-Time post, or the entitlement to PPA is lost. This is because, after becoming entitled to their pension, they are still employed by a sponsoring employer.

### **Sponsoring Employer**

A sponsoring employer in relation to an occupational pension scheme is any employer who participates in that scheme, i.e. they employ members of the scheme. There can be more than one sponsoring employer in relation to an occupational pension scheme. Therefore, any Fire and Rescue Authority or other employer such as a Local Authority council that pays active members of the Firefighters' Pension Scheme 1992, is a sponsoring employer.

### **Effect of Losing PPA**

If PPA is lost, the following tax charges apply:

- Commutation lump sums are subject to a full tax charge of 55% of the total amount.
- Pension payments are subject to 40% tax up to normal minimum pension age of 55 (no PAYE is payable).

### **Keeping a PPA**

If one of the following conditions is met, a PPA may be kept upon re-employment:

- Compulsory recall by the armed forces
- A break in employment of at least six months
- A break in employment of at least one month and scheme rules provide that benefits may be abated

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- A break in employment of at least one month and the re-employment is materially different (for a minimum period of six months)

A member re-employed from operational to support staff would keep their PPA following a one month break as this is materially different employment, but a Full-Time to On-Call firefighter would lose their PPA unless there is a one month break in service and the necessary abatement checks are carried out.

A member with both Full-Time and On-Call employment can leave both posts and be re-employed as an On-Call firefighter with any Fire and Rescue Authority and keep their PPA if the above conditions are met.

**If you require any further information in relation to this guidance,  
please contact the Pensions Department or Human Resources**

**Appendix A: Application for Re-engagement following retirement**

**Part 1 – To be completed by individual requesting re-engagement**

Name	
Current Post	
Current Hours/Working Pattern/Duty System	
Leave Date	
Preferred Post	
Preferred Hours/Working Pattern/Duty System	
Date of Request	

I accept that my preferred post/hours/working pattern/duty system may not be available and that a suitable, alternative post may be offered to meet the needs of the Service.

Signed:

Name:

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**Part 2 – To be completed by Line Manager (Station Manager or Green Book equivalent)**

Re-engagement Supported	Yes <input type="checkbox"/> No <input type="checkbox"/>
Name	
Signature	
Date:	

**Part 3 – To be completed by Senior Manager (Group Manager or Green Book equivalent)**

Re-engagement Supported	Yes <input type="checkbox"/> No <input type="checkbox"/>
Name	
Signature	
Date:	

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**Part 4 – To be completed by the HR Service Partner**

Please provide details of the health, fitness, disciplinary, absence record and skills of the individual	
Re-engagement Supported	Yes <input type="checkbox"/> No <input type="checkbox"/>
Name	
Signature	
Date:	

**Part 5 – To be completed by Executive Director of People and Development**

Please provide details of approval/rejection based on financial benefit, impact on terms and conditions, staffing requirements, transitional requirements, organisational requirements.	
Re-engagement Supported	Yes <input type="checkbox"/> No <input type="checkbox"/>
Name	
Signature	
Date:	

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**Part 6 – To be completed by Chair of Postings & Transfers Board**

Details of Re-engagement/non Re-engagement	
Re-engagement Supported	Yes <input type="checkbox"/> No <input type="checkbox"/>
Name	
Signature	
Date:	

**On completion of Part 1 of this form, please return it to your line manager.**